

ITEM: 11/010
Doc: 07

Meeting: Trust Board
Date: 26 January 2011

Title: **Progress report on UCLP back office functions project**

Executive Summary: The UCL Partners are working together to identify and deliver savings and opportunities for efficiency in the back office areas in all its partner organisations. A lot of work is now underway with work streams identified which are:

- Estates and facilities
- Finance
- Human Resources
- ICT
- Imaging
- Pathology
- Pharmacy
- Procurement

Progress does vary across workstreams. This paper sets out the engagement and progress on each workstream from the Whittington's viewpoint.

Edward Lavelle has been engaged by UCLP as a consultant to review current progress and promote renewed vigour into the overall programme. He will be attending the Board to discuss the current approach.

Action: To note

Report from: Philip Ient, Director of Facilities
Kate Slemeck, Director of Operations
Richard Martin, Director of Finance
Margaret Boltwood, Director of Human Resources
Glenn Winteringham, IM&T consultant

Sponsor: Rob Larkman, Chief Executive

Financial Validation

Lead: Director of Finance

Name of finance officer

<p>Compliance with statute, directions, policy, guidance</p> <p>Lead: All directors</p>	<p>Reference:</p>
<p>Compliance with Healthcare Commission Core/Developmental Standards</p> <p>Lead: Director of Nursing & Clinical Development</p>	<p>Reference:</p>
<p>Compliance with Auditors' Local Evaluation standards (ALE)</p> <p>Lead: Director of Finance</p>	<p>Reference:</p>
<p>Evidence for self-certification under the Monitor compliance regime</p> <p>Lead: All directors</p>	<p>Compliance framework reference:</p>

Context

The trusts within UCL partners are committed to work together to identify how resources within their back office functions could be used together more efficiently with a view to reducing their overall cost. Since August the Programme Board have brought in Edward Lavelle, as a consultant, to review progress on workstreams and to advise the Programme Board on the way ahead to ensure savings are realised.

Workstreams

The Whittington is committed to participate in each of the workstreams which are:

- Estates and facilities
- Finance
- Human Resources
- ICT
- Imaging
- Pathology
- Pharmacy
- Procurement

The Whittington's current position on each of these workstreams is detailed below;

Estates and facilities

Engagement with the estates and facilities workstream formally commenced in December. The Whittington Hospital was invited, by the UCLP director responsible for the workstream, to take a seat at the monthly collaborative meetings commencing in February 2011.

At this initial meeting it was agreed that at this stage engagement would be based upon data gathering and benchmarking with a view to the Whittington making strategic decisions about service development on a service by service basis.

Finance

The areas discussed to date by the participating organisations include payroll, accounts payable, accounts receivable, system costs and audit charges. Part of the review included a benchmarking of unit costs and a discussion with relevant individuals around the opportunities for cost improvement.

From a Whittington perspective the following assessment has been made:

- The Whittington currently operates a shared service for payroll and pensions to a number of other organisations and has been able to secure SLAs at a level which effectively makes the Whittington payroll itself extremely good value. Through efficient work practices and the availability of some spare capacity, there is the opportunity to accept further clients, thereby retaining and sharing savings within the NHS system. The offer of providing a quotation has been made to other organisations.
- The accounts payable function demonstrates a very competitive or lower unit cost compared with the other participating hospitals. Accounts receivable is a very small but effective service and local knowledge of debts and circumstances gives an advantage in managing cash flow.

- The current ledger system is modern and has been enhanced through the incorporation of electronic requisitioning and procurement. An annual saving has already been made of £141,000 on the support, maintenance and managed service charges in the year 2010/11 when compared to 2009/10, by bringing the hosted service back in-house and onto the Whittington servers. Further enhancements are in progress which allows invoice scanning and OCR software for retrieval thereby reducing the need for manual input of data by a clerk. A finance lease for the system exists for the remaining term of four years. The system works well and costs £53k per annum in terms of support and maintenance. A sound and tried and tested system with a trained and familiar workforce provides a high level of reassurance when undertaking the integration with community services. A major system change would be both expensive in terms of implementation and disruptive whilst the Whittington is undergoing transformation change and an FT application.
- Internal audit charges are very cheap compared to other providers and the Trust has no choice in the appointment of external auditors.

In summary, the Whittington has already achieved levels of efficiency in transactional services and savings have already been made. The opportunity to share best practice or provide a payroll service to others exists, although at this stage, radical change is not expected to deliver a financial benefit for the Whittington and would be a major distraction to the challenging agenda for finance staff over the coming period.

Notwithstanding this, the Director of Finance has agreed to lead/facilitate a discussion with colleagues in order to take stock and establish the scope of where benefits may exist. The benefits and opportunities for each organisation will vary and one size will not fit all. Identification of a strategy will also be sought so as to target dates when major investment decisions are anticipated.

Human Resources

The Whittington is very actively involved in this workstream. Since summer 2010 Rob Larkman has acted as the CEO sponsor for this workstream. Margaret Boltwood has been nominated by participating organisations to take the executive lead. There are three elements to the programme: procurement of services; review of H R processes to enable smooth pathway for aligning HR practice and service; and areas for collaboration. It is also intended that there would be a trust-specific strategic H R function.

Progress to date is as follows:

- Review of all HR services and goods procured completed. Priorities agreed, potential savings to be assessed.
- UCLH & RF & Whittington (other trusts may follow) have in principle agreed to move to:
 - the same recruitment IT system, with a view to potentially outsourcing the delivery of services
 - single provider of temporary staffing management/services
 - same e-rostering system
 - same job planning tools for medical staff
 - overall project structure for work agreed and executive leads identified for each workstream

Next steps are to:

- Hold facilitated day to launch (planned for February) and test out the proposed project structure and agree priorities, timescales and resources required with project teams across the trusts
- Review further services and opportunities for Trusts to work together
- Develop overall project and workstream plans
- Draw up business case for project management from UCLP to support the overall project and workstreams

Overall UCLH, Royal Free and the Whittington are actively pursuing this approach other UCLP trusts are/will be encouraged to join the work if they wish

ICT

The ICT workstream has been meeting with all NCL members, except B&CF, since November.

The group is functioning well, with good leadership and a genuine willingness to share baseline information e.g. current systems, staffing, non-pay costs, priorities for development. The group has identified a number of projects to work collaboratively which have potential for pan UCLP benefits and are deemed not politically sensitive within each organisation :-

- PACS and RIS (replacement of legacy systems)
- Electronic Document Management (key to e-workflows and will deliver savings)
- Cancer e-MDT (meet Cancer network data sharing and improve patient care)
- Switchboard staffing (6 different switchboard hardware and problems providing adequate cover out of hours)
- Patient access to own health records (a requirement of Information Revolution)

There are 3 IM&T procurements underway that UCLP Trusts are actively working on together to take advantage of the new ways of working together:-

- GOSH OJEU advert for PACS and RIS to have other UCLP Trusts added
- UCLH tender for Electronic Document Management to have other UCLP Trusts added
- NCL Cancer Network to procure a UCLP wide Cancer e-MDT solution via UCLP

The UCLP agenda is moving very quickly, hence the group is now meeting weekly and is functioning well to a set of working principles :-

- business strategy to determine IM&T Strategy
- no big bang centralisation of IM&T services
- open sharing of information
- collaborate where potential for improvements across UCLP e.g. patient safety, savings
- cognisant of local, and sometimes opposing, organisational priorities
- UCLP to lead procurements on behalf of Trusts to deliver quick wins

Imaging, pathology, pharmacy

Update to follow

Procurement

A Procurement Shared Service (PSS) has been established between the Whittington Hospital and the Royal Free Hospital, and this service went live in December 2010. The PSS now handles most of the non-pay activity of both organisations, and is fully engaged with the services offered by The London Procurement Project. There is a close working relationship with the procurement shared service under development in the south of the sector.

There is currently no plan to merge the two services into a single entity. With the PSS on the north only recently established and with the one in the south yet to go live considerations to merge both are unrealistic and impractical. That said we shall, be working on establishing a Sector-wide Capital, Leasing and Maintenance procurement team during the latter part of the next FY with other aspects to follow in due course but not until the following FY (2012-13).

In addition we are establishing a joint procurement function to support the UCLP back-office work-streams; this is already happening and shall be developed further, as a virtual capability, once the work-streams are more mature.

UCLP Back Office Programme: Making a Step-Change July 2010

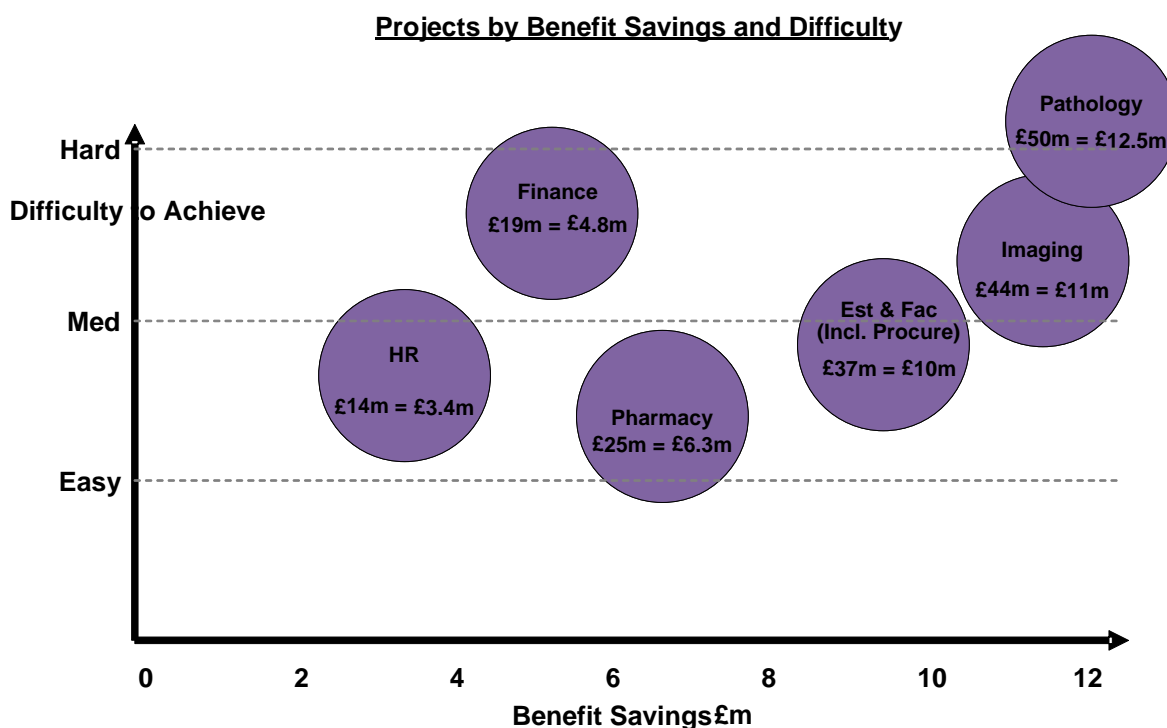
1. Background

Further to the Back Office conversation at Monday's UCLP Executive.

- We all face common and dramatic financial challenges that make the success of these projects / work-streams a high priority –as well as cementing the ethos of the partnership.
- Success will require understanding and demonstration of real 'buy-in' from Boards down through the tiers of each organisation. This must be true for each workstream your trust is signed up to participating in any given work-stream. Without the right messages of engagement, sponsorship and support from Boards and CEO's the Back Office Programme cannot succeed.
- This is not just about cost efficiency. This work will raise the value for money/quality of service delivered by each function. To capture the cost opportunity, and to create positive energy around the programme, we must identify some really good people with passion and drive that can deliver each workstream.

2. Benefits

As a reminder, the figure below details each project by estimated saving and how easy it is to achieve that saving. This only considers the top 6 areas for savings: IT is seen as important strategically but unlikely to provide immediate savings. **Figure 1 - Summary of Ease of Estimated Benefit Realisation by Area**



3. Recommendations

To apply weight and focus a CEO has agreed to sponsor each project we will take forward, thereby taking a lead responsibility for delivery:

Confirmed:

Pathology – Robert Naylor & Divisional Manager (Band 9+)

Pharmacy - David Sloman & Divisional Manager (Band 9+)

Finance: John Pelly & Divisional Manager (Band 9+)

HR: Rob Larkman & Divisional Manager (Band 9+)

Building on existing activity proposed with similar support:

Estates – David Sloman

Imaging – Robert Naylor

Procurement – Jane Collins

Overall accountability is to Jane Collins Chair Back Office Steering Group



- Larger projects will require larger teams of support – and all will need relevant professional advice and engagement (e.g. clinical pathologist, radiologist, finance)
- The divisional managers would be recruited on an open competition basis across UCLP as developmental director fellowships for 12 months initially. UCLP to co-ordinate JDs, adverts etc
- IT is about both issues of data sharing between trusts for clinical reasons –the major benefits are around enabling patient flows, improved quality and R&D rather than straight savings through using the same equipment and needs medical input. Stanley Okolo, MD NMid has volunteered to provide this perspective.
- The draft CEO allocations reflect the engagement in work going on over the last six months.
- CEOs of North Middlesex and Barnet and Chase Farm recently joined the UCLP executive, and that the trusts in the south have been undergoing detailed talks about organisational synergies over the last year. Both are very welcome to participate.

4. Commitment to Consolidate

Table 1 below, details to the best of our knowledge from the ground upwards where organisations **have committed to consolidate functions. This needs confirmation in every box at Board level.**

Table 1 - Summary of Organisations Committed to Consolidate – view from the ground level

Back Office Function	UCLH	GOSH	Royal Free	Whittington	Moorfields	BCF	North Mids
Pathology	✓	✗	✓	✓	✗		
Imaging	✓	NB. UCLH Leading pilot, others to join later (TBC)					
Estates + Trans	✓	✓	✓		✓		
Pharmacy	✓						
ICT	✗	✓	✗	✗	✗		
Finance	✓	✓	✓	✓	✓		
HR	✓	✓	✓	✓	✓		
Procurement	✓	✓	✓	✓	✓		

 = Where an organisation is considered engaged
 = Where an organisation is considered not engaged (see note on IT below)

Note 1: UCL has agreed to collaborate in as many areas as possible but is not expected to consolidate Back Office functions due to Tax issues. They are responsible for ensuring consolidation of R&D functions across the sector (lead Ian Jacobs).

Note 2: All areas are expected to collaborate as a minimum and are managed through the Back Office Steering Group to do so

Note 3: The costs per Trust will be calculated according to the scale of benefits for each workstream

Note 4: The savings identified need to be distributed equitably to the participating trusts based on contribution – not just the receiving trust- further discussion on how to do this allocation at the UCLP executive

5. Timetable to Step-Change

To the end of June	A) CEOs to agree sponsoring key areas. B) Programme Office continues to press all areas to quantify benefits and document cases for end of month.
July	A) UCLP recruits Divisional Manager leads to lead/support directors. B) Detailed plans agreed with CEO/Steering Group. C) Timelines for Benefit Realisation agreed and returned to UCLP Executive and Back Office Steering Group.
August	A) CEOs drive the 4 key areas. B) Steering Group/Programme Office drive other areas. C) Steering Group co-ordinates whole Programme.