



**Isle of Man**  
Government

# Department of Health and Social Care

## Report to Tynwald - July 2020

### Financial Expenditure

Delivering Longer

Healthier Lives



### Background

In January 2020 the Department of Health and Social Care (DHSC) sought a supplementary vote of £8m for its 2019/20 budget.

The motion was agreed by Tynwald but with an amendment put forward by Mr Hooper MHK as follows: ..."the Department should present to Tynwald no later than June 2020 its plans and timeline to bring staffing costs into line with the pre-approved budget".

Shortly after approval of the Supplementary Vote in January, the global Covid-19 pandemic arrived. The first case of Covid-19 on the Isle of Man was reported on 19<sup>th</sup> March and the Island introduced its own lock-down measures including closure of the borders on 23<sup>rd</sup> March.

The DHSC has been dealing intensely with the Covid-19 pandemic since mid-March. As a result, other plans for the year were all put on hold with initial conversations just beginning again from June onwards.

The Department has prepared a short paper on the work that it is now restarting to July Tynwald but wishes to apologise to Members for this delay. We will be keeping members updated throughout the year with a further report proposed in November.

Although staffing costs are a significant proportion of the financial pressures within DHSC, our approach more broadly on all expenditure is as follows:

- Working side by side with the transformation team to assist in the preparation of a longer term funding model
- To develop an medium term CIP programme for the next 18 months
- To improve the understanding and accountability of all cost centres including employee costs
- To develop the relevant action plans including employee costs.

### Year to Date Financial Position and Summary

#### Financial Position as at 31<sup>st</sup> May 2020

COMPARISON TO BUDGET – 31 <sup>ST</sup> MAY 2020				
DIVISION	YTD			
	Actual	19/20 Budget	Variance	%
£'000				
Hospital Services	19,796	18,110	(1,686)	(9%)
Tertiary Referrals	2,403	3,224	821	25%
Community Care	14,148	13,744	(404)	(3%)
Children & Family Services	2,256	2,607	351	13%
Primary Care Contracted Services	3,375	3,421	46	1%
Corporate Services	756	1,107	350	32%
NI Contributions	(6,483)	(6,809)	(326)	5%
<b>Total</b>	<b>36,251</b>	<b>35,404</b>	<b>(847)</b>	<b>(2%)</b>

Due to the budget update that is being presented at this month's Tynwald, the figures above are using the budget from 19/20 to provide an indication of performance only.

Excluded from the figures are specific costs relating to the pandemic e.g. personal protection equipment which are being recovered from a central fund held by Treasury.

Actual employee costs will include a pay award of 2.75% which was agreed from April 20. Over the last month there has also been an increase in additional costs for out of hour's enhancements, bank usage and selling annual leave.

UK referrals and associated travel have been reduced due to the pandemic and costs are £1.2m lower compared to the same time last year. Future costs will be dependent on the reopening of the Islands borders.

Income streams that have been affected include Private Patients, commercial outlets and dental fees. The NI contributions variance is temporary and will be brought in line when the 20/21 budget is finalised.

Further work to forecast the Department's year end position will be undertaken when the 20/21 budget is finalised.

### Staffing Costs – Actions Underway

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#### Reduction on Agency Staffing Costs

Over the past 4 years the cost of using agency staff has reduced by £4.2m from £14.9m in 2015/16 to £10.7m in 2019/20. This is down to the use of bank staff rather than agency staff, better negotiation on rates, a reduction in the on-call rate and the enforcement of breaks. The cost of bank staff has increased but the table below shows an overall reduction over the four year period, more than offsetting inflationary increases.

AGENCY & BANK COSTS - ALL DIVISIONS					
£'000	15/16	16/17	17/18	18/19	19/20
Agency	14,866	14,782	12,568	12,317	10,689
Bank	9,563	10,508	10,205	12,017	12,820
<b>Total</b>	<b>24,429</b>	<b>25,289</b>	<b>22,773</b>	<b>24,334</b>	<b>23,509</b>

#### Better understanding and use of PiP

The new payroll system, PiP, was implemented around 18 months ago. In the end PiP went live because payroll staff had been entering data in two systems and that became unsustainable. Further training and testing of the system for staff would have been requested at the time, but better payroll data is now available from PiP and will be circulated to the managers to assist in their management of payroll budgets.

This will enable timely information for line managers on sickness absence and assist in the development of initiatives to reduce sickness absence across the DHSC. Stress and musculoskeletal problems are increasing across the DHSC as the main reasons for long term sickness absence and managers need to be supported to enable a reduction through focussed mandatory training and enhanced employee engagement.

#### Making better reports more widely available

In order to ensure budget holders have focussed and relevant information a new report has been requested via the financial reporting package. This will include a specific report focused on staffing costs. Budget holders will have direct access to the report and as changes to the structures are implemented within DHSC, collective ownership of staffing costs across medical, nursing and managerial leadership will be a minimum standard for managers and leaders.

#### Implementing Recommendations from Internal Audit and Other Reviews

The Audit Advisory Division has completed a number of audits in relation to staffing. Most recently, a significant review has taken place which covered various aspects of the resourcing of senior staff. This review included staff rotas, on call responsibilities, bank and agency costs. The Department has discussed

the findings from this review with Audit Advisory and are working on the implementation of the recommendations. In addition to this, the Audit Manager in the Audit Advisory Division is currently undertaking additional work with the Department to assist with further actions to improve utilisation of senior staff.

### **Ensuring the Budget is fairly allocated to the right Codes and Cost Centres**

DHSC is a large entity with almost 8,000 lines of financial data across 500 ledger codes and 500 different cost centres. There is a significant piece of work to clear up budgets but in particular Noble's Hospital. This work needs significant resource to complete, and is an incredibly complex task, but a necessary one if budget holders are to be held to account. Treasury team will complete this work within this financial year.

### **Consultant Job Planning**

A recognised and significant programme of work is now underway in relation to the implementation of a job planning system and process for medical staff which is consistent, equitable and based on principles of fairness, professionalism, openness and transparency. The purpose of job planning is to value and reward the full range of work activities that doctors undertake for the organisation and to ensure that activity is linked to organisational aims and objectives. It is an annual process to align the needs and aspirations of the organisation with those of the doctor. Job plans are vital agreements that underpin and support the organisation's ability to plan for and deliver services. There is a mutual obligation on both the organisation and the doctor to undertake job planning.

It is understood that in previous years, implementation of a different approach to job planning has been linked to making significant savings. The job planning process will recognise the complexities of the current environment and will aim to reconcile individual aspiration with the requirement to improve productivity and deliver a consistent standard of safe, high quality care across the organisation. Savings may or may not materialise but our approach will be to ensure that there is a professional, transparent and consistent process backed by a policy agreed with the BMA and staff representatives just before COVID-19.

As progress is made towards Manx Care, it is essential that work continues to address issues that have been identified, which are impacting on the day to day delivery of care. Medical workforce planning is one of the building blocks of a sound and well governed system, and linked to the delivery of strategic and operational objectives of the organisation, which targets the medical workforce resource appropriately. Greater visibility of the resource deployed and the objectives associated with it allows for enhanced performance understanding.

Service design and delivery changes will be made over the next 2-3 years as Pathways of care and determination over what will be offered on Island as opposed to off Island becomes clear. As job planning is an annual exercise Job Plans can be flexed to meet the new service requirements and objectives of future locally based services.

### **Changes in the Temporary Staffing Office (TSO)**

Continuous improvements are underway in the TSO which currently manages the provision and allocation of bank and agency nurse and locum cover within Noble's. In the past more than one team has been responsible for managing temporary staffing across the Department but in future the TSO will manage all temporary staffing requirements for the Department. A detailed action plan has already been developed pre-COVID – which will be reintroduced. The plan considers a number of areas which include:-

- Policy development
- Rates of pay and contracts
- Overtime
- Vacancies reviews

Processes are being supported by a number of enablers including the new Health Rostering system.

### A Focussed Recruitment Strategy

Currently 9 out of 10 Medical Specialty Doctor posts in Medicine are vacant resulting in a £1 million pressure due to the use of locum doctors to cover vacancies. These vacancies are again an indication of a wider international skill shortage and recruitment challenge facing the sector. The Department is addressing the challenge through a focused recruitment strategy, strengthening formal partnerships with specialist NHS Foundation Trusts and developing an alternative approach to the workforce delivering these services. This includes:-

- Developing Clinical Fellow roles that offer opportunities to individuals interested in research
- Developing a model of a consultant led service to supported by roles such as physicians associates and advanced nurse practitioners

Recent successful consultant recruitment is allowing us to develop our capacity and capability to train doctors in house, to consultant level in some specialities. This will significantly increase our ability to attract junior doctors who would like to advance their training; therefore filling medical doctor vacancies that have lay vacant for several years. As a result 100% recruitment of Junior Doctors Roles has been achieved this financial year with start dates in place for the early summer (18 roles in total)

Earlier in the year there was some success in the recruitment of posts which are traditionally hard to recruit into. Appointments were been made for 5 consultants - geriatrics, acute medicine and anaesthesia with start dates before last year-end. All three Geriatricians and an acute physician have joined Nobles however due to COVID-19 one Anaesthetist has not been able to join the department.

Progress was underway for a further 4 Respiratory and Cardiology appointments which will be joint appointments with Liverpool Heart & Chest Hospital. Both respiratory consultant post is ongoing. One cardiologist appointed will not be able to join the department now for 15 months due to COVID-19, with interest being shown for the second as COVID-19 restrictions are lifted.

An additional consultant for Diabetes and Endocrine has not been able to join the hospital due to COVID-19 however communication is still taking place to see if the individual is able to join the department.

The Nursing Strategy 2020-2025, addresses Workforce Planning and maps out how we plan to recruit and retain nursing staff. As part of the strategies delivery the Department is currently in the process of recruiting a number of overseas nurses (5) to work on the Island. Student Nursing numbers have been slightly increased from 20-24 for September 2020 in line with what our services can provide in terms of placements. An incentivisation scheme for current employees to train as nurses is being considered. A 'Future Nurse Campaign' is planned for later in the year to encourage children and young people to consider nursing as a career of choice.

In addition to supporting the above, the Talent Acquisition Service has developed a nursing benefits book and a doctor's interview question bank resulting in more consistent standards for recruitment and assessment, supporting permanent recruitment. Working with Locate has helped to arrange promotion for example, in the Nursing Times, helping to source people for case studies on the locate site and speaking to and passing on leads from potential candidates who come in directly to the Locate Team.

The Talent Acquisition Service is currently working on improving the value for money from advertising spend with the British Medical Journal, getting the DHSC on to the advertising platform NHS Jobs and building a business case for the Department to create a refer a friend scheme. The outbreak of COVID19 delayed this work; however, it should start moving again as people return to their substantive roles.

Work will also commence with the DfE and the DHSC to identify the skills needed, where staff with these skills are and what the key motivators for these staff may be.

## Wider Future Planning Across All Expenditure Areas

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### 1) Transformation Programme – Deliverables, Timescales, Next 3-6 Months and Outputs.

By September 2020, the New Funding Arrangements project within the Transformation Programme will have worked, alongside DHSC, to provide a budget submission for 2021/22 for both Manx Care and DHSC. This will include budget for any additional costs estimated to be incurred by Manx Care and DHSC which will be assessed through the submission of business cases for those items which are a direct result of the separation of the delivery and strategy/policy functions.

By late August 2020, the New Funding Arrangements project will also have completed an estimate of what health and care 'should' cost on the island. Whilst this is inherently difficult to do, and further subsequent work will also be required as revised service delivery models are formed, this will identify the extent of the fiscal change required to return to a more financially efficient health and care system.

By September 2020, the project will have worked with Treasury and DHSC to identify (and seek agreement of) an efficiencies target for Manx Care/DHSC for subsequent years. One option (being considered only at this stage) is to provide an annual efficiencies target to seek to return health and care spend to what the island 'should' be spending within a defined period of years. The efficiencies target may start relatively low and then increase, as transformation projects become more embedded, benefits are realised, and the new appetite for change increases.

In the longer term, the projects deliverables also include:

- working with the "Establish Arms' Length Delivery of Health and Care Services (Manx Care)" and "Establish and Embed Governance and Accountability" projects to identify and support the establishment of appropriate financial governance and internal control mechanisms, including exceptional funding costs, specialised commissioning and secondary care costs contracted in the UK;
- supporting the "Establish Manx Care" project in meeting its objective to establish a financial governance and control system for Manx Care. This will enable Manx Care to have appropriate oversight of the financial performance of its services, and help provide assurance to the DHSC as to its financial effectiveness;
- working with the "Undertake Service-by-Service Review" and the "Establish and Embed Governance and Accountability" projects to deliver a methodology that will ensure that services demonstrate appropriate value for money – likely through a progressive move to service specific, and ultimately provider specific, activity costings.

### 2) Medium Term CIP Programme

The New Funding Arrangements project set out in its Project Initiation Document to establish an agreed in-year Cost Improvement Programme (CIP) by May 2020 to be delivered by DHSC (as far as possible) by 1 April 2021. It also intended to support the establishment of an agreed ongoing CIP to be delivered by Manx Care from 1 April 2021. However, procurement for the resources to deliver the CIP was not run because this was not available during the COVID-19 crisis. We are currently preparing for the restarting of the procurement once the CIP specification has been finalised. If the procurement process results in an off-Island provider, this will of course result in additional complexities associated with travel logistics.

However as an immediate step and part of the budget planning process, we are in the process of asking all Budget Holders to think about what they could do around financial efficiencies – pay or non-pay. We are hoping that this will encourage ideas for consideration, and on a number of occasions pathway changes will need double running costs in order to materialise changes further down the line. This exercise will be completed by the end of July.

### **3) Accountability**

The DHSC Executive Management Team is in the process of establishing new governance arrangements across the entire Department, which will be replicated/extended in the future regarding Manx Care. Such arrangements will also need supporting by a cultural shift around accountability of delivery. This includes budget agreements and applicable efficiency targets across all divisions/teams. This way of working will take some time to embed but can be part of a positive cultural shift of empowerment across the departments transformation plans.

Corporately the Department has already agreed to establish a new Finance Committee. Terms of reference will be added by end of June with the new committee (s) sitting for the first time in July. Deep dives and exception reporting to address issues in a timely fashion within the Department will be key.

#### **Budget Meetings & Reporting**

During the second half of the year and following the extensive work to reset future budgets, regular review meetings will be held with the main divisional budget holders with management, medical and nursing input. These reviews will cover risks and issues, any initiatives being implemented, progress on previously approved business cases and current year performance and expected forecast position.

The Department also intends to publish on a quarterly basis reports in a number of areas which include year to date financial information and year end projections. This is an essential part of any public statutory body and is in line with the principles of the Independent Health Review authored by Sir Jonathan Michael.