

Reporting to:	Trust Board - 1st December 2016
Title	Financial Recovery Plan
Sponsoring Director	Neil Nisbet, Finance Director and Deputy Chief Executive
Author(s)	As above
Previously considered by	Board Development Session 27 th October 2016
Executive Summary	<p>It is forecast that the Trust will record an overspend without corrective action of £12.334 million. This deficit being circa £6.0 million in excess of the agreed control total with NHSI.</p> <p>In order to remove the excess and deliver to the agreed control total, Care Groups have been asked to identify further cost savings for implementation from 1st November 2016 to the end of the financial year.</p> <p>This paper outlines the proposals and includes the category and required comments and the financial impact.</p>
Strategic Priorities	
1. Quality and Safety	<input type="checkbox"/> Reduce harm, deliver best clinical outcomes and improve patient experience. <input type="checkbox"/> Address the existing capacity shortfall and process issues to consistently deliver national healthcare standards <input type="checkbox"/> Develop a clinical strategy that ensures the safety and short term sustainability of our clinical services pending the outcome of the Future Fit Programme <input type="checkbox"/> To undertake a review of all current services at specialty level to inform future service and business decisions <input type="checkbox"/> Develop a sustainable long term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme
2. People	<input type="checkbox"/> Through our People Strategy develop, support and engage with our workforce to make our organisation a great place to work
3. Innovation	<input type="checkbox"/> Support service transformation and increased productivity through technology and continuous improvement strategies
4. Community and Partnership	<input type="checkbox"/> Develop the principle of 'agency' in our community to support a prevention agenda and improve the health and well-being of the population <input type="checkbox"/> Embed a customer focussed approach and improve relationships through our stakeholder engagement strategies
5. Financial Strength: Sustainable Future	<input checked="" type="checkbox"/> Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme
Board Assurance Framework (BAF) Risks	<input type="checkbox"/> If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> If we do not implement our falls prevention strategy then patients may suffer serious injury <input type="checkbox"/> If the local health and social care economy does not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm <input type="checkbox"/> Risk to sustainability of clinical services due to potential shortages of key clinical staff <input type="checkbox"/> If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards <input type="checkbox"/> If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve <input type="checkbox"/> If we do not have a clear clinical service vision then we may not deliver the best services to patients <input checked="" type="checkbox"/> If we are unable to resolve our (historic) shortfall in liquidity and the structural

	<p>imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment</p>
<p>Care Quality Commission (CQC) Domains</p>	<p> <input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input checked="" type="checkbox"/> Responsive <input type="checkbox"/> Well led </p>
<p> <input type="checkbox"/> Receive <input type="checkbox"/> Review <input checked="" type="checkbox"/> Note <input checked="" type="checkbox"/> Approve </p>	<p>Recommendation</p> <p>Trust Board is asked to:</p> <ol style="list-style-type: none"> 1. Approve the schemes for implementation as described in Appendix 1; and 2. Request that further schemes be developed by the Care Groups to enable the £6.0 million target to be realised

TRUST BOARD – 1ST December 2016

FINANCIAL RECOVERY PLAN

1. Overview

It is forecast that the Trust will record an overspend without corrective action of £12.334 million. This deficit being circa £6.0 million in excess of the agreed control total with NHSI.

In order to remove the excess and deliver to the agreed control total, Care Groups have been asked to identify further cost savings for implementation from 1st November 2016 to the end of the financial year.

2. The Savings Target

In setting the savings target, Care Groups were asked to identify pay savings amounting to £800,000 per month. This level of saving being possible because the average level of pay spending per month in respect of temporary staffing amounts to £2.66 million. Achieving this level of pay reduction generates £4 million.

£000's									Target £800k per month
	Locums	WLI	Bank	Agency	Addnl Hours	Overtime	Total		
Consultants	120	224		293			637		191.51
Medical staff	191			215			406		122.06
Nursing			593	563	54	41	1251		376.10
Other Clinical			34	49	17	25	125		37.58
Non Clinical			153	51	22	16	242		72.75
	311	224	780	1171	93	82	2661		800.00

In order to achieve this target the Trust is required to reduce the level of temporary staff from the existing 501 WTE to a revised number of 350 WTE. This amounts to a 2.8 per cent reduction in staffing levels as compared with the total numbers of staff employed by the Trust in the month of September 2016.

In addition to pay savings, Care Groups are also requested to identify schemes to reduce non pay spending over the five months November 2016 – March 2017 by 4.5 per cent and in doing so realise cost savings totalling £2.0 million by reducing average monthly non pay spend by £400,000 per month.

3. Methodology

The Care Groups in considering savings schemes have classified opportunities into three categories, notably:

- Tier 1 – schemes that are low risk and within the control of the Care Group to implement,
- Tier 2 – schemes that are medium risk that need the support/ guidance of the Executive Team to implement
- Tier 3 – schemes that are higher risk and need the support of the Executive Team / Trust Board to implement.

4. Proposals

Initially Care Groups identified schemes with a collective value of savings amounting to £2.895 million. These schemes were shared with Board members at the Board Development Meeting held on 27th October 2016. Further work to validate the schemes, both within the Care Group, and in discussion with Executive Directors has reduced the scale of savings opportunity to £1.68 million. A list of the proposed savings schemes is enclosed as Appendix 1.

The distribution of savings is summarised in the table below.

	Forecast	Forecast per month	Required per month	Required wte reduction	Forecast wte reduction	Variance
Pay	£000's	£000's	£000's	WTE	WTE	WTE
Medical Staff	159	32	314	19.16	1.94	-17.22
Nursing	497	99	376	92.05	24.33	-67.72
Other clinical	324	65	38	10.48	18.07	7.59
Non clinical	264	53	73	28.94	21.00	-7.94
Total Pay	1244	249	800	150.63	65.35	-85.28
Non Pay	436	87	400			

As can be seen the Trust has been able to identify savings schemes that reduce the level of pay savings by £249,000 per month through a reduction of 65 WTE temporary staff. In order to achieve the targeted position the level of staffing reduction however needs to increase by a further 85 WTE. Specifically these savings need to be generated through reduced numbers of Medical (Middle grade and Consultant) and Nursing staff.

	WTE Reduction	% staff reduction	WTE Reduction Existing schemes	% staff reduction Existing schemes
Medical staff	(19.2)	3.1	(1.9)	0.3
Nursing	(92.0)	3.9	(24.3)	1.0
Other Clinical	(10.5)	1.3	(18.0)	2.3
Non Clinical	(28.9)	1.9	(21.0)	1.4
	(150.6)	2.8	(65.3)	1.2

Non Pay savings schemes amounting to £87,000 per month have been identified. This reduces the aggregate level of Non pay spending by 1 per cent.

Further meetings have since taken place with the Care Groups and Executive Directors to establish additional savings opportunities. The value of these schemes is presently being quantified.

5. Recommendation

The Trust Board is asked to:

1. Approve the schemes for implementation as described in Appendix 1; and
2. Request that further schemes be developed by the Care Groups to enable the £6.0 million target to be realised.

Appendix 1

Risk		Proposal		Plan				Forecast					Shortfall			
Risk RAG	Ref	Category	Proposal	SC £,000	USC £,000	W&C £,000	SS £,000	Corp £,000	Total £,000	SC £,000	USC £,000	W&C £,000	SS £,000	Corp £,000	Total £,000	Total £,000
		Tier 1														
	1	Medical Staff	Revisit/update consultant workforce plan	127	32				159	0	0				0	-159
	2	Medical Staff	Specialties WLI expenditure	45	0		50		95	37			50		87	-8
	3	Medical Staff	Revisit/update junior workforce plan	5	63				68	3	31				34	-34
	4	Medical Staff	Cease Pain Management Service	25					25	25					25	0
	5	Nursing	Reduction in RN non-statutory training		18				18		0				0	-18
	6	Nursing	Reduction in HCA non-statutory training		5				5		0				0	-5
	7	Nursing	Consistency of management time	8	21				29	8	21				29	0
	8	Nursing	Close Ward 21 (16 beds)	269					269	0					0	-269
	9	Nursing	Reduce agency through redeployment of staff	117					117	0					0	-117
	10	Nursing	Redeploy staff from Ward 21 to Ward 8	14					14	0					0	-14
	11	Nursing	Delay introduction of Surgical Admission Suite (PRH)	32					32	32					32	0
	12	Nursing	Delay in ACP recruitment <small>reduction in supernumerary to no more than 2 weeks for new RN starters/ MW reduce rotation from 72hrs to 24hrs</small>	13					13	18					18	5
	13	Nursing/Midwifery	Risk assessed nursing ratio implementation		86	22			108		86	22			108	0
	14	Nursing	Reduce Urodynamics by 2 sessions per month		397	24			421		397	24			421	0
	15	Nursing	Reduce Urodynamics by 2 sessions per month			1			1			1			1	0
	16	Other clinical	Physician Associates - not being recruited until Jan 17. No locums, no backfill		45				45		45				45	0
	17	Other clinical	Cease payment for private patient work				8		8				8		8	0
	18	Other clinical	Reduce Support Service agency and bank				66		66				66		66	0
	19	Other clinical	Review progression of business cases				158		158				158		158	0
	20	Non-clinical	Reduction in bank admin, ward admin pilot		25				25		25				25	0
	21	Non-clinical	Recruitment of substantive posts - cease bank enhancement	4					4	4					4	0
	22	Non-clinical	Workforce saving	126	86	24	65	87	388	43	86	8	65	0	202	-186
	23	Others	Lymphedema service change				20		20				20		20	0
			Additional cost (USC - Nursing ratio)	-60	-397				-457	-60	-397				-457	0
		Total		725	381	71	367	87	1631	110	294	55	367	0	826	-805
		Amendment	Remove Ward 21 closure	400					400						0	-400
		Revised Total		325	381	71	367	87	1231	110	294	55	367	0	826	-405

Risk	Proposal	Plan	Forecast	Shortfall
------	----------	------	----------	-----------

		Tier 2	SC	USC	W&C	SS	Corp	Total	SC	USC	W&C	SS	Corp	Total		
	24	Medical Staff	Cease Keele sessions to offset WU/agency	60				60	0					0	-60	
	25	Medical Staff	Cease Keele sessions - 2/52 Xmas work at SaTH	25				25	0					0	-25	
	26	Medical Staff	Re provide Consultant SPA to clinical (0.5 SPA)	153				153	0					0	-153	
	27	Medical Staff	Consultant pay back Clinical Governance	57				57	0					0	-57	
	28	Medical Staff	Staff Flow VAT savings	3				3	3					3	0	
	29	Medical Staff	Cease variation in internal locum rates	2				2	2					2	0	
	30	Medical Staff	Redirect 3 corporate non-clinical to offset agency	44				44	0					0	-44	
	31	Medical Staff	Consultant Histology extra reporting				8	8			8			8	0	
	32	Nursing	Reduction in TCI unavailability	11				11	0					0	-11	
	33	Nursing	CNS - one shift per month	15				15	0					0	-15	
	34	Nursing	Delay annual RN stat training moving to 2 yearly	28				28	0					0	-28	
	35	Nursing	Delay annual HCA stat training moving to 2 yearly	6				6	0					0	-6	
	36	Nursing	Operate Medical Day Unit as part of AMU	12				12	12					12	0	
	37	Nursing	Move Ward 17 to standard ward template	81				81	0					0	-81	
	38	Nursing	Cease Streaming Nurse PRH A&E	25				25	0					0	-25	
	39	Nursing	Cease Streaming Nurse RSH A&E	24				24	0					0	-24	
	40	Nursing	Close 2 x gynae beds at the weekend, save HCA hours			9		9			9			9	0	
	41	Nursing/Midwifery	Remove all overtime enhancements - PT staff to pick up hours			22		22			22			22	0	
	42	Other clinical	MSK Physio				3	3				0		0	-3	
	43	Other clinical	TTOs				15	15				0		0	-15	
			Additional cost (USC - ward 22 nurse patient ratio)	-51				-51		-51				-51	0	
		Total		228	267	31	26	0	552	3	-37	31	8	0	5	-547

Risk	Proposal	Plan	Forecast	Shortfall
------	----------	------	----------	-----------

			Tier 3													
			SC	USC	W&C	SS	Corp	Total	SC	USC	W&C	SS	Corp	Total		
	44	Medical Staff	All agency locum consultants via Staff Flow (2 Neurology; 2 A&E; 1 Respiratory)		37					0				0	-37	
	45	Medical Staff	All agency locum non-consultants via Staff Flow		14			14		0				0	-14	
	46	Medical Staff	Withdraw Consultants on Ward 4, PRH		32			32	0					0	-32	
	47	Nursing	Cease all RN staff within both theatres due to reduced theatre capacity		66			66	66					66	0	
	48	Nursing	50% reduction in level until shifts validated as vacant or currently filled (RN PRH)		73			73		73				73	0	
	49	Nursing	50% reduction in level until shifts validated as vacant or currently filled (HCA PRH)		23			23		23				23	0	
	50	Nursing	50% reduction in level until shifts validated as vacant or currently filled (RN RSH)		67			67		67				67	0	
	51	Nursing	50% reduction in level until shifts validated as vacant or currently filled (HCA RSH)		19			19		19				19	0	
	52	Nursing	Remove ITU supernumery posts - both sites at night	103				103	77					77	-26	
	53	Nursing	Cease PRH Discharge Lounge		28			28		28				28	0	
	54	Nursing	Removal of unfunded escalation - Ward 7		113			113		0				0	-113	
	55	Nursing	Removal of unfunded escalation - H&N Theatre		102			102		0				0	-102	
	56	Nursing	Removal of unfunded escalation - CDU Corridor		38			38		0				0	-38	
	57	Nursing	Removal of unfunded escalation - Ambulatory Care PRH		16			16		0				0	-16	
	58	Nursing	Removal of unfunded escalation - ED PRH		19			19		0				0	-19	
	59	Nursing	Removal of unfunded escalation - ED RSH		12			12		0				0	-12	
	60	Midwifery	Convert 3 x MLUs to birthing centres			95		95			0			0	-95	
	61	Other clinical	Physician Associates - not being recruited until Jan 17. No locums, no backfill		47			47		47				47	0	
	62	Non-clinical	Cease Ophthalmology past max wait activity - receptionist and secretary		16			16	13					13	-3	
	63	Non-clinical	Cease payments for on call managers (3 months notice)		6			6	0					0	-6	
	64	Service Review	Renal service at Ludlow - repatriate to main sites		59			59		0				0	-59	
		Total		223	667	95	0	0	985	156	257	0	0	0	413	-572
		Amendment	Remove removal of escalation capacity		-300			-300						0	300	
		Revised Total		223	367	95	0	0	685	156	257	0	0	413	-272	
		Tier Total Pay		776	1,015	197	393	87	2468	269	514	86	375	0	1244	-1224
		Non-pay	Tier 1	240	73	42	20	375	238	73	0	0		311	-64	
			Tier 2	0	0	0		0	0	0	0			0	0	
			Tier 3	110	30			140	95	30				125	-15	
		Total non-pay		350	103	42	20	515	333	103	0	0	0	436	-79	
		Overall Total		1,126	1,118	239	413	87	2983	602	617	86	375	0	1680	-1303

- 1 **SC** - Reduce WLI/Agency in Ophthalmology. **USC** - adjustments to Respiratory, A&E
- 3 grade leave
- 8 **SC** - Scheme discounted due to impact on USC
- 9 **SC** - Scheme discounted due to impact on USC
- 10 **SC** - Scheme discounted due to impact on USC
- 14 **W&C** - relates to CAU RSH
- 18 **SS** - Therapy 41K, Pharmacy 25k
- 19 **SS** - Breast 70k, Breast/harem 24k, Pharmacy 64k
- 21 **USC** - PACC
- 54 **USC** - Scheme discounted due to impact on capacity
- 55 **USC** - Scheme discounted due to impact on capacity
- 56 **USC** - Scheme discounted due to impact on capacity
- 57 **USC** - Scheme discounted due to impact on capacity
- 58 **USC** - Scheme discounted due to impact on capacity
- 59 **USC** - Scheme discounted due to impact on capacity

NP T1 **SS** - linked to business case review

NP T3 notice)