West Hertfordshire Hospitals NHS
NHS Trust

09/06(ii)

Further Measures on Financial Recovery

1. Introduction

1.1 This paper sets out proposals for additional savings within the following areas:

- Day Hospitals
- Use of agency staff within the ITUs
- Closure of the Hemel Hempstead birthing unit

2. Day Hospitals at Watford and Hemel Hempstead

2.1 The proposal to close the traditional functions within an Older People's Day Hospital (multi-disciplinary assessment and treatment/rehabilitation programmes) are linked to the re-provision of similar services within primary and intermediate care; these are not yet implemented locally. Other essential acute hospital services are sited in the same location sometimes using the same team of staff, to ensure best use of resources. The cost of re-providing these services has been deducted from the saving shown. An alternative option to closure is reusing the resources to help meet the Trust's emergency care targets, prevent admission and ease the pressure on in-patient services.

2.2 Option 1: Redesign (Preferred Option, Cost Neutral). The Day Hospitals provide a flexible resource, which can be used to meet a number of assessment, treatment and specialist clinic functions with access to comprehensive diagnostics to patients regardless of age; changes in this direction have begun, but an accelerated change is now proposed. This model would be in accordance with developing HHGH for diagnostic and treatment in line with Investing in Your Health, and be similar to developments at St Albans that are beginning to have an impact. Proposed service changes and potential impact of these are:

- Rapid Assessments to prevent admissions and assist direct admissions to Intermediate Care particularly of older people requiring multi-disciplinary assessment – this would include direct referrals from GPs and patients diverted from A&E
- Extend day treatments e.g. transfusions, infusions, effusions (there is an increasing range of drug regimes and other procedures in a range of medical specialties that require treatment over a number of hours with experienced nurses supervising, this would relieve pressure on Helen Donald Unit at HHGH and prevent unnecessary admissions)
- Move DVT clinics from RAU/A&E, relieving pressure there
- Extend range of Specialist Clinics, e.g. Falls, oxygen assessment (priority developments and opportunity for income generation)

2.3 Implementation of this option would require the current budget for the service to be maintained.

2.4 Option 2: Closure of Older People's Day Hospital Functions. The proposal to close the traditional older people's day hospital function would have the following impacts:

- Lose present urgent assessment service for older people, leading to unnecessary admissions
- Lose assessment and rehabilitation resource plus support to those with long-term conditions before alternatives are available in the community, delaying some discharges

- Lose main Falls assessment and treatment service, increasing pressure on A&E and options for support post-discharge
- At HHGH, lose flexibility to complement Day Treatments/transfusions undertaken at Helen Donald Unit, meaning only alternative is admission
- Lose number of nurse led clinics and income from these

2.5 Current Costs and Potential Savings. Within option 1 it has been identified that savings are unlikely to be achieved as this option relates to changing the service rather than reducing the service. The details set out below for each site therefore identifies the current budgets and the cost of the services that would have to be retained should the older people's day hospital function be closed. It should be noted that closure of the services in their entirety would result in redundancy costs which have not yet been factored into the savings profile below.

WGH Day Hospital Savings

Functions presently undertaken within Saracens Ward that would be retained:

- Day treatments: transfusions, infusions, oxygen assessments (no equivalent of Helen Donald Unit at WGH, so nowhere else for medical Day Treatments at WGH)
- Discharge Lounge
- Out-patient clinics (Stroke, PD, Diabetes, General Elderly, Gastroscopy, etc)

	Budget 05/06 Staff costs	**Budget 05/06 Non-pay costs**	**Facilities (meals, transport etc)***	**Total**
Total Saracens budget	£253,990	£9,297	£23,000*	£286,287
Cost Day Treatment/ Discharge Lounge	£118,000	£5,000	£9,000*	£132,000
Cost OP clinics	£36,000		£5,000*	£41,000
Saving	**£99,990**	**£4,297**	**£9,000***	**£113,287**

All costs/savings are full year effect; Trust overheads are not included

* Facilities savings are subject to contractual arrangements with Medirest and Beds & Herts Ambulance Trust

HHGH Day Hospital Savings

Functions presently undertaken within Windsor Wing Day Hospital that would be retained:

- Out-patient clinics (Stroke, Fractured NOF, Incontinence, Tissue Viability etc)

	Budget 05/06 Staff costs	**Budget Non-pay costs**	**Facilities (meals, transport etc)***	**Total**
Total Windsor Day budget	£140,847	£5,187	£18,000*	£164,034
Cost OP clinics	£24,000		£5,000*	£29,000
Saving	**£116,847**	**£5,187**	**£13,000***	**£135,034**

All costs/savings are full year effect; Trust overheads are not included

* Facilities savings are subject to contractual arrangements with Medirest and Beds & Herts Ambulance Trust

2.6 NB Staff Redeployment: most of the staff presently employed in Day Hospitals are not able to work on acute wards (Occupational Health reasons), so redeployment may be a problem.

3. Use Of Agency Staff In ITUs

3.1 Introduction. The Trust has undertaken considerable work to reduce its use of agency nursing staff across many areas of service. The SHA has specifically asked that the Trust

look critically at the use of agency staff within the ITUs and address the high level of use of such staff.

3.2 It is generally accepted that the use of agency nurses within critical care is expensive and should be avoided. Staffing to a full establishment is assumed to be the most efficient method of containing labour costs. This is true if the demand for critical care services remains constant throughout the year. However demand can show wide variations, these variations being seasonal and as a result of the nature of the patients requiring critical care. Contracted staff will need to be paid whether or not they are needed.

3.3 With these variations in demand a full establishment will result in an excess of nurses being available during periods of low demand and an insufficient number of nurses available when demand exceeds funded capacity and this demand needs to be met in house.

3.4 Variations in contracts, such as annualised hours and term time working, can be an effective way of managing staff. During periods of low demand in the summer staff on such contracts will not be working. Unfortunately neither will they be working during the peak periods of demand in winter, negating earlier benefits.

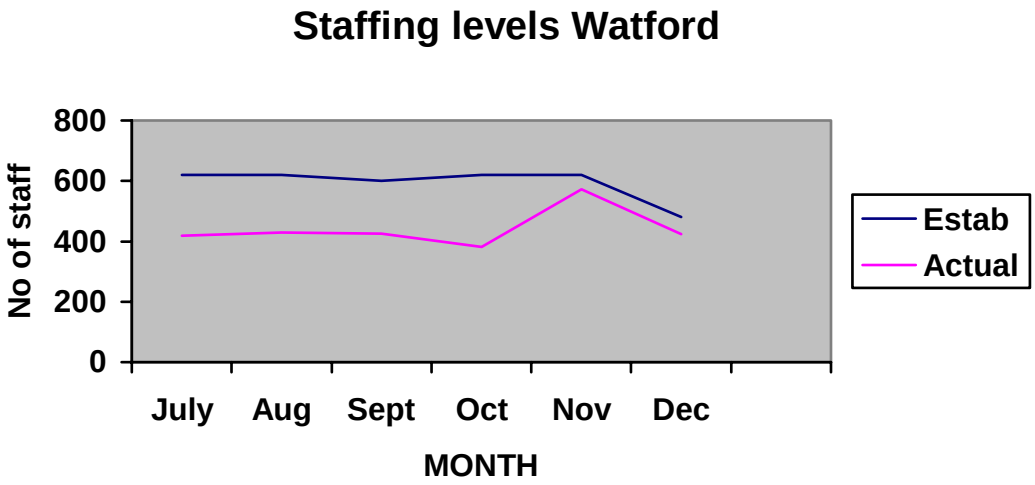
3.5 As the figures demonstrated below will show maintaining a vacancy factor of around 20% in staffing will ensure that there is not an excess of nurses during times of low demand. It will also enable the service to meet peak demands and times when demand exceeds funded capacity. This will involve the need to use agency nurses (if the shortfall is not met with overtime and Bank) but, as the figures show, is a far more cost-effective means of meeting overall demand whilst remaining in budget at the end of the financial year.

3.6 Staffing Costs. The staffing budget for the Watford critical care service is £1,865,670 and £1,433,648 for Hemel Hempstead. Overtime is paid at time and a third and to grade and Bank nurses are paid according to banding plus two per cent.

3.7 Agency nurses are paid from £21.20 - £32.08 per hour depending whether they work days, nights, Sundays or Bank Holidays. Agency nurses are not employed during bank holidays unless it is unavoidable on safety grounds and at other times if staff are unavailable to work overtime or no bank nurses are available.

3.8 Current Staffing Levels. Vacancy rates on the Watford critical care unit are 22% (in line with the expected vacancy factor suggested in this paper). At Hemel Hempstead vacancies are running at 42%, double the suggested rate. Active recruitment of nurses is currently taking place.

3.9 Staffing Costs Actual. The following graph hypothetically shows the number of staff available per shift for the months July - December 2005, had the unit had a full 100% establishment, and the number of staff actually required.



(The December establishment only covers December 1st – 24th inclusive).

3.10 It can be seen from the graph that demand through July to October was low, meaning that had the Watford critical care unit recruited to its full establishment it would have had an excess of nurses. Agency nurses were required to cover shortfalls during November and December when demand for beds peaked – at times this demand exceeded capacity.

3.11 In financial terms maintaining a 20% vacancy factor on the establishment of the Watford critical care unit and using overtime, bank or (as a last resort) agency nurses to covers shortfalls in peak demand has led to a total staff pay since April 2005 of £1,132,972. Had the unit recruited to full establishment staff costs since April 2005 would have been £1,260,543 – an increase of £127,571 over actual costs.

3.12 For the critical care unit at Hemel Hempstead the much higher vacancy factor has resulted in a higher use of agency nurses. Even here, though, careful and judicious use of staffing has resulted in a staff spend since April 2005 of £956,462 against a spend of £968,562 if there had been a full establishment. This has still resulted in a current under spend of £12,191 so far this financial year.

3.13 Conclusion. The nature of critical care services means that demand can vary, and staffing has to reflect this variation. If both the Watford and Hemel Hempstead critical care units had recruited to their full establishments total staff expenditure for this financial year to date would be £2,229,135. By maintaining a small vacancy factor and meeting the shortfall during periods of peak demand staffing costs in reality actual staffing expenditure to date has been £2,089,434, a saving to date of £139,762.

3.14 It is proposed to maintain a small vacancy factor and use overtime, bank or (as a last resort) agency nurses to make up the shortfall during times of peak demand. It is felt that this is the most cost effective way forward and should result in a saving against the current staffing budgets assuming demand follows expected patterns.

3.15 It should be noted that without the use of agency nurses at these times the unit would have had to close beds, which would have seen an increase in the number of non clinical transfers across and outside of the local critical care network. Should an approach of not allowing the use of agency staff at peak times be implemented there will be implications on the Trust in terms of its relationships with other units within the network and on PCTs as they would have to pay for any non clinical transfers that go outside of the network.

4 Closure of the Hemel Hempstead Birthing Unit

4.1 Background. The Hemel Birth Centre (HBC) is a stand-alone midwifery led unit which opened in April 2003. The midwives at the HBC conduct deliveries, both "on land" and in the pool; provide active birth classes and postnatal care for mothers and babies for the first 6 to 12 hours following birth. Since Oct 03 the Maternity Day Assessment Unit (MDAU) has also been run from the Hemel Birth Centre to ensure best use of midwifery resources.

4.2 Staffing. The unit is funded for 12 wte midwives and 6 wte midwifery assistants. This is based on the number of midwives required to provide 2 midwives per shift for 24hr cover, 7 days per week.

4.3 On each shift there are 2 midwives and 1 midwifery assistant on duty. Since case-loading began midwives now provide antenatal care as well as delivery and postnatal care to women. Active birth classes are held twice monthly, tours of the unit are held daily and the HBC midwives run the MDAU which is open from 08:00 to 22:00, daily including weekends. If the HBC is quiet and there are peaks in workload at Watford, midwives are requested to work in the main unit at Watford.

4.4 Proposal. It is proposed that the HBC and MDAU are closed and the workload transferred to Watford. Transfer of the MDAU would require an additional 1.5wte midwives. Accommodating the MDAU activity into the current physical space would be quite difficult and this would require potentially capital outlay to enable the Triage area to move elsewhere in order to create the space required. This proposal has been discussed previously with the Board who sought clarity from the Bedfordshire and Hertfordshire SHA on whether such a move would require formal, public consultation. Advice from the SHA is still awaited.

4.5 Risk Assessment. There would be no increase in clinical risk by closure of HBC but it does reduce choices for women in the Dacorum/St Albans & Harpenden PCT areas.

4.6 Potential benefits of would be in better management of both risk and finance by centralisation of a service. Closure of the unit provides an additional benefit of improving team-working, skill mix and a significant reduction in Agency spend currently standing at £1.8 million per annum. This in turn could also assist in the Division's recruitment of staff because of the potential to improve staff morale overall.

4.7 There is an acknowledged risk that staff may be reluctant to transfer although the current staff do already rotate to the WGH unit and community. It is likely that a number of staff would prefer to move into the community and this could easily be accommodated due to the current number of vacancies. This would be very beneficial both in quality of antenatal and postnatal care as well as responding to complaints from GP's regarding the lack of community midwives.

4.8 As previously stated, the Clinical risk of closure of the HBC would be minimal, however, this move would go against recommendations from Women & Children's NSF and the Royal College of Midwives which advocates low risk maternity care taking place in birth centres and midwifery led units. However, the NSF does not specify stand-alone units and WHHT does have a successful and well established midwifery care service through the Alexander Birthing Unit, which does have capacity available. Removing the MDAU would cause a significant loss of a local service that does meet a local need, specifically for women with high-risk pregnancies who require regular monitoring. Although it is recognised that this service is sporadic throughout the current working hours of this unit, it is a very important clinical service that W&NS would wish to retain.

4.9 Savings. It is anticipated that the savings from the closure of the HBC and the MDAU with the transfer of the all work to Watford will be £445k in a full year. This takes account of the revenue costs required to re-provide the MDAU work at Watford.

5. Recommendations

5.1 The Board is asked to approve:

- The closure of the Day Hospitals at both Hemel Hempstead and Watford following negotiations with PCTs regarding their capacity to undertake the activity associated with the service that is considered more appropriate to delivery in primary care
- The establishment of services that support emergency admission of older people through the A&E departments but whose need for more detailed assessment and support cannot currently be met, subject to the PCTs agreeing to commission such a service (option 1)
- The recruitment to 80% of establishment in ITU, allowing the remaining 20% of the budget to be used flexibly to appoint agency staff at times of peak activity, whilst at the same time working to establish a pool of bank staff who could be used as alternatives to agency staff
- The closure of the Hemel Birthing Unit on financial grounds subject to the outcome of consultation