

Recommendation	To formally APPROVE the business case to improve productivity across the Trust's Outpatient, Theatres and Radiology activities.
<input checked="" type="checkbox"/> DECISION	
<input type="checkbox"/> NOTE	
Reporting to:	Trust Board
Date	29th June 2017
Paper Title	Productivity Improvement across Outpatients, Theatres and Radiology
Brief Description	<p>A three week scoping review by Meridian in March 2017 (at no cost to the Trust) concluded that potential exists through revised working practices to improve productivity across the Trust in outpatients, theatres and radiology activities. The improvement potential from the analysis identified an estimated level of achievable cost reduction amounting to £2.5 million in a full year, reducing additional costs through better resource management and improving KPIs.</p> <p>In recognition that the Trust does not have the resources internally to progress the actions required, at their meeting on 28th March 2017, the Sustainability Committee approved, subject to approval by NHSI, the implementation of the 32 week project at a fixed fee of £561,789 including expenses, conditional upon the level of savings generated. If annualised savings during the programme do not reach a rate equal to or greater than the total programme fee then the supplier will refund the difference (or work with no charge until that level is reached), thus guaranteeing the costs. However, the full implementation programme must be completed for this guarantee to be valid.</p> <p>A proposal to deliver the above benefits and a business case was submitted to and approved by NHSI on 24th April 2017 (included within the Information Pack).</p> <p>Meridian has been engaged through an established procurement framework agreement and as a result would have been rigorously vetted in terms of quality and value for money.</p> <p>Meridian brings a number of benefits to our existing organisational capacity and will work directly with all management levels within our organisation to ensure that the defined benefits become embedded.</p>
Sponsoring Director	Neil Nisbet, Finance Director and Deputy Chief Executive
Author(s)	As above
Recommended / escalated by	Sustainability Committee
Previously considered by	Sustainability Committee –28 th March 2017 Trust Board (Private Session) 30 th March 2017
Link to strategic objectives	INNOVATIVE AND INSPIRATIONAL LEADERSHIP - Through innovative and inspirational leadership achieve financial surplus and a sustainable clinical services strategy focussing on population needs

Link to Board Assurance Framework	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 (RR 561)
Equality Impact Assessment	<ul style="list-style-type: none">● Stage 1 only (no negative impacts identified)● Stage 2 recommended (negative impacts identified)<ul style="list-style-type: none">● negative impacts have been mitigated● negative impacts balanced against overall positive impacts
Freedom of Information Act (2000) status	<ul style="list-style-type: none">● This document is for full publication● This document includes FOIA exempt information● This whole document is exempt under the FOIA

Simon Wright
Chief Executive Office
The Shrewsbury and Telford Hospital NHS Trust
Trust Headquarters
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From the office of Fran Steele
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24th April 2017

Dear Simon

RE: Consultancy Business Case – Productivity improvement across Outpatients, Theatre and Radiology

Please accept this letter as formal approval of The Shrewsbury and Telford Hospital NHS Trust Productivity improvement across Outpatients, Theatre and Radiology Consultancy Business Case to the value of £561,789 (inclusive of VAT and expenses).

The importance of this project in supporting the Trust to deliver robust, sustainable efficiencies that will help the Trust to deliver its required control total in 2017/18 is recognised. Whilst the case has been approved on this basis, we do require the Trust provide further assurance as set out below. Your NHS Improvement regional support lead [REDACTED] will be in contact to confirm arrangements in due course:

- NHS Improvement will seek regular updates and assurances on progress towards achieving the project deliverables, this will include tracking of the cash return on investment;
- As the Trust is yet to develop clear department specific goals, but will do so during 'Phase B' of the programme, the Trust are to provide performance metrics for what tangible improvements they expect to achieve with each department, no later than 3 months (30th June 2017) into the project;
- Further assurance required that the programme will not have an adverse impact on clinical quality, patient safety or patient experience. To assure NHSI that this will not be the case, we require details of the key metrics and indicators that will be monitored to ensure that the programme is not having an adverse impact, no later than 3 months (30th June 2017) into the project.

The formal case number assigned is CON-0233, please quote this reference in any future correspondence relating to this case.

Please can you ensure that a Post Project Review is undertaken and submitted to NHS Improvement at the end of the project. Our expectation is that this would be received approximately one month after completion of the project.

Yours sincerely



Dorcas Steele

[REDACTED]
Delivery and Improvement Director
NHS Improvement – North Midlands

Copy to:

Neil Nisbet, Finance Director and Deputy Chief Executive, The Shrewsbury and Telford Hospital NHS Trust
Nicola Hollins, Head of Business & Finance, NHS Improvement

Consultancy expenditure business case approval form

For provider completion	
Provider name	The Shrewsbury and Telford Hospital NHS Trust
Date submitted	24 th March 2017

Project description

The project aims to introduce revised working practices, to improve productivity across the Trusts outpatient, Theatre and Radiology activities. Following an initial scoping review it has been concluded that potential exists to reschedule activities and in doing so reduce the need for Waiting List Initiatives and supplementary Consultant PA sessions. A prudent estimate of the level of achievable cost reduction amounts to £2.5 million in a full year.

NHS Improvement's Consultancy Approval Panel will give final approval for all expenditure requested in this business case approval form. This panel exercises the authority of the Executive Director of Resources/Deputy CEO, Executive Director of Regulation/Deputy CEO, Director of Finance and Programme Director – Improvement.

For NHS Improvement completion	
Reference number	
Date received	

Reference information			
Title of the project:	Productivity improvement across Outpatients, Theatre and Radiology		
Name of requestor:	Neil Nisbet	Job role of requestor:	Finance Director and Deputy Chief Executive
Email address of requestor:	[REDACTED]	Date submitted for approval:	
Tel number of requestor:	01743 261114	Total contract value (£) (including expenses and irrecoverable VAT)¹:	£0 – based upon achievement of agreed target
Contract duration (days):	32 weeks	Vanguard project (Y/N):	N
Start date:	April 2017	End date:	November 2017
Expenditure type (please tick ✓)			
New business case		Extension to business case	

Expenditure type		
	Please tick	Details (Please select one of the following: strategy; finance; organisational and change management; IT; property and construction; procurement; legal services; marketing and communications; human resources, training and education; programme and project management; technical, other (specify))
Management consultancy	✓	Project management
Specialist day rate contractors	[REDACTED]	Interim managers and day rate contractors do not currently require approval
Interim managers	[REDACTED]	Interim managers and day rate contractors do not currently require approval

¹ Total contract value stated here should equal total cost in the table on the final page of this document.

² Business case approval forms should be signed off in accordance with your own governance arrangements.

Please note that NHS Improvement also expects this form to be authorised by at least two board level executives. For projects with direct impact on clinical services, authorisation by the Nursing Director or the Medical Director is required.

Authorisation (two internal authorisations required as a minimum)		
Authorisers ²	Please tick (✓)	Name and date
 Interim Director of Nursing & Quality	✓	By: Colin Ovington Date: 31 st March 2017
[Specify job role]		By: [Specify name]; Date: [Specify date]
[Specify job role]		By: [Specify name]; Date: [Specify date]
[Specify job role]		By: [Specify name]; Date: [Specify date]

Note: It is the responsibility of the requestor to ensure that approval information is retained for audit purposes.

Please submit this form via nhsim.businesscases@nhs.net

Assessment criteria	
Please demonstrate the value of the proposed contract against the following criteria. Please limit answers to max. 350 words per question. Answers should be self-contained within this table, but further evidence and analysis can be submitted as an annex for consideration if absolutely essential.	
Ambition to deliver something of value, importance and relevance	What strategic or operational objectives does this request support? <i>Please provide a short description of how your organisation's strategic and operational objectives are supported by this procurement, referring where relevant to your operational and five-year strategic plan and any recovery plans. Where appropriate, please also provide assurance that this work aligns with local health economy strategy, the 5YFV and the Carter Review.</i> The primary reason Meridian was engaged by The Shrewsbury and Telford Hospital NHS Trust was due to an inherent and ongoing operational implementation plan for Theatres, Outpatient, and Radiology. Meridian's analysis (provided at no cost to the Trust) was directly commissioned on the back of our need to deliver circa £7.0 million recurrent cost savings in the 2017/18 financial year. Delivering the enhanced level of productivity gains is also consistent with the requirements as spelt out within the Trusts Reconfiguration Outline Business Case. This Outline Business Case ultimately reconfigures the two hospital sites into an Emergency Care Centre and Planned Care Centre The improvement potential from the analysis identified: <ul style="list-style-type: none">• Reduce Trust deficit recurrently by £2.5m in the next 12 months;• Reducing additional costs (WLI) through better resource management;• Improving KPIs such as waiting times, cost/revenue per patient, income per theatre list.
	What outputs or specific deliverables are required, and how do they support the overall objectives? <i>Please provide details of the outputs or deliverables required from the consultancy service. Deliverables should be recognisable such as a report, workshop, license, software etc... Avoid combining deliverables to make benchmarking complicated. It's helpful to know what the supplier is tasked to do and how its linked to the deliverable.</i> Specific deliverables have been identified during the initial study. These deliverables contribute in real financial terms to our targeted savings in C.I.P <ul style="list-style-type: none">○ Increasing Theatre Productivity○ Reducing WLI payments○ Increasing attainment against Job Plans○ Increasing utilisation of clinic slots○ Reducing waiting lists for surgery and outpatients They are to be evaluated on a weekly basis to an agreed base through our own finance team. Meridian has taken the Executive through a project schedule which benchmarks the improvements, costs and financial benefits to the Trust. These deliverables will be measured in progress meetings to ensure the programme is meeting the planned objectives.
	Please provide details of the clinical case where the proposed work directly affects the provision of services for patients or quality improvement.

	<p>During the course of the study specific areas of improvement were identified which directly improve the provision of services and quality for patients, these being:</p> <ul style="list-style-type: none">• Reduction in waiting times• Better utilisation of staff hours• Better use of expensive scanning equipment <hr/> <p>Why do you need external resources to deliver these outputs or deliverables? <i>Please explain what other options you considered e.g. work within the resource profile available to you.</i></p> <p>Meridian brings a number of benefits to our existing organisational capacity and will work directly with all management levels within our organisation to ensure that the defined benefits become embedded.</p> <p>Meridian has been working solely in healthcare productivity for more than 20 years, covering specifically Acute services and community services. Significantly Meridian will dedicate experienced productivity management professionals to work over an 8 month period to secure the working practice changes that drive the cost savings. This level of experience is not presently located within the Trust.</p> <p>Significantly the structure of the contract has been designed to ensure that the level of resources paid to Meridian is conditional upon the delivery of specific cash releasing cost savings as determined and agreed with the Trust.</p> <p>What skills can or will be transferred to permanent staff? Please explain why the services set out above cannot be resourced internally or sourced from peer organisations. What skills will be transferred to permanent staff, and how will this be done?</p> <p>Full training and mentoring is undertaken as part of the programme to ensure knowledge transfer to the Trust's staff.</p> <p>Behavioural and training workshops underpin the entire programme ensuring that our Trust staff are equipped with the necessary skills to ensure ownership of any new processes and practices. These will include skills around challenging behaviours, capacity and demand planning, allocation of work, detailed management reporting and scheduling.</p> <hr/> <p>Please describe the impact on the your objectives, staff and patient care if approval is not given for this business case. <i>This should be the consequence of non-approval not the fact the project cannot take place.</i></p> <p>If approval is not given for this project then the opportunities for improvement will not be realised. This will seriously compromise the ability of the Trust to deliver its CIP in the 2017/18 year. It will also mean that the Trust will need to resource external support in the future to underpin the productivity gains necessitated within the Trust Outline Business Case. (This work will negate such an exercise).</p>
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Clear scope	<p><i>Please ensure the scope is clear and defined and provide information on how the scope was developed, including any engagement with patients, clinicians, commissioners or suppliers. You should explain the boundaries to the project and mention any key elements that are out of scope. Will this potentially lead to a future phase project?</i></p> <p>During an intensive three week study the service provider developed the scope of the project in agreement with all service heads, clinicians and Executive. This was then published in the form of a detailed Project Schedule clearly defining tasks along a weekly time line.</p> <p>A project schedule has been presented to the Trust Executive to clearly present the programme scope, definition and level of experience of the team to deliver the improvements against an agreed timescale.</p> <p>Meridian has already helped quantify the opportunity through direct observation of activities performed within the Outpatient, Theatre and Radiology service areas. Whilst the Trust had previously recognised the potential for productivity gain in these areas, this had not been quantified by The Trust. The level of quantified cost savings opportunity identified by Meridian has now been validated by the Trust finance team.</p> <p>To identify and develop the scope, the service provider conducted a three-week intensive study at their own cost of all the relevant areas agreed with the Trust. Regular updates of findings were provided to all Executive and relevant clinicians. At the end of the study a detailed formal proposal was presented clearly stating deliverables, cost and timeframe.</p> <p>This scope has not engaged patients, though it has involved clinical staff, and clinical leads.</p>
Robust contract management	<p><i>Please explain steps you will take to control spend and manage the supplier to deliver value for money, including steps to ensure the delivery of the scope as planned. Please include detail of the payment structure including detail of approaches to link payment to deliverables.</i></p> <p>The supplier will contract with the Trust under an established framework to deliver the agreed benefits. This will be monitored by a weekly project schedule and reviewed at weekly progress meetings.</p> <p>The Trust has the right to terminate the project with seven days' notice if not satisfied.</p> <p>The Trust is billed weekly, limiting the Trust's exposure to the point at which the programme is stopped.</p> <p>The supplier offers a commitment or guarantee covering the programme fees. The commitment is that, if annualised savings during the programme do not reach a rate equal to or greater than the total programme fee (£561,789 (inc £64,680 of expenses)), then the supplier will refund the difference (or work with no charge until that level is reached), thus guaranteeing the costs. However, the full implementation programme must be completed for this guarantee to be valid.</p> <p>The supplier has provided references from clients who have been through a similar programme, we have taken up these references and are satisfied that the supplier is competent to deliver the programme as proposed.</p>

Capacity to implement findings/ recommendations	<p><i>Please demonstrate your capacity to implement findings/recommendations of the procured support including details of steps taken. Please support your response with details of any relevant previous examples, such as specific examples of where benefits have been realised.</i></p> <p>Delivery of productivity improvement and attributable cost improvement savings features as a core activity of the Trust care group that manages specifically planned care. Improving the productivity and managing more efficiently variation in the availability of capacity within the care group is recognised as a principal objective to ensure the sustainable delivery of Access targets. Accordingly in concert with Meridian the Trust has scheduled into the project plan dedicated clinical and managerial resources. This will ensure that the benefits plan is “owned” and fully supported by the Trust.</p> <p>The programme itself, allows the development and implementation of agreed phases prior to installation of any new systems / processes. This will ensure all staffs expectations are fully aligned.</p> <p>References provided to the Trust indicate strong evidence of Meridian’s commitment to the implementation of the programme through their provision of dedicated and focussed resources to deliver the improvements.</p> <p>The Trust has sourced a number of examples of this work being delivered through comparable Trusts.</p>
Timeframe of work	<p><i>Please include when expected outcome will be delivered. Why does the project need to start now and not in say 6 months’ time?</i></p> <p>At the end of the initial review phase, which was completed on the 10th March 2017, Meridian provided a detailed Programme Schedule, describing the various activities to be delivered.</p> <p>This programme details on a daily / weekly basis, specific activities to be performed and the results expected, the programme will begin at the start of April and run for a period of 32 weeks.</p> <p>This Schedule has been reviewed and agreed as realistic with all relevant Executives, managers and clinical leads prior to the programme start.</p> <p>In order for the Trust to maximise cost savings in this financial year, and support the timely recovery of Access Targets it is necessary for the programme to start promptly.</p>
Robust post-implementation review proposal	<p><i>Please outline how you will review the effectiveness of the consultancy support procured.</i></p> <p>To ensure a robust review process the supplier undertakes to conduct the following:</p> <ul style="list-style-type: none"> - Daily review with area Team Leads - Weekly review to the Programme Schedule with the Executive - Formal progress reviews every four weeks - 4x minimum periodic quality audits for 12 months after the project to ensure sustainability - Progress meetings will take place throughout the duration of the programme to confirm that the supplier is delivering the improvements, this will include a savings evaluation which must be agreed and signed off by the Executive.

Wider use of findings	<p><i>Please confirm that a contract clause is in place allowing for the wider use of any generic technical findings and that the deliverables have been scoped so that such technical work is as far as possible separated from any commercially sensitive elements of the scope.</i></p> <p>All tools, controls, Training Programmes, Manuals and other expertise, coaching and advice provided become property of the Trust throughout the Programme. The Trust is able to make available at their own will whatever materials they deem appropriate that is not commercially sensitive to Meridian or the Trust.</p> <p>A Meridian programme is designed with the purpose of fully transferring the skills and tools necessary to deliver the improvements over to the Trust. The Trust staff are fully trained in the use of these tools and skills, technical and otherwise meaning that they can perpetuate the success to additional staff and similar situations.</p>

**Procurement route if relevant
(please tick ✓)**

Framework HealthTrust Europe (HTE)	<input type="checkbox"/>	Open tender	<input type="checkbox"/>	Other	<input type="checkbox"/>
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Procurement method and value on price:

Provide details of the proposed procurement/resourcing method, including how you reached the decision that this is the best way to meet your business requirements, evidence of sourcing the best value supplier and evidence of negotiation over rates. The status of any prices quoted – firm or provisional. Please also provide details of the basis of payment (eg details of fixed fee) and why this will achieve best value. If there is a contingent fee element linked to implementation please also highlight it here as this will be given positive consideration.

Meridian Productivity Ltd will be engaged through an established framework agreement (HealthTrust Europe) and as a result have been rigorously vetted in terms of their quality and value propositions through a series of qualification, technical and commercial responses required for evaluation and subsequent inclusion on the framework. Coupled with their track record established via references the necessary criteria to ensure value for money has been met. The rates have been taken from the pre-negotiated framework and provide evidence of best value to the Trust with higher than average discounts offered against project costs and their commitment to deliver 250% of the contract value in cost savings.

Meridian have already provided a free initial study (c.35 days, £35,000) in order to scope the potential for improvement. This has ensured that an implementation programme has been constructed that allows for a confident assessment of the realistic cash returns to be achieved.

The existence of the initial study has also allowed Meridian to begin establishing key working relationships with the Trust and its management crucial to the success of the programme.

Meridian's initial work identifies a weekly cash-flow improvement plan which will be measured and monitored through a weekly savings evaluation during the lifetime of the programme. Meridian's approach will allow the Trust to assess the delivery of cash in to the organisation directly through changes made as part of the Programme.

The result of the initial feasibility review has been to identify opportunity to secure recurrent cost savings equivalent to 2.5 times the value of the contract and significantly the sum payable to the Meridian is conditional upon the receipt of cost savings at least equivalent to their fee. This is based on their commitment offered as part of their tender submission.

Specifically the study highlighted improvement potential of amounting to £0.125 million in respect of Radiology, £0.8 million Outpatients and £1.5 million within Theatres.

Selected provider (if known):	Benchmarking of rates
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Please provide details of agreed benchmarking rates, referencing where possible agreed framework rates. Where known present the key points from a competitive tender e.g. other supplier names, scores and prices.

The Programme proposes a fixed fee billed on a weekly basis therefore limiting the Trusts exposure to one week.

The Trust can stop the Programme any time with seven days' notice

The Supplier is contracted to complete the Programme at a fixed time scale

Below are the agreed framework rates that Meridian are contracting against as part of the HTE Framework Lot 1 Business Services.

CONSULTANT GRADE	MAXIMUM FRAMEWORK DAILY RATES (£) EXCLUDING VAT
Partner	
Principal Consultant/Director	
Senior Manager/Senior Consultant	
Manager/Consultant	
Junior Consultant	
Analyst/ Graduate	
Discount Level - Project Cost	Applicable Discount (%)
Up to £100,000	0.0%
£100,001 - £250,000	2.0%
£250,001 - £500,000	5.0%
£500,001 - £750,000	7.5%
£750,001 - £1,000,000	10.0%
Over £1,000,000	10.0%

Financial case

What are the key benefits?

Please highlight any in-year benefits and overall business case benefits. Does the benefits realisation of this project depend on capital approval, public consultation or other providers or LHE programmes?

As stated in the above the delivery of this project is expected to generate recurrent cost reduction amounting to £2.5 million and enable the Trust to better manage available planned capacity resulting. Doing so will create sustainability in respect of the delivery of Planned Care Access Targets.

The delivery of this programme does not require the release of supporting Capital Funding.

What is the expenditure?

Please provide details of how you have calculated the cost of the product or service, by reference (as relevant) to benchmarked costs, and provide justification for the number of days required and/or mix of resources. Please provide evidence of the market engagement you have undertaken to calculate the financial case. You should also provide details of additional costs.

The cost of the project has been computed following the completion of an initial review exercise conducted by Meridian. This review then enables Meridian to describe a level of financial benefit and to construct an implementation programme necessary to support this exercise. The cost of the programme has been based upon rates as described within the framework agreement.

Market engagement has been undertaken by HTE in their establishment of a framework agreement.

What is the source of funding?

Please confirm where funding is coming from, affordability to the trust and the status of the funding approval (eg Board approved/Director of Finance approved)

The Trust will resource the cost of the project through its revenue account. It is expected that the level of payment to Meridian will be resourced through (at least) cost savings arising from the implementation of the programme. The programme is being sponsored by the Finance Director and has received Board support through a delegated subcommittee, the Trust's Sustainability Committee.

Breakdown of expenditure (expand as necessary)

Product, service, role(s) and grade(s) (or equivalent)	Unit cost or daily rate	Discount agreed (%)	Units required	Financial Year Expenditure Due		Sub Total (£)
				16/17	17/18	
Director	[REDACTED]		[REDACTED]	0	[REDACTED]	[REDACTED]
Principal Consultant	[REDACTED]		[REDACTED]	0	[REDACTED]	[REDACTED]
Senior Consultant	[REDACTED]		[REDACTED]	0	[REDACTED]	[REDACTED]
Consultant	[REDACTED]		[REDACTED]	0	[REDACTED]	[REDACTED]
Discount agreed				0	[REDACTED]	[REDACTED]
Contingency				0	0	0
Expenses				0	64,680	64,680
VAT (irrecoverable only)						0
Total cost				0	561,789	561,789