

ITEM: 7

MEETING:

Trust Board
21 March 2007

TITLE:

Evolution of the transformation process

SUMMARY:

The attached document outlines proposals for the delivery of the 2007/8 Cost Improvement Programme and the next stage in the evolution of the transformation process. In summary it is proposed that the Transformation Team is decommissioned and integrated into mainstream business processes supported by a dedicated additional resource equating to £100,000.

ACTION: Discussion and agreement

REPORT FROM: David Sloman, Chief Executive

Financial details supplied/checked by:

(Name of finance officer) *Richard Martin, Director of Finance*

Recommendations contained within this paper have been checked for compliance with relevant statute and regulations/directions/policy as follows:

(Relevant law/direction etc.) *Not applicable*
(Name)



PROPOSED EVOLUTION OF THE TRANSFORMATION PROCESS

1 INTRODUCTION

The Transformation Team (TT) was established in September 2006 as a response to the underachievement against the 2006/7 cost improvement programme (CIP). Drawing on the learning from turnaround initiatives elsewhere in London, the team was built on and operates within established turnaround methodologies, and achieved considerable success in enabling the Trust to achieve the £11m CIP in 2006/7.

With effect from 1 April 2007 it is proposed that the TT is decommissioned, and that the management of the 2007/8 CIP is transferred to the Finance Directorate. As part of the decommissioning process, the turnaround methodologies and techniques will be embedded into routine management processes, and a reduced expert “turnaround” resource will be available to support identified high value/high risk savings schemes.

2.0 STRUCTURE, PROCESS AND OUTCOMES OF THE TRANSFORMATION TEAM

2.1 Structure

The TT is led by the Director of Strategy and Performance, Susan Sorensen. The team has also been supported by four key dedicated personnel, namely:

Fiona Elliott – seconded from her post of Divisional Manager for Medicine
Deborah Tymms – seconded from her post of Deputy Head of Nursing
Eleanor Hellier – dedicated senior finance post recruited via the staff bank
David Emmerson – dedicated information analyst seconded from IM&T and Service Improvement within Operations.

The team was also supported for specific pieces of work by John Baglivi (Head of Procurement) and Jean Jeffery (Medical Staffing Manager), both of whom have returned to their substantive posts. Lanre Fatuga (PA to Directors of Finance and Strategy/Performance) provided administrative support.

2.2 Process

The business processes that underpin the work of the TT have been critical to its success, the key element of which are:

- ✓ The development of a set of clearly identified savings plans that produce and overall plan with an aggregate value of the overall CIP target.
- ✓ For each individual plan - of which there were over 100 in 2006/7 - clear director level accountability for delivery. Within this, a number of directors worked “out of the box” to avoid concentrating the burden on the Director of Operations and the Director of Estates and Facilities. For example the Director of Nursing took the lead on savings plans associated with reducing drug spend.
- ✓ The allocation of dedicated additional support from within the TT to help the delivery of identified high value/high risk savings plans.
- ✓ A rigorous monthly financial validation of progress against each plan led by the TT dedicated finance officer and reconciled with management accounting information.

- ✓ A weekly performance management process comprising a documented progress report and regular meetings between the CEO and the accountable director for each individual plan.
- ✓ Monitoring and quality assurance by Keith Pringle, a turnaround consultant retained by the Strategic Health Authority.

2.3 Outcome

The Trust will achieve virtually all of its £11m CIP, of which approx. £7m is expected to be recurrent.

3.0 THE CASE FOR CHANGE

It is proposed that the TT is decommissioned with effect from 1 April 2007, and that the learning and the core benefits of the TT structure and processes are embedded into mainstream management process within the Trust.

The rationale behind this is threefold.

Firstly, the Trust cannot run itself or its finances as a “project” or an “initiative”. It is essential that the turnaround technologies and techniques are embedded in mainstream management process and become a “way of life” in delivering the annual CIP.

Secondly, the impact of the secondments on the seconding departments is not sustainable and consolidated roles and structures need to be established as soon as possible.

Thirdly, the futures of the individuals within the TT need to be clarified, and are already subject to a number of individual changes.

4.0 PROPOSED WAY FORWARD

4.1 Structure

It is proposed that the TT is retained until the end of March 2007, during which time it will oversee the delivery of the 2006/7 CIP and the development of 2007/8 CIP. The structure of the plan will reflect the 2006/7 model.

Accountability for the delivery of the 2007/8 CIP will transfer to the Finance Directorate with effect from 1 April 2007, with the Director of Finance being the accountable director for its delivery.

Eleanor Hellier (or if she were to leave an appropriate replacement) will continue to provide dedicated support to the delivery of the plan, with the post transferring to the finance department.

Deborah Tymms is taking a career break from the end of March for one year. A successor has been appointed: the post and the successful candidate will return to the operations directorate and assume responsibility for the management of the Trust’s Temporary Staffing Office through which bank and agency staff are booked.

Fiona Elliott will remain seconded to the Strategy and Performance directorate as Deputy Director of Strategy and Performance, offering support to the Director of Strategy and Performance in her role as Project Director for the Foundation Trust application and continued contribution to the work on the SOC, as well as providing dedicated support on a number of identified high risk/high value savings plans.

David Emmerson will return to his substantive role.

4.1 Process

The 2007/8 plan will use the 2006/7 model.

The monthly financial validation meetings and the weekly progress updates and performance meetings between the CEO and the accountable director for each plan will continue.

4.2 Outcome

The aim is to achieve a CIP performance of 100% against a target of £8.4m.

5.0 FINANCIAL IMPLICATIONS

The implementation of the revised proposal will incur an ongoing revenue cost of approximately £100k associated with the continued employment of the dedicated finance support and the consolidation of the secondment of Fiona Elliot into the post of Deputy Director of Strategy and Performance. It will be noted these costs were incurred pro rata during the last six month of 2006/7 and part of the overall TT costs.

6.0 ACTION

The Board is asked to approve the decommissioning of the Transformation Team and approve the revised arrangements described in section 4 above.

David Sloman: March 2007