

heads up

NHS Improvement has outlined the progress of a programme that creates spare management capacity to deliver savings in-year. Seamus Ward reports

It's common in any job – the daily grind of getting everything done means there's no time to take a step back to identify and implement tweaks to how you do things; changes that will make you more efficient, get better outcomes and maybe save a few pounds along the way. The NHS, of course, needs to save more than a few pounds over the coming years, but in many trusts there simply isn't the time and capacity. External help is needed.

Last year, NHS Improvement's predecessor, Monitor, set up the financial improvement programme (FIP) as a means to helping some trusts get that support from management consultants. The emphasis is on quick wins to improve the 2016/17 income and expenditure and cash positions, rather than longer term transformational projects.

This means there's a focus on what many finance managers will feel are well-trodden paths, such as vacancy controls, temporary staffing, operating theatre efficiency and procurement. In NHS Improvement's words, this is not rocket science.

Progress was outlined at an HFMA Provider Finance Faculty forum in September. NHS Improvement director Jason Dorsett said about 90 trusts expressed an interest in being involved in the scheme, with 16 chosen. 'It will cost around £25m in fees and we expect to get multiples of that as payback,' he said. 'These multiples of £25m are a helpful contribution to the 2016/17 figures, but they are not a silver bullet.'

The 16 trusts in the programme have a combined CIP target of in excess of £250m and, by the end of July, 17% of this had been delivered. NHS Improvement says that FIP aims to deliver savings of at least £50m in this financial year alone.

Mr Dorsett acknowledged that the quick wins targeted by the programme are generally cost control measures that will be familiar to finance managers. 'The intention is that the measures will pay back in 2016/17,' he said. 'We were not looking for the sort of interventions that would pay back over three years or five years. There are a lot of opportunities over the medium term and we should be looking at these too, but we were focused on the short term.'

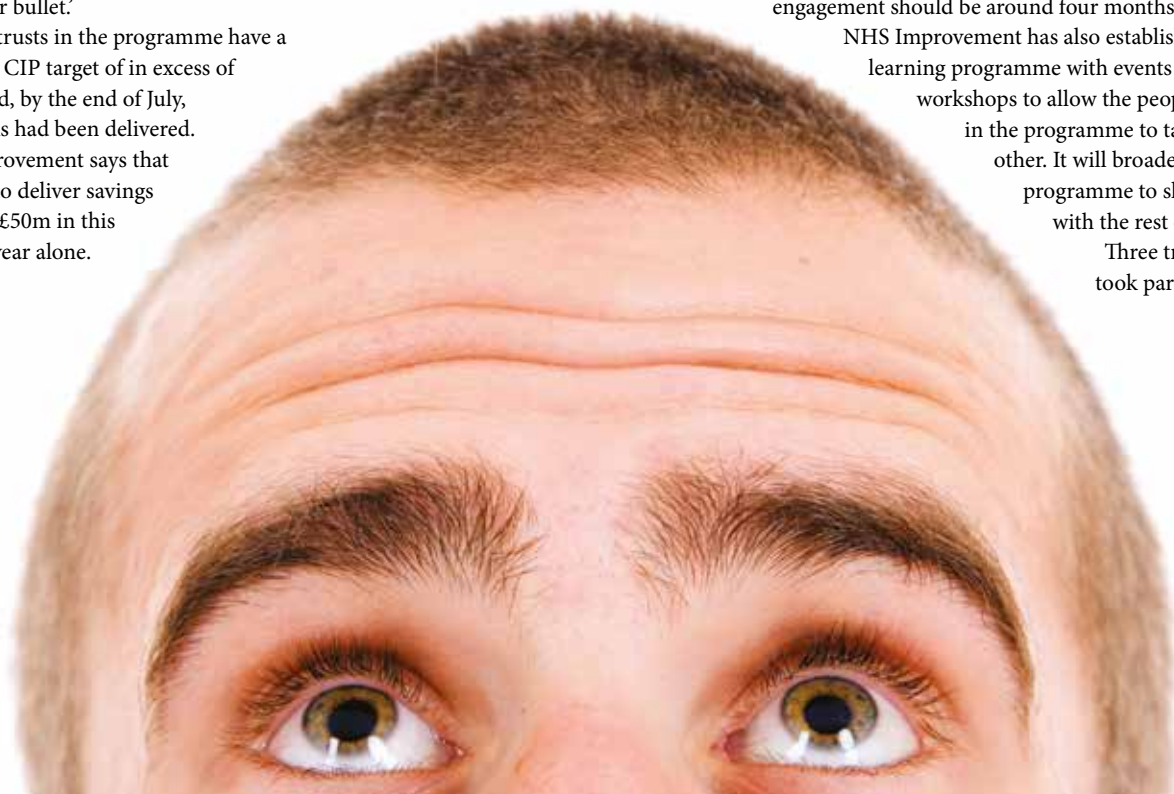
Quick payback

Quick wins are important for another reason. 'If we were going to encourage providers to write out large cheques to management consultants, we needed to protect ourselves and the trusts by working on schemes with quick paybacks,' said Mr Dorsett. 'We wanted them to have some skin in the game. If we wrote the cheques, the trust management team wouldn't have as big an incentive to make this work.'

'Quick' was important for another reason – the period of engagement of the management consultants was deliberately short to encourage them and the trust management to focus on moving quickly to identify and deliver savings speedily.

There are two phases. In phase 1 the management consultants and the trusts look for quick wins and scope out the opportunities that will be delivered, with the consultants' support, in phase 2. Overall, consultant engagement should be around four months.

NHS Improvement has also established a learning programme with events and workshops to allow the people involved in the programme to talk to each other. It will broaden this programme to share lessons with the rest of the NHS. Three trusts that took part in the



scheme outlined how it had helped them. Feroz Patel, finance director at Stockport NHS Foundation Trust, said he joined the trust in August 2015. While the trust had a history of strong finances, delivering surpluses in each of the previous five years, it recorded a £13m deficit in 2015/16. It had delivered its CIPs in previous years, but much of this was through non-recurrent measures. In this financial year, the trust has a CIP of almost £26m.

FIP means getting a better grip on the trust finances through a range of measures, he said. Short-term, this meant making cash savings and protecting its cash position. Some of the biggest savings opportunities have been identified in the pay bill and the trust has set up establishment controls and renewed its focus on sickness absence and temporary staffing. It has been able to cut the latter by 21% this year, while sick leave, including long term, has dropped.

NHS Improvement's transformation and turnaround team senior manager Caroline Atkinson, who worked closely with the Stockport trust, said the trusts had to look beyond the short-term intervention of the management consultants. While the additional resources were important, it was vital to consider the handover process from day one and how the programme would be taken forward once the consultants' time was up. This means gaps in skills can be identified and recruitment set in train early.

Full executive sponsorship and communication with staff make a difference, she added. 'We've been particularly successful where the board has been engaged with the programme and we have sent out a message that the trust needs to change and why.'

Areas for improvement

Mr Dorsett said several common areas for improvement were outlined in the phase 1 reports:

- Strengthening project management offices (PMOs)
- Clarifying committee roles
- Improving communications
- Making CIPs more robust.

Much of this would not be a great revelation for trusts. 'We pretty much know all of the themes,' said Mr Dorsett. 'You have to work on your PMO structure, you need the bandwidth to deliver change and you need the technical skills to put together a programme and manage the risks. Most places needed to strengthen their PMOs or even create them from scratch.'

Imperial College Healthcare NHS Trust was in the latter category. Siobhan Peters, the trust's deputy chief finance officer, said FIP presented it with an opportunity to strengthen its CIPs, provide assurance of delivery, identify further in-year savings and strengthen financial management.

Last November it realised that a planned 2015/16 deficit of £18.5m would move to a forecast £30m deficit. And planning for 2016/17 identified a CIP programme of just under £54m to deliver a planned deficit of £52m. 'To deliver a programme of that size, we needed a PMO and we didn't have one. FIP was a good way to get that support quickly. We've called it the "project support office" and it's building financial control and management capacity, improving cash controls and working capital management processes.'

Imperial has introduced 'cost control trios' across all directorates – so called because a



"Most places needed to strengthen their PMOs or even create them from scratch"

**Jason Dorsett,
NHS Improvement**

manager and clinician from the directorate, plus a critical friend from another directorate, meet to review and reduce directorate spending.

Mr Dorsett said trusts had to get into the detail of CIP governance, ensuring, for example, there are responsible individuals for all schemes and embedding a rolling approach to developing CIPs,

rather than treating this as a once-a-year exercise.

In phase 1, management consultants identified savings opportunities, including £21m in procurement controls, £13m in theatre productivity and £5.5m in more productive outpatient departments.

Ms Atkinson said the FIP provided an external challenge to organisations that often knew where they could make savings but had not been able to take action. In procurement, for example, they identified savings from rationalising the number of suppliers, focusing on those that provided best value for money, and renegotiating contracts. Together with other measures such as refusing off-catalogue orders, savings potentially ranged from 0.1% to 0.5% of cost base.

The role of committees had to be addressed. Mr Dorsett said: 'Do people go into a room to make a decision or do they go there to find out what's going on? One trust not in the FIP scheme, but which is in special measures, saved 300 hours a month of executive time by slimming down the number of executives going to each meeting.'

He 'could not oversell' the importance of communication with staff and wider stakeholders to ensure they were engaged with the FIP goal of delivering savings.

Culture was also important. Dawn Jarvis, turnaround director at Doncaster and Bassetlaw Hospitals NHS Foundation Trust, said it took part in the FIP following the discovery of a significant deficit. A restatement of the 2015/16 position in January put the forecast deficit at £38m, but measures to get a grip on its finances slowed the run rate down by about £2m, producing an outturn deficit of £36m. The trust agreed a £27m deficit control total for 2016/17, but following the FIP, it is now forecasting a £16m deficit.

She added that the trust is seeking to balance financial recovery with the protection of its 'hard won' clinical service quality.

Each quarter, she and her team go through spending, line by line, with budget holders to ensure their finances are on track. It's important to set the tone, she said – no matter how senior the budget holder, if their figures are out, they are asked to rethink their plans.

The FIP is not a 'big bang' initiative with a single measure producing significant savings. It could be seen as a refocusing of traditional CIPs – albeit with external support – back to basic cost control measures. These can be worth a little individually, but add up to a greater whole. ○

FIP savings tips

NHS Improvement FIP director David Hill outlines the top 10 areas trusts should examine when seeking savings in a blog on the HFMA website. He says many areas identified dovetail with those in the Carter report on acute trust efficiency and productivity. The largest potential savings have been in using facilities better – by reducing cancellations and 'did not attend' in theatre, for example.

- See www.hfma.org.uk/news/blogs