Lincolnshire COUNTY COUNCIL Working for a better future		**THE HEALTH SCRUTINY COMMITTEE FOR LINCOLNSHIRE**	
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Open Report on behalf of Lincolnshire Sustainability and Transformation Partnership

Report to	**Health Scrutiny Committee for Lincolnshire**
Date:	**21 March 2018**
Subject:	**Lincolnshire Sustainability and Transformation Partnership Update – Operational Efficiency**

Summary:

This report provides information on the operational efficiency aspects of the Lincolnshire Sustainability and Transformation Partnership (STP).

Actions Required:

To consider the progress on the delivery of the operational efficiency aspects of the Lincolnshire STP.

1. Introduction

1.1. National Context

Sustainability and Transformation Plans, subsequently renamed as Partnerships (STPs), were introduced nationally in 2015/16 as a way of enabling local health and care organisations to plan and deliver services within their own geographical footprint.

1.2. Lincolnshire Context

The Lincolnshire STP set out a programme of work, to be delivered by 2020/21, split into two broad areas:

- Clinical Service Redesign, which incorporated the previous Lincolnshire Health and Care programme (LHAC)

- Operational Efficiencies, which concentrated on improving efficiency and value for money across the system.

These programmes are all supported by a number of cross-cutting enabling work streams in respect of technology, estates, workforce and organisational development, finance, and communications and engagement.

The Lincolnshire NHS is currently in the process of reviewing its 2018/19 priorities, which will support the further development of a system-wide approach to managing its resources.

Whilst the Health Scrutiny Committee for Lincolnshire receives routine STP updates as a whole, this paper provides further details specifically for the operational efficiency aspects. It is intended to give detail of the main efficiency schemes undertaken on a system-wide basis as well as an indication of those managed individually within organisations.

2. Operational Efficiency Overview

The original five-year STP outlined an operational efficiency requirement for the Lincolnshire NHS of just over £60m by 2020/21.

As separate statutory bodies in their own right, each of the seven Lincolnshire NHS organisations is ultimately responsible for delivering its own aspects of operational efficiency, and each reports separately to its own Board and regulator. The operational efficiencies are therefore essentially delivered through a number of routes:

- By individual providers
- By individual commissioners
- Collectively at a system level.

Schemes internal to each of the trusts continue to be implemented through their own project teams, including the acute trust to which applies the bulk of the focus of the Carter recommendations. (The Carter report was aimed at acute trusts and as this is the largest provider within the county, it incurs the greatest spend and has the greatest target for savings).

Many of the operational efficiency schemes operate 'behind the scenes', rather than having direct impact on the delivery of services. However, given the Health Scrutiny Committee's interest in reviewing matters relating to the planning, provision and operation of health services, the report does indicate where a scheme has a more direct link to service delivery (largely in respect of prescribing initiatives).

The system approach to the efficiency agenda was focused around the following broad areas in the development of the original STP and addressed variations highlighted in two national reports:

a. The Carter Report, published in February 2016, "Operational productivity and performance in English NHS acute hospitals: Unwarranted variations" – identifies areas in NHS provider trusts where the report suggests a range of areas in which efficiencies may be made.

   To put this into local context:

   - Of the £60m operational efficiency 5-year target; £44m relates to efficiencies under the Carter recommendations

   - This almost exclusively applies to the provider trusts, which collectively spend about £700m a year (about £450m on pay and £250m on non-pay).

b. The NHS RightCare initiative for medicines optimisation – aimed at CCGs, this highlights variation in prescribing practice which can be targeted for efficiencies.

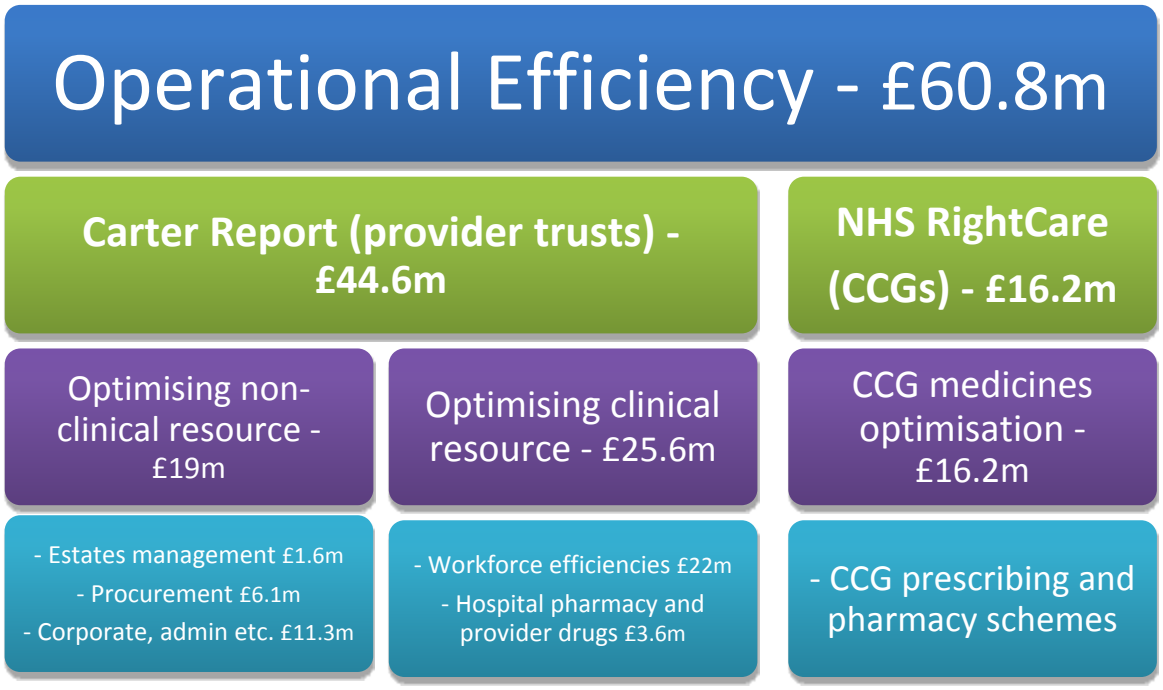
   To put this into local context:

   - Of the £60m operational efficiency target for 5 years by 2020/21; £16m relates to prescribing efficiencies

   - The CCGs currently spend about £150m on prescribing per annum.

The majority of this report focuses on the work which has been addressed at system level, although the narrative does also make reference to the main efficiency areas targeted by the Carter report. The report does not include every single operational efficiency scheme which is being undertaken within each trust; all of which are collectively contributing towards the £60m efficiency goal.

The overall operational efficiency target can be further broken down as follows.



Further details of schemes within each area are given in section 3.

3. Operational Efficiency Portfolio Overview

The operational efficiency team within the STP delivery unit is now established and has been working with the system to identify priorities and project briefs. The team has also established the governance routes for its areas of work. Shown below is an outline of the projects it has been implementing or supporting to date, together with an indication of where and how some of the other themes are being addressed.

As part of the system review of priorities, specific 2018/19 targets are in the process of being set for operational efficiency schemes. For the initial system-wide work in 2017/18, the broader targets in the STP document were used to prioritise the first work streams and projects.

It is also worth noting that Lincolnshire Partnership NHS Foundation Trust has become a Carter pilot for Mental Health and Community Trusts, working with the NHS Improvement Operational Productivity team to develop how the Carter initiatives may be adopted within the non-acute sector. Any learning will be shared across the NHS community.

The main efficiency schemes being developed as a result of the Carter and RightCare initiatives are outlined as follows. Details of progress to date against the original STP targets are shown in Appendix A. This indicates that of the £60m original target, £23m is being delivered in 2017/18 leaving a further £37m still to be delivered over the three years between 2018/19 and 2020/21. In terms of timeframes, 2018/19 schemes are currently being agreed across the system as part of each organisation's annual planning process; timings of the individual operational efficiency schemes are therefore still to be confirmed within the context of overall plans.

3.1. Carter Efficiency Schemes

a. Estates management: review of corporate / back office estate utilisation.

A detailed project brief has been agreed to determine the scope of the review and a data collection exercise is currently underway to assess how the corporate / back office functions utilise the NHS estate across Lincolnshire, and whether this can be more efficient. The review of the data will take into account existing utilisation measures, best practice policies and stakeholder expectations. It is also linked to the one public estate initiative to identify common accommodation or estates issues. It is expected that a first draft of the report and recommendations will be available in April 2018. Estate used for the provision of clinical services is not included within the scope of this review.

b. Procurement – there are a number of procurement initiatives ongoing.

- Collaboration between the three provider trusts in aligning tenders, sharing systems and policies, utilising e-procurement systems and using the new national purchasing price index benchmarking tool to target potential areas of cost reduction. These are all consistent with the national NHS e-procurement strategy, as recommended by the Carter review. The trusts have also signed up to use the national 'future operating model' for procurement, which will result in unit price procurement savings arising from access to wider purchasing power. The trusts are actively working together towards achieving the national NHS procurement standards, which in turn will lead to more cost effective procurement. (In terms of clinical related supplies, this may not always represent the cheapest unit price: clinicians are involved in purchasing decisions and will also take into account quality, safety and other non-financial factors).

- A number of collective procurement exercises have been undertaken between the provider trusts, including pharmacy services. More significantly, both CCGs and provider trusts are working together to maximise efficiencies from the procurement of pathology services (across the county, total expenditure is in excess of £20m and it is clear from collaborative discussions that there are variations in the unit prices paid by the different organisations to the current provider). Contract values are currently subject to renegotiation as part of the annual contracting discussions with a view to reducing variation and securing better value for money both in the current round of discussion and also looking to the future. Concurrently, there is also a national exercise underway of consolidating the network of pathology services which, for the wider Lincolnshire and Yorkshire areas suggests a combined saving of £5.5m, although is silent on likely timeframes.

c. Corporate and administration (back office) – largely centred around developing county-wide shared services arrangements.

- There are currently three longstanding shared services arrangements between the provider trusts (covering financial services, procurement services and payroll). Several other corporate functions are in the process of developing proposals to collaborate or operate under shared services arrangements. The individual proposals will confirm expected savings and timeframes, but these are expected to start to accrue savings during 2018/19. For example:

    - Communications and engagement services, across all seven NHS organisations in the county are working towards a shared services model
    - Estates and facilities management services, between two of the provider trusts, are looking to provide a combined service
    - Information and communication technology services of the three provider trusts are looking to develop collaborative arrangements.

- A county-wide shared services partnership board has recently been established to provide steer and oversight over the development of shared services arrangements across the county. This board will be looking at governance, priorities, and a consistent approach to the development of shared services as part of a development plan for the next couple of years. It is expected that new services will start to deliver benefits during 2018/19.

d. Workforce efficiencies – a range of initiatives designed to support the workforce to operate more efficiently.

- Most of this work is happening within respective trusts – for example, the introduction of e-rostering systems, utilising benchmarking information (e.g. the national model hospital tool) and costing systems to identify efficiencies, and planning analysis of roles. Benefits are therefore reported internally to each organisation as part of their own plans.

- There is also a system-wide planning exercise underway which is looking at the redesign of clinical services. Once the impact on individual organisations is clear, the operational efficiency implications will be incorporated as part of the service redesign.

- Traditionally, as each organisation has its own statutory targets to meet, each has tended to concentrate on its own staff. However, in order to meet the required efficiencies for the whole NHS community, this area requires a much more collaborative approach in terms of a system-wide, more integrated approach to workforce planning; and this will be a key priority for 2018/19.

- It is also worth noting that the Lincolnshire CCGs are currently in the process of developing a single management structure across the four organisations.

e. Hospital pharmacy – the Carter report required each acute trust to develop a hospital pharmacy transformation plan to ensure hospital pharmacies achieve their benchmarks such as increasing pharmacist prescribers, e-prescribing and administration, accurate cost coding of medicines and consolidating stockholding by April 2020. The aim is to ensure that their pharmacists and clinical pharmacy technicians spend more time on patient-facing medicines optimisation activities. This Carter initiative therefore relates to the United Lincolnshire Hospitals NHS Trust, and the trust is in the process of implementing its plans.

f. Hospital medicines optimisation – similarly, United Lincolnshire Hospitals NHS Trust is looking at how best to manage medicines as part of its own plans. From a system-wide perspective, the development unit has supported the progression of a business cases for electronic prescribing & robotic dispensing, which will need to be considered against other capital funding priorities: the deadline for decisions will be July 2018.

3.2. RightCare and General Prescribing Schemes

A number of schemes have been implemented this year to address variations in prescribing costs and facilitate more efficient management of drugs, alongside a number of other prescribing initiatives.

a. Introduction of software to manage medicines, leading to both financial and non-financial benefits:

- Blueteq – to control the issue of hospital high cost drugs within quality guidelines. This ensures that drugs are issued in accordance with NICE guidelines (a quality benefit) as well as controlling the cost of these drugs.

- OptimiseRx – software used within primary care which gives information at the point of care about best practice, safer prescribing and cost benefits.

b. Introduction of clinical pharmacists – to reduce the burden on GP time and to ensure effective management of medicines.

- Benefits of clinical pharmacists include a reduction in the volume and cost of unnecessary prescribing of medicines, fewer presentations to A & E or hospital admissions for medication errors or complications related to having multiple medications, and a reduction in the number of drugs that patients may need to manage.

- A GP based pharmacist prescriber can reduce the average cost per prescription item; national studies indicate that carrying out medication reviews in care homes has both quality and financial benefits (suggesting that the average cost per prescription item can be reduced to £5.92 – a 27% reduction from the national average).

- During 2017, six pharmacists completed their non-medical prescribing courses and are eligible to apply for clinical pharmacist roles.

- There are currently eight posts available in the county, four of which have recently been recruited to.

c. Oral Nutritional Supplements – review of how these are provided upon discharge from hospital as part of a system wide approach to the service.

- Patients are discharged from hospital with a sufficient supply of supplements before needing to go to their GP for more, if required.

- Dietetic guidance and supervision is available for a period after initial discharge from hospital.

- The service is focused on individual patient need, is provided for as long as needed, and therefore provides a better experience for the patient.

- The streamlined service also saves money in several areas; a 10% reduction in cost should be a reasonable expectation (which would save £100k in the local context).

d. Standardisation of wound management products and appliances in primary care – by standardising the prescribing formulary between the various organisations, quality is improved, variation reduced, and cost efficiencies available through the supply chains (a 10% reduction in cost would equate to about £700k in the local economy).

3.3. Enabler Work Streams

It is also worth noting that many of the operational efficiency schemes link closely with some of the enabler projects. For example:

- The review of corporate / back office estate usage is linked heavily with the wider NHS estates strategy, and with the one public estate initiative.

- Workforce efficiencies will require support mechanisms for staff to work more efficiently, whether through organisational / personal development and training, culture changes, or technological support (e.g. mobile working, advancement of the care portal, software solutions such as e-rostering and electronic management of prescribing and dispensing).

3.4. 2018/19 Priorities

In terms of 2018/19 priorities currently under development, it is likely that the key operational efficiency themes to be addressed on a system-wide basis will include:

- A focus on shared services of back-office functions
- Temporary workforce solutions (e.g. bank and agency)
- Countywide prescribing initiatives (e.g. repeat prescribing)
- Estates rationalisation
- Pharmacy & prescribing.

4. Conclusion

The collective STP approach to efficiencies has started to drive system-wide changes in delivering some of the required efficiency savings across the local NHS.

Whilst several schemes have now been implemented, the tangible benefits need to be clarified within the individual organisational financial positions in order to understand the collective benefit of all efficiency schemes. The more collective approach for 2018/19 should lead to better system management across the Lincolnshire NHS, collective performance monitoring, and clearer reporting of system savings.

In the meantime, the system efficiency target remains challenging with further work required in continuing to develop and implement new specific schemes.

5. Appendices

These are listed below and attached to this report.

Appendix A	Comparison of STP Target Against Current Trajectory

6. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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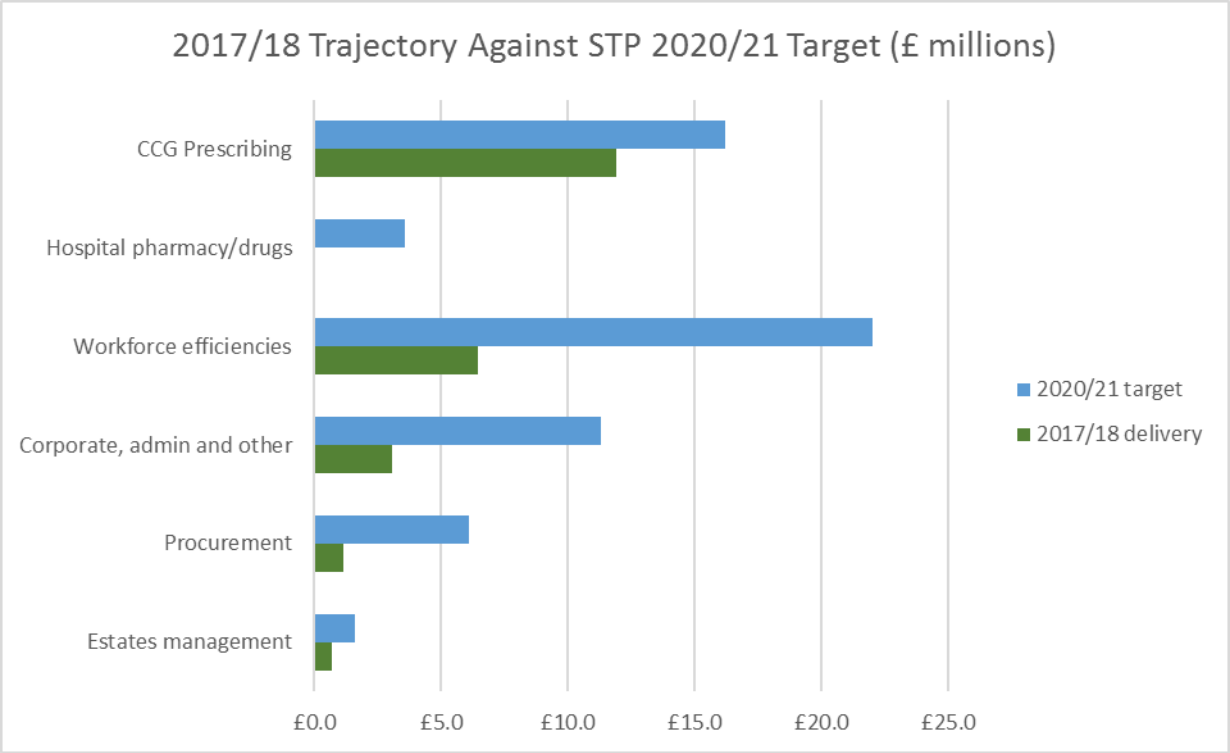
APPENDIX A

COMPARISON OF STP TARGETS AGAINST CURRENT TRAJECTORY

These figures are for Month 9 of 2017/18.



The efficiencies still to be delivered will need to be enacted by 2020/21. The figures behind the graph are shown below.

Programme Area	2020/21 target £m	2017/18 delivery £m	Still to deliver £m
Estates management	£1.6	£0.7	£0.9
Procurement	£6.1	£1.1	£5.0
Corporate, admin and other	£11.3	£3.0	£8.3
Non-clinicial resource	£19.0	£4.9	£14.1
Workforce efficiencies	£22.0	£6.5	£15.5
Hospital pharmacy/drugs	£3.6	£0.0	£3.6
Clinical resource	£25.6	£6.5	£19.1
Total Carter efficiencies	£44.6	£11.3	£33.3
CCG Prescribing	£16.2	£11.9	£4.3
TOTAL OPERATIONAL EFFICIENCY	**£60.8**	**£23.2**	**£37.6**