

<b>Report Title</b>	2019/20 Paybill: Spend Reduction Plan		
<b>Sponsoring Executive</b>	Raffaella Goodby, Director of People and Organisation Development		
<b>Report Author</b>	Raffaella Goodby, Director of People and Organisation Development		
<b>Meeting</b>	Trust Board	<b>Date</b>	6 <sup>th</sup> December 2018

### 1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

The Board is familiar with the financial challenge for 19/20 which the executive have framed as a £11,481m pay avoidance challenge. At previous Boards we considered the considerable improvements made to the pay position during the current financial year, demonstrating that pay is being managed well. Although the Trust has delivered a considerable improvement in e-rostering and temporary spend, the agency position remains off target (both the NHSI plan of £10.6m and our internal plan of £9.7m) are not on target to be delivered for 2018/19. This is reflected in our revised trajectory agency position of £15.1m by March 2019.

The Board are asked to:

- Note the reductions in pay spend during 2018/19 and consider the assurance in delivering future pay CIP's
- Discuss and accept the pay spend avoidance table at 2.1 for 19/20 which focusses on clinical groups and corporate directorate's pay reduction plans and themes.
- Note the outstanding gap in PCCT and Medicine, and receive an update at the December FIC
- Accept the overview and scrutiny process of spend reduction plans in the Trust.

### 2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan	X	Public Health Plan		People Plan & Education Plan	X
Quality Plan	X	Research and Development		Estates Plan	X
Financial Plan	X	Digital Plan		Other <i>[specify in the paper]</i>	

### 3. Previous consideration *[where has this paper been previously discussed?]*

CIP Board, Trust Board, Finance & Investment Committee.

### 4. Recommendation(s)

The Trust Board is asked to:

- |    |  |
|----|--|
| a. | <b>Discuss</b> and accept the pay spend avoidance table at 2.1 for 19/20 which focusses on clinical groups and corporate directorate's pay reduction plans and themes. |
| b. | <b>Note</b> the outstanding gap in PCCT and Medicine, and receive an update at the December FIC  |
| c. | <b>Accept</b> the overview and scrutiny process of spend reduction plans in the Trust.   |

### 5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register		Risk 114					
Board Assurance Framework		BAF 8 and BAF 9 (workforce items)					
Equality Impact Assessment	Is this required?	Y		N	x	If 'Y' date completed	
Quality Impact Assessment	Is this required?	Y		N	x	If 'Y' date completed	

# SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST

## Report to Public Trust Board: 6<sup>th</sup> December 2018

### 2019/20 Paybill: Spend Reduction Plan

#### 1.0 Scale of pay challenge for 2019/20

1.1 The Board is familiar with the financial challenge for 19/20 from item 10 on the Board Agenda. This states the pay challenge for 2019/20 is £11,481m. At previous Boards we considered the considerable improvement made in the pay position during the current financial year, with the YTD position being behind trajectory on pay. Although the Trust has delivered a considerable improvement in e-rostering, and increased the grip and control on temporary spend, the monthly spend on agency (both the NHSI plan of £10.6m and our internal plan of £9.7m) are not on target to be delivered for 2018/19. This is reflected in our revised trajectory position of agency spend of £15.1m by 31 March 2019.

#### 2.0 Pay reduction challenge for 2019/20

2.1 The pay reduction challenge for 2019/20 is £11,481m - essentially £1m per month. Scoping and planning has commenced in clinical groups, through the extant CIP planning processes, and overseen by the weekly CIP Board chaired by the Chief Executive.

2.2 The main focus for 2019/20 is for leaders to maintain the current grip and control on their group pay budgets, and to avoid increasing pay costs or temporary spend. Considerable work has been undertaken in clinical groups, and through corporate teams, manage the pay position for next year. There remains a gap in PCCT of £600k and a small gap in Medicine and Emergency Care, which is being worked through by the executive and the group leadership team.

Table 2.1 Group pay reduction in 19/20 with plans in place

New Group	Budget	Budget Adjustments	Revised Budget	Actual	Variance	Plans in place	Gap
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Medicine & Emergency Care	-78,839		-£78,839	-80,766	-1,927	TBC	-1927
Surgical Services	-75,543		-£75,543	-78,869	-3,326	3326	0
Women & Child Health	-43,541		-£43,541	-45,038	-1,498	1498	0
Primary Care, Community and Therapies	-40,008		-£40,008	-41,851	-1,843	1243	-600
Pathology	-257		-£257	-140	116	116	0
Imaging	-14,448		-£14,448	-14,818	-369	369	0
Corporate	-57,429		-£57,429	-59,394	-1,965	1,965	0
Central	-633	-£5,600	-£6,233	-6,901	-669	669	0
<b>TOTAL</b>	<b>-310,697</b>	<b>-£5,600</b>	<b>-£316,297</b>	<b>-327,778</b>	<b>-11,481</b>	9,186	-2527

2.3 The themes of the pay reduction plans are:

- Effective Rostering practices to budget (within funded establishments)
- Employing Trust doctors to avoid medical agency spend
- Removing agency spend excepting doctors (admin & clerical, HCA, tier 2 nurses, AHP and other)
- Balancing corporate budgets by CNST charges and implementing UNITY to avoid ongoing delay costs
- Role modernisation and transformation to implement different ways of working

2.4 There is also consideration being given to 'back up' pay plans of:

- Converting medical agency spend to bank
- Encouraging substantive nurses to work bank (only 20% take up as of Nov 18)
- Partnering with other Trust's on a regional medical bank model
- Additional rostering controls, in particular around non nursing teams

### **3.0 Ensuring pay spend is reduced - delivery**

3.1 The Finance and Investment Committee have initially considered the process for credible, safe cost reduction through CIP's that are quality impact assessed, and equality impact assessed and will be subject to the established pay CIP reduction approaches.

### **4.0 Group Oversight**

4.1 Every group (clinical and non-clinical) follows their own assurance process when a pay reduction CIP scheme is put forward. This includes discussion in the group management board, assurance through the group finance manager oversight, HR business partner input, as well as the assurance from the Group triumvirate. Every group then reports to a Group Review, chaired by the Chief Executive or Chief Operating Officer, where schemes are scrutinised and risks or cross dependencies identified.

### **5.0 PPAC and JCNC Consultation**

5.1 All pay reduction CIP schemes that result in any changes to a staff member role, impact on WTE, skill mix, banding or employment are subject to scrutiny by the Trade Unions. Every scheme is written up and uploaded to Connect for individual and collective consultation. PPAC meet weekly to scrutinise and challenge schemes that are presented by scheme leads / line managers. The JCNC then meet monthly to have overall oversight of the schemes. JCNC is chaired by a Non Executive Director.

5.2 All pay reduction CIP's have a specific consultation process is the Trust's opportunity to genuinely and openly listen to the views of colleagues, Trade Union colleagues and other stakeholders, and consider alternative proposals and make changes as appropriate. These changes may mitigate workforce headcount reduction, or minimise risk or impact, or be alternatives to achieve the financial savings required.

## **6.0 Executive Oversight**

6.1 Following group proposals being put forward, there is executive oversight from the Chief Operating Officer, Chief Executive, Medical Director, Finance Director and Director of People and OD. Latterly (since 2017) there has also been considerable oversight and challenge from the Director of Innovation and Partnerships. This challenge is given through subject matter expert meetings (for example the Medical Director challenging on a clinical change or the Finance Director challenging gross / net assumptions).

## **7.0 CIP Board**

7.1 Key directors meet weekly at the CIP Oversight Board, which is chaired by the Chief Executive, to scrutinise the CIP's being proposed. This is supported by Deputy Chief Operating Officer. All CIP's are recorded on TPRS and this data is shared weekly in a summary report.

## **8.0 Quality and Safety oversight of pay reduction schemes**

8.1 In addition to executive oversight, assurance on the process and outcomes can be provided as follows:

- i. Quality Impact Assessment. All change schemes have a strategic QIA signed off by the relevant local director; and by the Medical Director and Chief Nurse. TPRS records the number of QIA's signed off and the improvement team manage compliance on a weekly basis, overseen by the CIP Board and reported to the Quality and Safety Committee where appropriate.
- ii. Equality Impact Assessment (EIA). Scheme leads have been required to complete a quality impact assessment of their scheme that details the likely impact on safety (if any) and the quality of patient care, including how these concerns could be mitigated. This is then considered by the group director, to identify any cross dependencies and feel assured that all risks have been identified and mitigated. This information is reported on TPRS with the scheme information for the medical director or chief nurse to sign off at executive level. The schemes can then be scrutinised at a Trust level, and additional challenge back to the group to consider before being approved for consultation.

*During the consultation period the Trade Unions and individuals have been actively encouraged to comment on any issues or concerns they have from an EIA perspective to ensure the Trust is undertaking a thorough assessment.*

## **9.0 Board Committee Oversight**

9.1 CIP schemes are reported through the following board committees where appropriate and timely:

- Finance and Investment Committee
- Quality and Safety Committee
- People and OD Committee
- Public Trust Board

9.2 CIP pay reduction schemes are managed and reported through the following CLE committees where appropriate and timely:

- People and OD Delivery Committee
- Executive Quality Committee
- CIP Board
- Clinical Leadership Executive

## 10.0 Recommendations

10.1 The Trust Board is asked to:

- a) **Discuss** and accept the pay spend avoidance table at 2.1 for 19/20 which focusses on clinical groups and corporate directorate's pay reduction plans and themes.
- b) **Note** the outstanding gap in PCCT and Medicine, and receive an update at the December FIC
- c) **Accept** the overview and scrutiny process of spend reduction plans in the Trust.

**Raffaella Goodby**  
**Director of People and Organisation Development**  
**29<sup>th</sup> November 2018**