

# HEREFORDSHIRE PRIMARY CARE TRUST

## BRIEFING PAPER OVERVIEW AND SCRUTINY COMMITTEE 15<sup>th</sup> June 2006

### COST SAVING PROPOSALS – PROVIDER ARM OF HEREFORDSHIRE PRIMARY CARE TRUST

#### 1. Introduction

The Committee will be aware of the severe financial pressure the NHS is under for this financial year. Within the Herefordshire Primary Care Trust there is a requirement to save £6.6m as a result of a national decision to 'top slice' monies from Trusts' budgets to establish an NHS Bank, which will loan funds to those NHS organisations in most difficulty. The provider arm of the PCT is required to raise £2.2m of this from its total budget.

A series of saving proposals have been produced to help achieve this target. To date these do not match the total saving required but it is anticipated that as the year progresses, additional saving opportunities will arise.

#### Why the Savings?

The NHS has a goal this year of achieving financial probity and it falls on all parts of the organisation to help achieve this. Herefordshire PCT provider arm have achieved financial balance year after year but we will be required to meet our share of this cost. A key aspect of the cause of this challenge in financial position relates to the additional pay costs of Agenda for Change, Consultant and GP contracts. Additionally, the Primary Care Trust is required to meet some of the costs to establish the new NHS Bank.

The present Government has made a commitment to reduce management and administration costs across the NHS which has resulted in a headcount exercise with an expected reduction in posts to achieve further savings.

#### Impact on Service

All of the proposals represented in this paper either are assessed as having no direct impact on service provision or a temporary adjustment to achieve the saving targets which may affect small numbers of patients.

## Proposed Saving Arrangements

### 1. Stock Level Review

This represents a positive management exercise, which will take place during this year, to achieve an anticipated £20,000 saving in 2007/08. This is not anticipated to have any impact on service provision.

### 2. Advertising Savings

These savings are created by the current and anticipated reduction in advertising of posts, limited to internal, web and professional journals when required. It is anticipated that a £40,000 saving will be achieved during 2006/07. This is not anticipated to have a negative impact on service provision and will be a temporary arrangement.

### 3. Market Testing some Service Contracts

Where contracts arise for renewal during 2006/07, they will be placed through a market testing process which will aim to save some £50,000 this year with no impact on service provision.

### 4. Training Budget Savings

This area of training costs will be explored further. Much of the training monies made available will be lost if not used and hence will not provide savings. However the prioritisation and management of provision of training will be considered to release both saving and staff time. This will be a temporary measure and should not have an impact on service provision during 2006/07.

### 5. Agency Savings

Last year, a saving of £120,000 was made in the Mental Health Service by more effective management of Bank and Agency staff without a negative impact on service provision. This approach will be extended to other areas of the service proposing a £170,000 saving in year.

### 6. Maintaining vacancies

All management and administration vacancies will be held for savings. Additionally, all vacancies within the service will be vetted and held where possible avoiding a direct impact on services. This will be a temporary measure and is anticipated as creating savings of £440,000 during 2006/07. The Management Team of the PCT assess the risk of not filling each

vacancy before making a decision and this includes clinical input to ensure safe standards are maintained.

7. Ending Podiatric Surgery on-call

This development was finalised during the last financial year but the benefits of £12,000 will be felt in 2006/07. The very limited activity will be picked up by alternative out of hours services.

8. Senior Management Re-structuring

With the development of new organisational structures, together with the headcount exercise, it is anticipated that the provision of senior management will reduce with the proposed in year saving of £35,000.

9. Holding two new Consultant posts

Currently the Mental Health Service has three vacancies which are filled by locum staff. These will be re-advertised to fill with substantive staff with a benefit to continuity of service and cost.

Two new additional posts were planned to be introduced in 2006/07. These positions have not yet had any impact on service provision and it is anticipated that they will be held for twelve months creating a saving of £350,000.

10. Holding Falls and Bones vacancy

(The service has provided a focus on falls prevention in older people). A vacancy has arisen in the nurse led position for this service. It is anticipated that this position will be held temporarily creating a saving of £32,000 whilst the service is maintained through the core services such as District Nursing.

11. Continence Service Review

The PCT is currently in negotiations to introduce a new contract for continence supplies through an NHS regional supplies arrangement. This development should both improve service and provide a saving of £15,000.

12. Travellers Project

A service exists specifically geared toward the travelling population of the county. This consists of a range of professionals who travel out to the communities. A vacancy has arisen in the GP post within this service, effectively making it a nurse led service. The holding of this GP vacancy has been informed to the Travellers Steering Group, and the broader

service, on the understanding that a saving of £44,000 will be achieved during 2006/07.

If the service was absorbed into existing mainstream services, including the existing staff being transferred into existing community teams, a further saving of £103,000 can be achieved.

## **2. Additional Savings**

In addition to these key saving areas, a range of savings are being explored within the service with the intention of creating savings without impacting on direct service provision. These include the exploration of pharmacy costs, bed fund payments, income production and locality rearrangements. These will be important areas as, despite the savings described above, there remains a £350,000 shortfall in the saving targets.

## **3. Conclusion**

The challenge to the PCT this year is very difficult. The financial saving demands, which are NHS wide, produced a range of headline staff reduction stories in many parts of the country.

In the community services in Herefordshire it is hoped that such draconian measures can be avoided through the good financial management and temporary arrangements raised in this paper. It is hoped that these saving activities will create the required resources while avoiding any major negative impact on service provision.

However, it does need to be recognised that an additional saving requirement, lack of saving plan achievement or financial deterioration could require a reconsideration of saving demands and a harsher saving proposal.

It is hoped that this will not be the case and that the £2.2m saving requirement placed on the PCT provider arm can be met through the details described in this briefing paper.

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**22<sup>nd</sup> May 2006**