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CGH/GJH:

14th December, 2016.

Ms Shona Robison, MSP,
Cabinet Secretary for Health & Sport,
The Scottish Parliament,
EDINBURGH.
EH99 1SP

Dear Cabinet Secretary,

I was, for a period of time, a member of the Cabinet Secretary's "2020 Vision Advisory Board" which discussed many aspects of how the Health Service would require to be restructured and become affordable for the future.

As part of this, I was asked to comment on a report on productivity initiatives within NHS Scotland and the different Health Boards, which I did in an email on 7th October, 2014. Recently, the BBC have been in touch with Forth Ports' PR advisers asking for a copy of what they believed was a report on productivity in the Health Service. I have referred them to NHS Scotland who appear to have no record of my e mail and comments and observations on this report.

In my comments, I raised a number of observations, particularly about the structure of the NHS in Scotland which I believe, in modern business terms, requires to be re-addressed. I attach a copy of my e mail for your interest and remain committed to help in any way I can to make NHS Scotland more efficient thereby releasing more cash for true patient care.

Yours sincerely,

Charles Hammond

Charles G. Hammond
CHIEF EXECUTIVE OFFICER

Enc.

Gweneth Hay

From: Gweneth Hay
Sent: 07 October 2014 11:28
To: John.Connaghan@scotland.gsi.gov.uk; 'Linda.Semple@scotland.gsi.gov.uk'
Cc: Charles Hammond
Subject: NHS Efficiency

John / Linda,

Further to our recent meeting, I have now had a chance to go through the two documents which you left me with - The Framework for Quality and Efficiency and also the 2013 Detailed Report on NHS Efficiency and Quality.

Let me say as a preliminary comment that it is very clear that a considerable amount of work has gone into promoting the key concepts of quality and efficiency and there are many examples in the document of where this has been pushed hard, so any comments which I make in relation to specific examples are intended to be taken constructively against the background of what I recognise as a huge effort in a very complex situation.

If I start with the NHS 2013 report, in terms of the structure I felt that Appendix 1 should actually be at the front defining the overall structural framework for efficiency initiatives. Page 109 in particular is extremely useful and, as a framework, I would have found it helpful to have more description under the headings and the pie chart of what the key initiatives were which delivered the number of savings. I think this is important in a situation where there are so many different health boards and most of the report details very specific initiatives. It is difficult looking at the specifics to make the all add up to the overall efficiency savings, so I think it better for you to start with generality and set the framework plus results.

I also think it would be useful to have a commentary on what percentage of the savings came from each health area, what percentage of the total they were, as it looks from the graph that the key areas for savings will be in Glasgow, Highland, Lanarkshire, Lothian and Tayside, presumably because they have the highest budgets as well.

My specific comments on the more general commentary and case studies at the front of the document were as follows:-

a. Outpatient's services – no quantification of soft benefits and is not specific on delivery. It seemed overly complex to me.
b. Acute flow and capacity management – the framework was very educational, a reasonable case study but how would the freeing up of time be quantified. This seems to be done in more specific examples.
c. Mental health – the benefits did not seem to me to be quantified and did this all boil down to a better more humane service?
d. Prescribing – this was a good example of savings and this also comes through on the appendix as a key area for efficiency. It seems to me that examples from prescribing need to be rolled out across the organisation with specific targets being set.
e. Procurement – again a good example but similarly targets to be set in the framework aren't rolled out across the organisation.
f. HR – I found this too woolly for me with no savings/benefits in the case study.
g. Shared Services – a good example of savings and again how far can it be rolled out and targets be set – should HR be grouped under this?
h. Performance support – I found the example difficult to follow and wasn't clear what the benefit was?

In general, when I read the different examples, a number of these varied between being very clear with a clear cost saving down to those which were aspirational but did not really deliver anything. In the middle were a number of initiatives which freed up capacity and improved productivity and in some cases there have been attempts to quantify the cash benefit of this but not in all. Again for me, it came back to, with the successful initiatives, the extent to which these can be used to set targets for all of the health boards as mandatory savings that need to be made by adopting best practice: examples might be,

Antimicrobial therapy – or the Forth Valley Prescribing Incentive Scheme

Others such as the Digital Pen Initiative in outpatients seem too wordy and how is the benefit quantified. In other cases such as transfusion efficiency, the benefit was better quantified and the question for me was how could it be rolled out?

Throughout the examples there are a number of different themes, some of which may be of wider relevance and some not. For example, with outpatients, the better design of facilities has released cash benefits. In other cases the skill mix in laboratories produced a good saving and the example in Greater Glasgow of the (smarter) use of IT perhaps could be rolled out?

It also seemed to me that there are wider issues in which a more strategic framework can be imposed. I already mention prescribing but also property and facilities management could be grouped and so could share services all with a target level of savings which must be achieved across the different health boards.

While outsourcing seemed to provide benefits and I can see how this would be the case in both property management and also facilities management, there was also an example of where it was more cost effective to retain services in-house (GP IT Support).

There is also a reference to the use of activity based costing in NHS Education for Scotland. I would have liked to have seen specific targets set for the future although it was good to see that cash has been released from these initiatives. In my experience, activity based costing works best against a strategic framework set by for example a balanced score card. Is this something that should be done as a pilot with one of the Health Boards?

Overall, in terms of structure, I can see how difficult it will be to roll out certain initiatives across an organisation which has a parent company and in business terms, 22 subsidiaries, which have a level of autonomy. Having said that, the main five or six health boards will probably consume at least 65% to 75% of the resources (as far as I can see from the graph) and therefore any initiatives will have greatest impact in these main boards.

Budgetary control is also very important. If budgets are allocated on the basis of a saving being achieved, then the Board itself has autonomy on how it achieves it. This however has the disadvantage that there is no standardisation of approach unless these are incentives to share best practice.

That for me is where the strategic approach on issues like property, prescribing etc is important.

My thoughts on the Framework for Quality and Efficiency is that it is a very well researched document but that it would be difficulty for those reading it to relate the thinking in it to develop practical tools for change. I would suggest some simplifications.

I hope the above is helpful and I would be happy to debate these thoughts and any others.

My thoughts on a framework in outline would be:

Framework For Efficiency

- Main Centralised Themes }
- Property and Facilities Management }
  Estate Management }
  Leasing/Sale of Surplus Assets }
  Letting of retail space }
- (Car Parking)? }

Single Approach Across All Assets

- Prescribing

Single Approach – Roll Out
Best Practice

- Procurement

  Try single approach in main Health Boards

- IT/MIS

  Roll out best practice

- Shared services – centralise all functions like Finance, HR etc
  Below this, gives each Board target savings to make up the balance, then gives discretion on individual initiatives
    - Penalise those Boards who do not achieve the saving

Kind regards
Charles

Gweneth Hay
PA to Chief Executive Officer

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