

SUMMARY REPORT		ABM University Health Board		
Health Board		Date of Meeting: 25 th May 2017 Agenda item: 2 (i)		
Report Title	Recovery and Sustainability Progress Report			
Prepared, Approved and Presented by	Dr Robert Royce, Recovery and Sustainability Director Alexandra Howells, Interim Chief Executive			
Purpose				
The purpose of the report is to update the Board on the progress of the Recovery and Sustainability workstream, particularly as it relates to delivery of the 2017/18 financial target.		Decision		
		Approval		
		Information	x	
		Other		
Promoting and Enabling Healthier Communities	Delivering Excellent Population Outcomes	Demonstrating Value and Sustainability	Securing a Fully Engaged and Skilled Workforce	Providing Effective Governance and Partnerships
		x		x
Executive Summary				
This paper provides the Health Board with an update on the Recovery and Sustainability Programme and its progress in developing savings plans for 17/18.				
Key Recommendations				
The Board are asked to note progress to date.				
Next Steps				
Further work required to firm up savings schemes, milestones and monitor progress				

MAIN REPORT		ABM University Health Board
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1. PURPOSE

To update the Board on the progress of the Recovery and Sustainability Programme.

2. BACKGROUND

The Health Board established the Recovery and Sustainability Programme in February in response to its deteriorating financial position, and a forecast deficit for 2016/17. It was also clear from the planning that was underway for 17/18 and beyond that this challenge would not be addressed in the short term and would require a more fundamental approach.

A Programme Board has been established to oversee the work, chaired by the Chairman, with membership including the Vice Chair, CHC Chair, two staff organisation representatives and the Executive Team. The Terms of Reference for this group are attached at **Appendix A**. This Board has met three times since the start of the Programme.

The Programme is led by the Sustainability Director reporting to the interim Chief Executive, and is supported by a Programme Management Office with key programme, planning, management and information skills. In addition external support has been targeted at key areas to increase capacity and pace into the programme.

The work of the programme is managed through a Sustainability Operational Group which combines the Executive Team with Unit Service and Medical Directors, and staff organisation representation. The Terms of Reference for this group are attached at **Appendix B**.

The overall aim of this Programme is to ensure ABMU is able to deliver excellent quality, affordable services for our patients that are able to cope adequately with current and future pressures. This needs to be achieved in the context of our longer term strategy for the improvement of health and health services in ABMU. It is crucial that in spite of the significant financial challenges there are no mixed messages in the organisation about the need to put patient safety first at all times. Good quality, effective and safe services improve use of resources, by reducing harm, waste and delay. This is an important principle that underpins the work of the programme.

The specific objectives of the programme were agreed to be as follows:

- Provide assurance that all effective financial controls and stewardship are in place across the Health Board **by April 2017** to support financial recovery;
- Using benchmarking information develop plans to deliver a step change improvement in key cost drivers including: workforce, medicines management, procurement, service efficiency and optimisation, unwarranted clinical variation by **May 2017** and oversee their implementation;
- Agree proposals to reduce the “structural” cost of the Health Board’s service configuration, in the context of but not limited by existing strategic direction **by September 2017** (to inform the IMTP);
- Maintain positive, two way communication with all staff and other interested parties throughout the programme, recognising their vital role in shaping and delivering the proposals.

Since the establishment of the Programme, work on the Annual Plan for 17/18 has progressed, and this has identified the need for a Health Board savings plan of at least **£25m**, although this still leaves the Health Board with a significant deficit. Therefore work continues to investigate opportunities to increase the level of savings that can be made in 17/18.

Progress against the Programme objectives is outlined in the following sections

3. KEY ISSUES

i. Financial Controls and Stewardship

One of the first actions taken in January was to confirm and/or increase the level of control on expenditure in relation to a number of key areas including: agency, . In addition, a range of “Just Do Its” were communicated to all corporate and unit teams to encourage all staff to take a cost conscious approach to all resource use including travel expenses, electricity, colour printing etc.

These controls were monitored through monthly in depth meetings with each corporate and unit team, and were a critical part of enabling the Health Board to reduce a potential £39m deficit to a year end reported position of £34.2m.

In order to avoid the risk of increased expenditure as the new financial year started, the controls guidance was updated and reissued at the end of March and once again is being tested and monitored through monthly meetings. For example all non-medical and nursing overtime and agency requests to continue expenditure past 1st May 2017 have been reviewed and approved by the Sustainability Director. The Executive Team are gaining more assurance that there is a high level of compliance with these controls, and that improvements in cost control are being delivered as a result.

The Programme is also focusing on ensuring that corporate and unit savings plans are as robust as possible. These plans will need to generate approximately **£16m** of savings. The following actions are being taken.

- Ensuring that there are pipeline trackers for savings ideas;
- Putting in place standardised documentation and processes identify and track savings delivery;
- Monitoring savings scheme delivery, against KPIs and milestones, highlight deviations and set out mitigating actions. A RAG rating is being used to assess the status of each savings plan;
- Putting into place a consistent approach to the review and validation of savings schemes;
- Presenting a forward look on profiled savings plans.

The robust monitoring process has indicated that at 15 May deliverable plans for savings equated to approximately **£10m** of this target, however, these plans will be updated at the end of May to include a number of additional opportunities that have been identified which need to be converted from ideas into robust plans. (NB this figure is increasing on a regular basis and therefore now exceeds the amount noted in the Month 1 financial plan report)

All areas of expenditure are being actively reviewed and challenged. Decisions to date that will reduce 2017/18 spend include:

- £679,982 reduction in 2017/18 spend in consultancy and a variety of other non-pay items;
- £50,314 reduction in 2017/18 spend on subscriptions to a variety of third parties;
- £100,000 reduction in travel costs;
- Agreement to recommend disposal of properties identified as surplus to requirement.

ii. Cost Driver Work Streams

In order to support the development of the required level of savings for the 17/18 financial plan a number of Executive-led workstreams have been established that target key cost drivers:

- i. Workforce (Director of Workforce & OD)
- ii. Medicines Optimisation (Chief Operating Officer)
- iii. Unwarranted Clinical Service Variation (Medical Director)
- iv. Procurement/Consumables (Finance Director)
- v. Service Optimisation (theatres, outpatients, patient flow) (Chief Executive/Chief Operating Officer)
- vi. Clinical Sustainability Models (Director of Strategy)
- vii. Digital Transformation (Medical Director)
- viii. Back Office and Estates Rationalisation (Recovery & Sustainability Director)

The aim of each workstream is to identify the Health Board wide actions, decisions, policies and support that are needed to help increase and accelerate unit and corporate savings plans. The workstreams will also be the mechanism to translate the findings of the National Efficiency and Value Board into local plans.

By the end of May each workstream will have a clear set of milestones and deliverables for the rest of the year, and this will need to support the delivery of approximately £9m savings in addition to the Unit and Corporate savings plans identified above.

Some of the workstreams will also benefit from the recommendations from a report commissioned by PWC into key areas including procurement, service optimisation and workforce.

To date the Recovery and Sustainability Programme Board has received presentations on three of these workstreams –medicines optimisation, unwarranted clinical variation and workforce.

iii. Sustainable Plans

The focus of the programme to date has been on “recovery” so that the financial position is as a minimum stabilised. However, it is clear that in order to improve the financial position a more fundamental approach is needed to review the whole resource available to the Health Board, and how it can best be used to meet the needs of the population in the future. This will require a shift in focus to value and outcomes so that we are not just considering whether we are doing as much as possible with the resources we have, but whether we are doing the right things for patients with the resources we have, and are patients getting added value as a result.

This work will start at the end of June so that it can be integrated with the approach to developing the IMTP for 18/19 and beyond. This will also mean that the two new Executive Directors (finance and public health) will be in post.

iv. Communication

The Recovery and Sustainability Programme is everyone’s business, and in parallel with the establishment of the Programme the Interim CEO and other members of the Executive Team attended each Team Brief across the Health Board to discuss the programme with staff, to ensure that staff understood the nature of the financial challenge, but most importantly to highlight all the opportunities that exist for us to do things differently and use resources more effectively. The Team Briefings captured approximately 1,000 staff and generated some very positive and constructive discussions.

There have also been a number of Recovery and Sustainability Bulletins on the intranet, which have generated a considerable number of comments and suggestions. The bulletins are now being themed to feedback to staff on queries raised, to update staff on programmes of work that are underway and to encourage more discussion and comment. For example, the last edition has been about Digitalisation as a number of staff had raised questions and comments about our use

of technology to promote better use of resources. The aim is to ensure that everyone realises they can contribute in some way to this Programme.

The Recovery and Sustainability Programme presentation has been discussed with the Community Health Council and will be discussed with the Third Sector Network on 24 May.

In June discussion between the Health Board and CHC will begin about how to involve the public in this programme more fully.

A draft communications plan is in place and will be finalised by the end of May 2017.

4. RISKS

Clearly there are a number of risks to the effective delivery of this programme:

- **Capacity to plan and deliver savings plans in both corporate teams and unit teams**

The Executive Team has attempted to reduce this risk by ensuring priorities are clear for 17/18, putting in place a PMO and securing some external assistance.

- **Double counting of savings plans in unit, corporate and workstream plans**

With such a wide range of work going on this is a key risk. It is being managed as far as possible by clarifying workstream deliverables and plans, and providing opportunities for unit and corporate teams to discuss plans on a regular basis.

- **Culture of delivery and accountability**

This is being reinforced to leadership at all levels and through the governance framework around the Programme.

- **Unintended impacts across the system**

In the efforts to identify savings opportunities there may be occasions when there are unintended impacts of a change on another part of the service. This is being managed as far as possible through ongoing discussions of proposals with the Units and Corporate team and a robust impact assessment process.

- **Scale of the challenge in future years**

Units and Corporate Departments need to be planning now for service changes and savings which will take place in 2018/19 and beyond. This approach has not been undertaken previously within the Health Board, with savings being focused on in year opportunities. In addition, teams are so focused on delivering savings in 2017/18 there is not the capacity to consider longer term change. This will be considered as part of the clinical sustainability, IMTP and values approach.

RECOMMENDATION

The Board is asked to note progress against the key objectives of the Recovery and Sustainability Programme.

RECOVERY AND SUSTAINABILITY PROGRAMME BOARD MEMBERSHIP AND TERMS OF REFERENCE

1. Purpose

The purpose of the Board is to ensure that the Health Board's Recovery and Sustainability Programme and actions are delivered so that the level of intervention within the joint escalation and intervention arrangements is reduced as soon as possible.

2. Key Deliverables

The Board will:

- Ensure that effective Recovery and Sustainability Programme management arrangements are in place and that plans are taken forward efficiently and effectively within agreed timescales.
- Set out Recovery and Sustainability Programme deliverables and ensure achievement of key targets
- Monitor progress of the Recovery and Sustainability Programme plan, taking all necessary corrective action
- Ensure risks associated with the delivery of the Programme are identified, managed and reported
- Ensure synergy between the Recovery and Sustainability Programme and other organisational priorities and strategic direction
- Ensure effective reporting to Welsh Government and others as part of the de escalation arrangements.
- Receive regular reports from the Recovery and Sustainability Operational Group

3. Membership

The membership of the Board:

- Chairman (In the chair)
- Vice Chairman
- Members of the Executive Team
- Sustainability Director
- Staff side representation
- Community Health Council representative

4. Meeting arrangements

The Board will meet monthly.

5. Reporting arrangements

The Board will report directly to the Health Board.

RECOVERY AND SUSTAINABILITY OPERATIONAL GROUP MEMBERSHIP AND TERMS OF REFERENCE

6. Purpose

The purpose of the group is to ensure that the Health Board's Recovery and Sustainability programme and actions are managed so that the level of intervention within the joint escalation and intervention arrangements is reduced as soon as possible.

7. Key Deliverables

The Group will:

- Ensure there are agreed action plans in place, with milestones and outputs against all key result areas
- Ensure performance is in line with agreed targets and corrective action taken where there is slippage.
- Ensure there are effective support arrangements in place to ensure the successful delivery of agreed outcomes
- Consider the prioritisation of any service delivery issues for consideration by the Recovery and sustainability Programme Board
- Manage relationships with the Welsh Government in respect of escalation arrangements including the management of meetings, requests for support and the co-ordination of any feedback from meetings
- Agree communication arrangements with staff and stakeholders
- Link with neighbouring health boards where appropriate
- Receive reports from Executive leads and Sustainability Director

8. Membership

The membership of the Group:

- Sustainability Director(In the chair)
- Chief Executive
- Members of the Executive Team
- Service Directors
- Unit Medical Directors
- Staffside, including BMA
- Clinical Director for Integrated Pharmacy

9. Meeting arrangements

The Group will meet fortnightly.

10. Reporting arrangements

The Group will report directly to the Recovery and Sustainability Programme Board.