Southampton University Hospitals NHS Trust

Accelerating the Pace of Delivery of the Service Modernisation and Financial Plan

1. Introduction

1.1 The Service Modernisation and Financial Plan previously approved by the Board detailed how the Trust would improve services to patients through reducing length of stay, reducing unnecessary admissions to hospital, improving discharge arrangements and reducing the number of patients requiring a stay in hospital through increasing the number of patients treated as day cases.

1.2 The Trust has made considerable progress in 2004/05. The key changes have been to:

- Increase the proportion of patients seen within 4 hours in the Emergency Department;
- reduce waiting times to a maximum 9 months for most specialties, to 3 months for ophthalmology, and to 7 months by 31 March 2005 for orthopaedics;
- introduce new drugs and therapies for patients;
- improve pay modernisation, eg through the new consultant contract;
- deliver increased levels of day surgery;
- expand outpatient services; and
- Increase the number of consultant medical staff and nurses we employ.

1.3 There is still much more to do in order to achieve a fully modernised health service. We need to:

- Invest in better services for critically ill patients;
- Work with our primary care partners to improve hospital discharge and use resources better across the whole health community;
- Sustain and extend pay modernisation for staff;
- Reduce the time patients spend in hospital by increasing day surgery rates, reducing unnecessary inpatient stays, and developing more streamlined care;
- Creating capacity to improve cancer and neurosciences service; and
- Reduce the need for NHS work to be sub-contracted outside the Trust.

1.4 This report provides an update on progress and proposes further targeted management action to accelerate the pace of modernisation and reduce our existing costs so we can deliver better care to patients within the resources we have.

2. Progress to date

2.1 The Board agreed a three-pronged approach to stabilising the financial position of the Trust so we can provide the best possible care to patients within the resources available. The table below details progress made to date against the three components of the Financial Recovery and Service Modernisation plan.
<table>
<thead>
<tr>
<th>Component of Service Modernisation and Financial Plan</th>
<th>Progress at November 2004</th>
<th>Forecast Year end Position at March 2005</th>
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</thead>
<tbody>
<tr>
<td>Deliver more services to patients and generate additional income of £6.5m</td>
<td>Over performance against Service Level Agreements (SLAs) at November 2004 is in line with profile to deliver more services and therefore achieve the additional income laid out in the plan</td>
<td>£6.5m</td>
</tr>
<tr>
<td>Modernise services internally to improve efficiency and generate savings of £15m</td>
<td>Savings of £11.7m identified to date</td>
<td>Range anticipated of between £13m and £15m</td>
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<tr>
<td>Modernise services across the health community with our partners and generate further savings of £4.7m</td>
<td>Agreement in principle to single Pathology, Vascular and Urology services with Winchester and Eastleigh Healthcare Trust. Detailed plans still to be developed.</td>
<td>No savings anticipated this financial year</td>
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2.2 A number of PCTs are actively seeking to control workload so they do not exceed their Service Level Agreement activity for the year as a whole. This therefore represents a risk to the Trust's financial projections as the level of income in the remaining months of the year may decrease.

2.3 The internal modernisation programme, whilst still short of the final target, is extremely encouraging as the Trust has previously only achieved annual savings of between £5m and £6m. Work continues with individual Directorates to further modernise services and we anticipate that the £11.7 million identified to date will increase further, although there is still some uncertainty about whether the full £15 million will be achieved by the end of March. Many of the actions taken to date to achieve savings will contribute towards the savings programme for the next financial year.

2.4 Wider modernisation across the health community has been slower than anticipated. Agreement has now been reached with our partners on key service changes and project groups have been established with clinical leaders to agree the detailed changes. These projects will be major contributors to the financial plans for 2005/06 and beyond.

2.5 Despite good progress on service modernisation the Trust has faced considerable cost increases in year, eg the impact of pay modernisation changes that underpin many of the service changes we have achieved. As a result the Trust is forecasting a deficit of between £12m and £14m by the end of the financial year.
3.  **Further action proposed to accelerate the pace of delivery**

3.1 As a consequence of modernisation we have already been able to reduce the number of beds we require and reduce staffing, particularly our use of expensive agency nurses. We are now managing with 46 fewer beds following the closure of the Nurse Led Unit 1, a merger of two gynaecology wards and ward reorganisation in neurosciences.

3.2 We have identified further opportunities to modernise services and accelerate the pace of change, eg the recent audit of bed use suggests that 3 in 10 acute patients across the local health community could be cared for more appropriately outside acute hospitals with Primary Care or Social Services support. On any one day patients who are medically ready to be transferred elsewhere occupy approximately 100 SUHT beds.

3.3 It is therefore proposed that:

- Patients who need intermediate care will use more appropriate facilities being made available by Primary Care Trusts. Nurse Led Unit 2 will no longer be required and will close on 31 January 2005.
- Ward F7 becomes a fully-fledged medical investigation unit. This will allow us to shorten lengths of stay so F7 can be reduced from 30 to 20 beds on 28 February 2005.
- As PCTs and Social Services increase their provision of non acute care and reduce delayed transfers of care, we reflect the lower demand for inpatient beds by closing ward F8 on 31 March 2005; and
- We reflect the reduced demand for orthopaedic inpatient beds (caused by more use of day surgery and PCTs transferring much elective work to the new Independent Treatment Centre) by closing one orthopaedic ward by 31 March 2005 at the latest.

3.4 We believe these changes - coupled to existing and proposed investment in critical care, cardiac services and cancer services, and the move of orthopaedic short stay services to the Royal South Hants Hospital in April 2005 - will improve patients’ experience through:

- More services being provided closer to where patients live.
- More use of day surgery, which patients prefer;
- Better services for critically ill patients;
- Better services for cardiac and cancer care patients;
- Fewer cancelled or postponed admissions; and
- Fewer unnecessary delays eg delays in discharge or access to diagnostic tests.

Their impact will be monitored closely, though, to ensure they achieve these aims.

4.  **Security of employment**

4.1 The Board will recall that the original Service Modernisation and Financial Plan envisaged staffing reductions during 2004/05 equivalent to approximately 450 staff in order to deliver services within the resources we have.

4.2 In May we anticipated there would be little or no need for redundancy, and the Trust remains a secure employer. To date the Trust has reduced its overall staffing numbers by approximately 150 but there has been only one redundancy.

4.3 In order to achieve the remaining reduction we will focus on areas where we can re-design work processes and thereby release costs to finance our service development plans.
4.4 We will seek to redeploy many of the 100 or so staff affected by the changes outlined in section 3 to vacancies within the Trust or the wider health and social care community.

4.5 In parallel the pace of staffing reductions in other areas will be accelerated to reduce overall staffing use by the equivalent of 200 whole time staff. This is not a 'new' reduction but is part of the total 450 reduction that was agreed and announced earlier this year.

4.6 We believe that approximately half this number will be achieved through further reductions in temporary staff, natural wastage, redeployment and secondments.

4.7 We will naturally do our best to ensure staff are dealt with sensitively, and we will use all possible means to avoid redundancies.

4.8 Our recruitment vetting panel has identified that the majority of turnover occurs in ‘essential to replace’ posts. We must therefore develop proposals for limited voluntary and compulsory redundancy where staffing reductions cannot be achieved in other ways. To fulfil our statutory duty the Trust will notify the Department of Trade and Industry that we expect to make redundant between 20 and 99 staff over a period of 90 days. We will also formally consult in line with the Trust's guidelines for handling redundancy.

5. **Recommendations**

5.1 Trust Board are asked to:

- Agree the bed reductions detailed within section 3.3 and note their effect on staffing;
- Agree in principle to make redundant between 20 and 99 staff;
- Note that the Department of Trade and Industry will be informed accordingly in line with our statutory duty, and staff and staff organisations consulted in line with Trust guidelines for handling redundancy;
- Note that every effort will be made to avoid redundancy through redeployment of staff across the Trust and wider health and social care community;
- Note that the Board will be asked to monitor the effect of these changes against a detailed impact analysis that will be prepared.

Ben Lloyd
Finance Director
November 2004