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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	24th November 2020	Agenda Item	3.2
Report Title	Savings Update		
Report Author	Samantha Lewis, Deputy Director of Finance		
Report Sponsor	Darren Griffiths, Interim Director of Finance		
Presented by	Darren Griffiths, Interim Director of Finance		
Freedom of Information	Open		
Purpose of the Report	The report provides the Performance and Finance Committee with an update on savings delivery against plan for 2020/21, a comparison of savings analysis with other Health Boards and identifies key areas of focus for forthcoming months.		
Key Issues	<p>The report invites the Performance and Finance Committee to note the more detailed analysis of the savings position as at the end of October 2020.</p> <p>The report also provides a comparative update for the Performance and Finance Committee to consider and support key areas of focus.</p>		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE the savings position. • CONSIDER and comment the comparative analysis and the key areas of focus. 		

SAVINGS UPDATE – PERIOD 7

1. Introduction

At the October 2020 Performance and Finance Committee, the committee requested a more detailed update on the Health Board's savings plan than the summary position reported within the usual finance update. This report provides an update of savings against plan, a comparison of savings analysis with other Health Boards and identifies key areas of focus for the forthcoming months to maximise impact into 2021/22.

2. Background

The Health Board agreed the Annual plan at its meeting on 16th March 2020. This included a financial plan which indicated a £24.4m year-end deficit for 2020/21 and included a £23m savings delivery requirement.

	2020/21 £m	2021/22 £m	2022/23 £m
2020/21 Underlying Deficit	28.0	24.4	12.6
Inflationary/Demand Pressures	35.5	26.6	26.2
WG Allocation Uplift	-21.6	-15.1	-15.4
Investment Commitments	5.4	0.8	-0.2
Planned Savings	-23.0	-24.0	-24.0
Forecast Deficit	24.4	12.6	-0.8

The work supported by KMPG identified key areas of opportunity for the Health Board and this along with locally identified opportunities was used to provide a framework for savings delivery.

The Health Board's requirement to respond to the COVID-19 pandemic has severely impacted on its ability to drive savings through the extant savings plan. The majority of services areas have been affected materially by the impact of COVID-19 in terms of the way in which clinical services are delivered and for a number of areas the service is so different the original savings plan is not recognisable. Section 4 of this report updates the committee on the content of the savings plan, identifies where savings have been able to be made, compares the Swansea Bay Health Board position with that of other Health Board and sets out the next steps to be undertaken in respect of service delivery.

3. Governance and Risk Issues

The cost impact of the deficit in savings delivery has been non recurrently offset by reduced variable non pay expenditure (theatre consumables principally) and slippage on planned investment in year. The modest shortage in this offset has been covered by the Health Board's population share of the COVID-18 NHS stabilisation fund, from which Swansea Bay University Health Board received £48.2m.

The slippages in savings delivery in 2020/21 is therefore planned to be offset non recurrently in year. This has been advised routinely to the committee and

to the Board and has been recognised in the recent month 6 financial review undertaken by Welsh Government and the Finance Delivery Unit.

There remains a risk entry on the Health Board risk register (score 20) setting out the impact of the savings slippage on the 2021/22 financial plan, which when combined with the current underlying deficit presents a significant risk to the Health Board moving towards financial sustainability.

4. Financial Implications

This section of the report provides the substantive update on the savings position. The slide deck attached as **Appendix A** provides further detail on the KPMG opportunities pipeline and updates the Committee on current areas of focus whilst the COVID-19 pandemic is being responded to.

4.1 Update on savings delivery and forecast

The key areas of savings are shown in the table below. The more significant improvement areas have established project structures and defined PIDs to support delivery.

Cost Improvement Plan area	Original Savings Plan £m	Forecast Savings Delivery £m
Management of surge capacity back to core bed base	4.00	1.83
Procurement	2.00	0.50
Medicines Management	2.00	1.00
Theatre Improvement	1.50	0.10
Patient Flow	1.50	0.10
Outpatients Improvement	1.50	0.10
General Efficiencies	1.00	0.32
Non-clinical, non-pay	1.00	0.25
Endoscopy	1.00	0.00
Medical Staff Rostering/Job Planning	0.50	0.00
Maintenance contracts	0.50	0.00
CHC Commissioning Team Review & Scrutiny	0.45	0.12
Improve 1:1 Care	0.40	0.00
International Nurse Recruitment	0.35	0.00
Project Management	0.33	0.00
Increase use of long shifts	0.30	0.08
Enhanced support for staff on LTS	0.30	0.00
Nurse Bank Auto Enrolment & Recruitment	0.30	0.00
A&C Agency	0.30	0.10
Collaborative Bank	0.25	0.00
Other	3.50	1.29
Total	23.00	5.78

- 4.1.1 Surge Capacity** – throughout 2019/20 the Health Board was utilising additional “surge” bed capacity. The actions taken during 2019/20 to strengthen early supported discharge, community services such as hospital to home and improve other discharge and admission avoidance measure were planned to enable the Health Board to manage within its core bed base. This has been difficult to accurately measure due to the impacts of the pandemic on services, however for the first 6 months of the year, the surge capacity was not deployed. The second half of the year is anticipating the use of surge to support the

operational pressures. The recurrent position currently forecasts a part year effect of savings.

- 4.1.2 Procurement** – the local and national procurement teams work together to produce a procurement plan for the year. Clearly the focus of procurement teams during the early part of the year shifted to sourcing and procuring the significant equipment, consumables and PPE required to support the pandemic response. This has resulted in larger scale procurement projects being delayed, however these are now being reinvigorated both locally and nationally. The savings to date reflect small scale opportunities in areas such as photocopier contracts, mobile phones, coffee and use of multi-quote contracts.
- 4.1.3 Medicines Management** – around 75% of the medicines management plan relates to Primary Care Prescribing, predominantly related to script switches. The 25% Secondary Care prescribing is predominantly linked to biosimilar switches. The pharmacy and finance leads are proactively participating in an All Wales Prescribing and Finance group, which is sharing prescribing indicators and savings opportunities. In the first part of 2020/21 the Health Board saw increased monthly expenditure in primary care prescribing in particular as GPs responded to the virus with proactive prescribing, prescribing in larger volumes and there was also the impact of increased pricing in some areas through reduction in price concessions. The key areas of focus for the medicines management work stream are set out in slide 3 of the appendix.
- 4.1.4 Theatre Improvement** – the plans focussed on maximising theatre capacity and progress was being made through the theatre improvement group. However, these have been significantly impacted by the pandemic given the reductions in capacity and the impacts on capacity of the measures to meet pandemic requirements. It is important that we do not lose sight of the opportunities as the revised theatre models are emerging and that we have a very clear line of sight of the optimum operating model and requirements post pandemic. The key areas of focus for the theatres work stream are set out in slide 4 of the appendix.
- 4.1.5 Patient Flow** – the patient flow plans focussed on admission avoidance, discharge delays and length of stay. In response to the pandemic many of the key enabling actions and service models are or have been developed e.g. Hospital to Home, Ambulatory Emergency Care. As the pandemic subsides, it will be crucial that the impact of these service models are clearly understood, measured and embedded into business as usual. The key areas of focus for the patient flow work stream are set out in slide 5 of the appendix.
- 4.1.6 Outpatients** – the outpatient efficiency plan focussed on the slot utilisation, DNAs and new to follow up ratios. This links to the Welsh Government Outpatient Transformation programme. Progress is being made and the pandemic has in some ways changed and enhanced the outpatient improvement, with a greater focus on virtual patient management and value based healthcare approaches. Much like patient flow, a large range of innovative ideas have come to fruition in 2020/21, the challenge being to scale these up and embed them within business as usual. The Health Board has a clinically led outpatient modernisation group overseeing this agenda. The key areas of focus for the outpatients work stream are set out in slide 6 of the appendix.

4.1.7 Endoscopy – these opportunities are focussed booking efficiencies and list utilisation. This is being supported through the Endoscopy Board. It will be important that the impact of efficiency measures is able to be monitored as these are likely to be consumed to manage service backlogs for the foreseeable future. Additional non recurrent revenue resource has been identified as part of the Health Board’s financial plan this year to address backlog which will be key to address first to enable revenue savings to be delivered in line with the original plan.

4.1.8 Workforce – the key focus of the workforce efficiencies is Nursing, this project has restarted and is making positive progress, however given the current workforce pressures it is challenging to clearly identify the impact, particularly in light of second COVID wave.

4.2 Comparison with other Health Boards

The NHS Efficiency Framework which is supported and managed through the Finance Delivery Unit has recommenced the reporting and sharing of savings.

As at Month 6, which is the latest available data, the level of identified savings and forecast delivery is shown by Health Board in the table below

	Savings Requirement £m	Savings Identified £m	Forecast Delivery £m	Recurrent Forecast Delivery £m	Forecast Delivery as % of Savings Requirement
Aneurin Bevan	33.657	15.120	11.686	15.395	35%
BCU	45.000	9.898	11.068	8.155	25%
Cardiff and Vale	28.714	17.740	8.502	3.806	30%
CTM	20.386	21.204	10.976	9.002	54%
Hwyel Dda	34.168	6.042	3.802	2.596	11%
Powys	5.639	5.639	0.487	1.118	9%
Swansea Bay	22.752	21.240	5.783	5.288	25%
Total	190.316	96.883	52.304	45.360	27%

This table highlights that on an all Wales basis around 54% of the identified savings are forecast to be delivered and this reduces to 47% recurrently. It should be highlighted that the savings identified do not necessarily reflect the level of

The reinstatement of this level of reporting is helpful in identifying areas where Health Boards have made progress despite the pandemic and the general view from the Efficiency Framework group is that a language and emphasis change is required to ensure that the service model improvements are maximised to support service, workforce and financial efficiencies. It is important to note that some Health Boards are reporting non recurrent savings against their forecast delivery (2020/21) figures. For Swansea Bay only around £0.5m of non-recurrent benefit is within the “in year” figure.

4.3 Next steps

The Health Board is aware of the impact of the non-delivery of recurrent savings requirement on the underlying financial position for 2021/22. It is crucial

therefore that the savings are considered in their component parts in order to maximise delivery.

- a. Service Efficiencies e.g. Theatres, Outpatients, Patient Flow. These programmes are in place and will need to focus on the service models post pandemic. Given the changes in recognised measures of efficiency and patient backlog, this will need to clearly identify and measure improvement benefits prior to decisions to reinvest/reutilise to support patient service backlog.
- b. Workforce Measures - progress has been made but the Health Board needs to capitalise on the recruitment and support mechanisms in play through the pandemic, to develop a more sustainable workforce model for the Health Board.
- c. General Efficiencies – these will include medicines management, procurement, estate management and other local efficiencies. These will need to be pursued as in any year.
- d. There is also a need to consider service transformation and change to eliminate unnecessary variation and duplication within our service provision. This will be managed through the 2021/22 planning round and discussions are shortly to be held with colleagues in the Strategy Directorate to develop a planning and financial framework to support the identification of these opportunities.

5. RECOMMENDATION

Members are asked to:

- **NOTE** the latest savings plan position.
- **CONSIDER** and comment upon the comparative analysis and the next steps.

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Financial Governance supports quality, safety and patient experience.		
Financial Implications		
The financial implications of this paper (both in-year and recurrent) are set out in section 4 of the paper.		
Legal Implications (including equality and diversity assessment)		
No implications for the Committee to be aware of.		
Staffing Implications		
No implications for the Committee to be aware of.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications for the Committee to be aware of.		
Report History	The Committee received an update on the financial position at every meeting. This is the first standalone report in 2020/21 specifically focussed on the savings position within the overall financial position.	
Appendices	Appendix 1 – Savings examples 2020/21	