

**To:** Board

**For meeting on:** 28 September 2017

**Agenda item:** 6

**Report by:** Jeremy Marlow, Executive Director of Operational Productivity

**Report on:** Operational Productivity Programme

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### **Purpose**

1. This paper aims to ensure that the Board fully understands the Operational Productivity programme and how it fits with other areas of NHS Improvement work. It also provides an update on its current and planned impact and how this may be strengthened.
2. The Board is asked to note the contents of this report and support the ongoing delivery of the Operational Productivity programme.

### **Objectives of the programme**

3. The objective of the Operational Productivity programme is to support all NHS Trusts and FTs to deliver increased productivity, reduce unwarranted variation and improve quality of services. Through a number of sub-programmes, the aim is to generate between £1bn and £1.8bn of productivity gains in 2017/18, with an overall productivity saving target of £6bn by 2020/21.
4. The Operational Productivity Programme is made up of the following 11 national sub-programmes:
  - Getting It Right First Time
  - Doctor Productivity
  - Nurse Productivity
  - Allied Health Professional Productivity
  - Pathology
  - Imaging
  - Hospital Pharmacy
  - Estates and facilities
  - Procurement
  - Corporate Services
  - Sector Development

5. Each sub-programme has its own specific objectives and is managed through the national divisions of the Operational Productivity Directorate (see Annex 1 for further details).
6. It is important for the Board to note that increasing productivity in the NHS cannot be achieved by Operational Productivity Directorate alone and requires joint working across the whole of NHS Improvement and partnership with trusts through our regional teams.
7. The initial focus of the programme was on acute, non-specialist trusts, but it is being expanded to the mental health, community, ambulance and specialist sectors. This expansion is due to be completed by March 2018 but early work is being incorporated into the delivery programmes.
8. The outputs of the sub-programmes are shared with trusts through professional networks and targeted communications, but the primary channel is the Model Hospital portal which allows trusts to view their productivity data and compare this against selected peers.

### **Operating model**

9. The operating model (see Annex 1 for details) uses specialist professional expertise to establish national benchmarks for operational excellence and identify good practice and efficiency opportunities. Regional operational productivity teams, led by a Regional Productivity Director, then use subject matter experts and leverage the wider resources and capabilities of NHS Improvement to support trusts to deliver efficiency improvements.
10. The regional operational productivity teams contain subject matter experts in Procurement, Estates and Facilities, Pharmacy, Diagnostics and Corporate Services (see Annex 1 for details). Additionally, the GIRFT programme is recruiting Regional Implementation Managers who will work in a coordinated way with the Regional Productivity Directors to drive quality and efficiency improvements in clinical specialties.
11. The Operational Productivity Directorate is working hard to forge effective relationships with other Directorates in NHS Improvement. In particular the Regional Productivity Directors have been working with Regional Finance Directors and Delivery and Improvement Directors to ensure that they are aware of their roles in supporting delivery of efficiencies. Half day sessions are also being run with the Regulation Directorate to train them on how to use productivity data to identify opportunities with trusts in special measures or undergoing transactions.
12. A detailed operating model has been developed by Regional Productivity Directors in partnership with NHS Improvement's regional directorates and

serves to ensure that there is a common understanding of the way we support trusts.

## Progress to date

13. Since the Operational Productivity Directorate was established in September 2016, key successes include:
  - Expansion of our Model Hospital tool to all provider sectors with more than 3,200 active users;
  - The establishment of a series of deep dive initiatives with c.30 trusts to improve the utilisation and productivity of doctors, nurses, AHPs and pharmacists;
  - Establishment of monthly top 10 savings opportunities in pharmacy for acute trusts which is refreshed and published on the Model Hospital;
  - Expansion and accelerating of the Getting it right first time programme to more than 30 specialities and publication of its General Surgery report;
  - The roll out of the Purchase Price Index Benchmarking Tool to all NHS providers;
  - Identification and announcement of 29 proposed pathology networks;
  - Identification and announcement of corporate services performance and savings opportunities
  
14. In 2017/18 NHS providers plans contained £3.69bn of CIPs, £1.37bn (37%) of which were attributed to Operational Productivity themes identified in Lord Carter's report.
  
15. Sub-programmes teams and their regional colleagues actively investigate variances each month to determine what type of intervention is needed to recover plans and work is ongoing to support providers to identify additional opportunities not identified within their plans at the start of the year. This includes feeding into work with trusts in Special Measures for financial reasons and trusts taking part in FIP2.
  
16. Progress of the programme overall is satisfactory, and there is confidence that the programme will achieve its milestones but it remains to be seen whether the NHS is able to deliver the improvements due to leadership issues and wider system pressures.

## Risks

17. The sub-programmes manage and report their risks to the monthly Operational Productivity Programme Board where the highest priority risks are discussed.
  
18. The highest priority risks and their mitigations are summarised below.

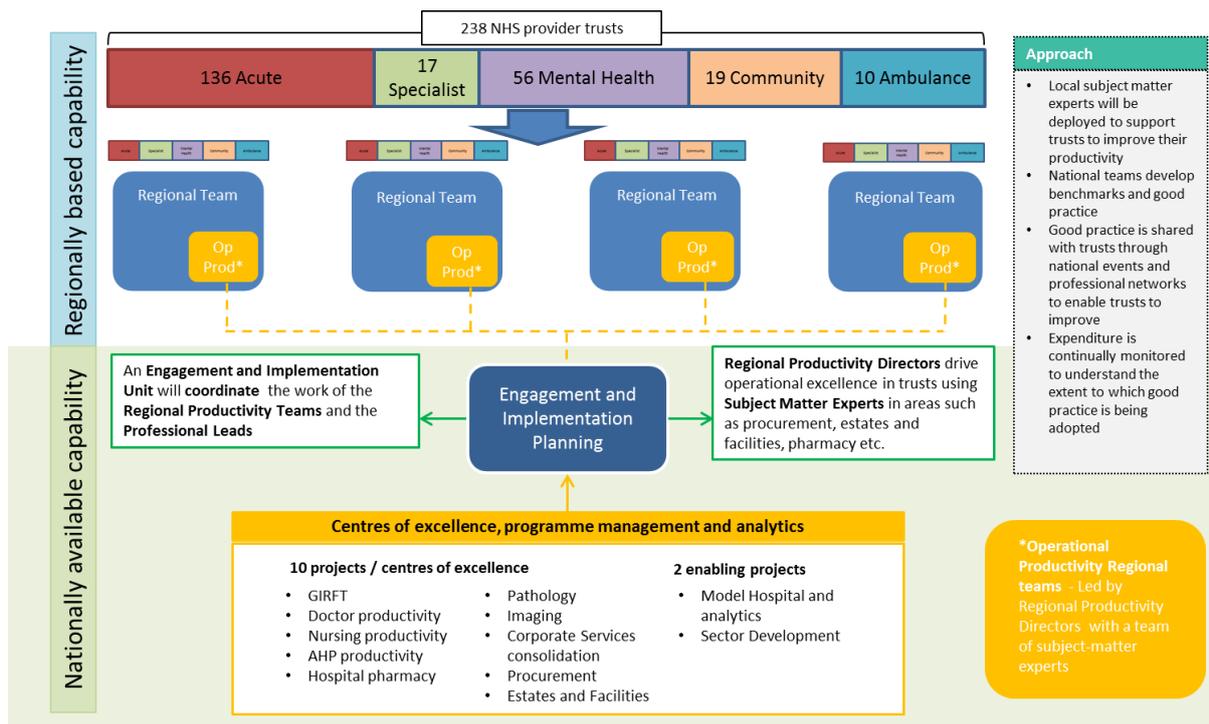
Risk	Mitigation
Lack of focus in providers	

<p>There is a risk that the crowded agenda for Trust Boards means they are not able to prioritise and take action to deliver operational productivity savings in year.</p>	<ul style="list-style-type: none"> <li>• Regional Op Prod teams target specific professional groups in trusts (nurses, pharmacists, heads of estates etc) to enable them to drive improvements without overwhelming Trust Boards.</li> <li>• Significant effort underway to mainstream operational productivity into NHS Improvement's ways of working to make sure message about requirements are clear and consistent (e.g. through FSM, FIP2, regional relationships).</li> </ul>
<p><b>Lack of investment to enable future savings</b>  There is a risk that the current restraints on revenue and capital funding prevents trusts from making improvements that will deliver long term efficiencies (e.g. capital funding for pathology and imaging equipment and redundancies in corporate services)</p>	<p>Operational productivity team works closely with NHS Improvement finance, DH and Treasury to:</p> <ul style="list-style-type: none"> <li>• Explore the potential sources of funding from sources such as DH or Treasury</li> <li>• Help support the creation of high quality business cases, to improve the likelihood of scarce funding being used appropriately.</li> </ul>

## Performance indicators

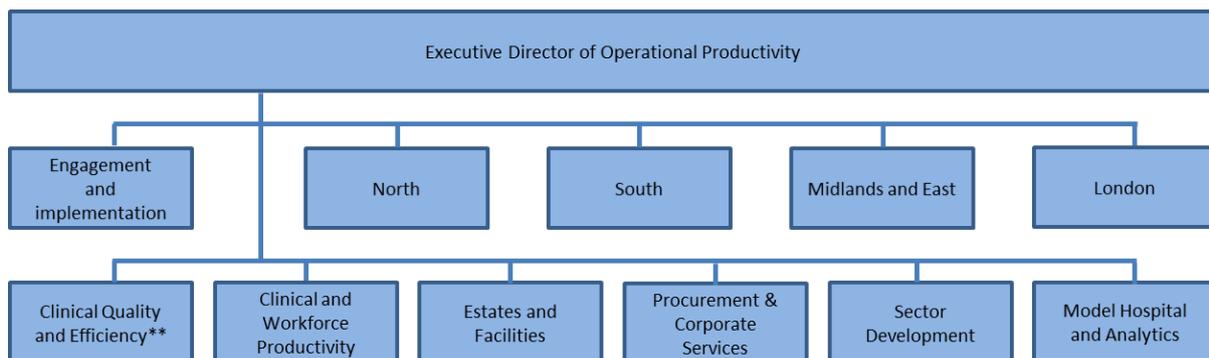
19. The programme team monitors monthly spend and CIP data nationally across appropriate pay and non-pay categories. Trends are analysed and action is prioritised through the regional teams with trusts where the data suggests efficiencies are not being made and interventions are needed.
20. Progress of pay and non-pay sub-programmes is discussed at the Secretary of State's Finance and Efficiency Delivery meeting each month and as well as the internal Operational Productivity Programme Board (Annex 2 for month 4 non-pay and month 3 pay reports is available on the Library shelf of the Board portal).
21. Additionally, each sub-programme monitors a number of specific indicators relevant to the delivery of their objectives, to enable them to understand the effects of their work and hone future delivery plans.

## Annex 1 – Operating model and sub-programme objectives



The Operational Productivity Programme relies on nationally available centres of excellence, programme management and analytics to identify productivity opportunities. This enables regionally based teams to support trusts to deliver the opportunities.

The management structure to deliver the programme consists of 11 divisions, each with its own leadership and specific objectives.



The divisions are organised into national and regional functions.

### National Divisions

The National Team has been organised into seven divisions, as follows:

- Clinical Quality and Efficiency. Through a contract with the Royal National Orthopaedic Hospital this division delivers the Getting it Right First Time (GIRFT) programme.



**Getting It Right First Time:** A clinically led programme to identify and implement recommendations across 34 medical and surgical specialties to reduce unwarranted variation, improve patient outcomes and deliver efficiency and productivity improvements between £240-420m in 2017/18 and £1.291bn-£1.461bn savings over 4 years

- The Clinical and Workforce Productivity division focuses on the productivity of doctors, nurses and allied health professionals (AHPs) as well as three clinical support functions – pharmacy, pathology and imaging.



**Doctors:** To ensure that the right doctor is available to patients at all times and they are utilised for delivering efficient and effective care, using effective and comprehensive job planning, rostering and leave planning for all medical staff. The target productivity gain for 2017/18 is between £116m and £152m. The target productivity gain for 2020.21 for all of Clinical Workforce will be £1.4bn



**Nurses:** To ensure the right nurse and support workers staffing levels are available for patients and that they are utilised for delivering efficient and effective care; optimising trusts' use of e-rostering tools and systems to match care availability to demand as expressed in Care Hours Per Patient Day. The target productivity gain for 2017/18 is between £141m and £185m.



**Allied Health Professionals:** To ensure that patients can see Allied Health Professionals when needed and they are utilised for delivering efficient and effective care; utilising effective and comprehensive job planning, e-rostering and optimising therapy hours per contact. The target productivity gain for 2017/18 is between £64m and £84m.



**Hospital pharmacy:** To drive the implementation of medicines optimisation to improve patient outcomes and deliver financial efficiencies aligned with the NHS wide Medicines Value Programme. To improve the efficiency and value of hospital pharmacy services; creating a more clinically-facing workforce and consolidating pharmacy infrastructure services. The target productivity gain for 2017/18 is between £120m and £260m. The target productivity gain for 2020/21 will be £854m



**Pathology:** To improve the quality and efficiency of pathology service provision; establishing up to 28 consolidated pathology networks to reduce unwarranted variation in the cost and quality of services. The target productivity gain for 2017/18 is between £30m and £50m. The target productivity gain for 2020/21 will be £211m



**Imaging:** To improve the quality and efficiency of imaging services; developing a sophisticated understanding of current imaging service delivery and constructing proposals for revised models of service delivery to deliver quality and efficiency gains. The target productivity gain for 2017/18 will be set in Q3 of 2017/18 FY.

- The Estates and Facilities division provides both professional leadership to the estates and facilities services across the NHS as well leading programmes to implement good practice and to rationalise the use of the NHS footprint.



**Estates and facilities:** To ensure NHS providers deliver a clean, safe, appropriate and productive patient environment; reducing unwarranted variation in benchmarking trust estates use and facilities costs and supporting them to help reduce costs and maximise the use of NHS land. The target productivity gain for 2017/18 is between £100m and £160m. The target productivity gain for 2020/21 is be £974m

- The Procurement and Corporate Services division provides national direction on procurement in the NHS as well as efficiency of workforce relating to Corporate Services.



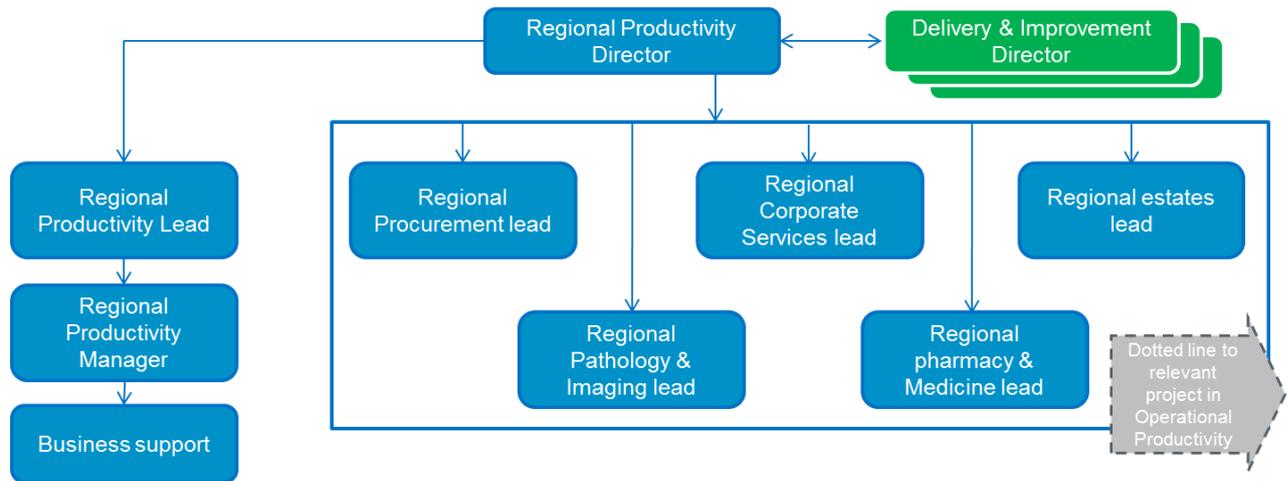
**Procurement:** To improve the value the NHS achieves from its procurement clout; leveraging national buying power, co-ordinating trust-level procurement and leading larger scale procurement initiatives via central action and local support. The target productivity gain for 2017/18 is between £120m and £370m. The target productivity gain for 2020/21 will be £809m



**Corporate services:** To support trusts in delivering modern, effective, low cost corporate services; setting out the future state and support Trusts and STPs to consolidate services and to reduce costs. The target productivity gain for 2017/18 is between £70 and £120m. The target productivity gain for 2020/21 will be £266m

- The Sector Development division is applying the principles from Lord Carter's approach into new sectors, including mental health, community, ambulance trusts and specialist providers.
- The Model Hospital and Analytics division provides the analytical capability for Operational Productivity Directorate and is responsible for the ongoing development of the model hospital portal, which allows Trusts to see their benchmarking position and potential outputs and savings against all workstreams.
- The Engagement and Implementation division provides project management capability, stakeholder management, communications and business support across the whole Operational Productivity Directorate and coordinates the interface between the national and regional divisions.

## Regional structure



Local guidance and support to implement, initiatives and good practice information developed by the national divisions. The Operational Productivity directorate has therefore four regional divisions (North, Midlands & East, London and South), mirroring the current NHS Improvement regional structure.

Regional Operational Productivity divisions are led by Regional Productivity Directors (RPDs), who provide the link between the national Operational Productivity divisions and the NHS Improvement Regional teams.