

22 June 2017

Wellington House
133-155 Waterloo Road
London SE1 8UG

T: 020 3747 0000
E: nhsi.enquiries@nhs.net
W: improvement.nhs.uk

By email

Dear [REDACTED]

Request under the Freedom of Information Act 2000 (the “FOI Act”)

I refer to your email of 25 May 2017 in which you requested information under the FOI Act from NHS Improvement. Since 1 April 2016, Monitor and the NHS Trust Development Authority (NHS TDA) are operating as an integrated organisation known as NHS Improvement. For the purposes of this decision, NHS Improvement means Monitor and NHS TDA.

Your request

You made the following request:

There have been lot news reports recently about NHSI having delivered a report on how back office savings can be realised in NHS.

Following are some of the links I have seen.

<http://www.dailymail.co.uk/news/article-4314616/NHS-hospitals-waste-422m-paperwork.html>

<http://www.nationalhealthexecutive.com/Health-Care-News/back-office-efficiencies-could-save-nhs-over-400m-a-year-claims-nhsi>

Please can you provide me the NHSI report which provides details on these. I looked on NHSI website but did not find anything at all.

Decision

NHS Improvement has not published a report on back office savings. In March 2017, NHS Improvement shared 230 individual, anonymised 2015-16 corporate services reports with individual trusts. Based on those figures, a corporate services update report will be published in Autumn 2017 which will set out the findings into corporate support activities in further detail. However, in March, we did provide a briefing to the media, which formed the

basis of the news articles above. We have set out below the information that was shared with the media.

Media briefing

- By reducing the unwarranted variation in the costs of providing corporate services, such as HR, Finance and Payroll, the NHS could save more than £400m on its current £3.2bn annual spend if all Trusts performed as well as the average says *NHS Improvement (NHSI)*
- Corporate support activities, such as finance, Information Management & Technology (IMT), legal and HR, are an essential part of the smooth running of the health service, but can be costly if not run efficiently.
- Analysis by the health regulator has found significant unwarranted variation in how much these services cost individual hospitals.
- As an example, NHSI found that across the NHS, the average cost of a payslip is reported as £4.28, however, this is costing some trusts over £5 each with some outliers having to pay nearly £10 per payslip.
- The analysis shows that over 25% of trusts paid more than £5 per pay slip.
- The top 10% of biggest spenders on corporate services spent on average £7.50 for their corporate services per £100 of funding for patient care.
- Meanwhile, the top 10% most efficient providers spent, on average, as little as £2.80 per £100 of funding for patient care.
- NHSI also discovered that the overall cost of delivering corporate services activities is currently in NHS trusts is costing the NHS £3.2billion per year.
- Smaller trusts spent proportionally more on these sorts of services than larger trusts.
- Generally, trusts with a turnover of under £300m spent the equivalent of £5.40 for every £100 of income from patient care, whereas trusts with a turnover of more than £300m spent the equivalent of only £3.90 for every £100 of income from patient care.
- This evidence demonstrates the need for NHS hospitals to work more collaboratively in providing these services as larger organisations have shown to be more efficient.
- Analysis also shows that IMT and governance present the largest areas of opportunity for making savings, as they contain the largest areas of variations in expenditure.
- NHSI is willing and able to help trusts looking to collaborate more with their neighbours with the aim of improving their efficiency in providing their corporate services.
- If all trusts in the NHS achieve the national average cost per £100m turnover for corporate services the NHS could save £422m per year.

In addition, we have set out some background below which you may find useful:

1. This analysis is the first time the NHS has been given a detailed understanding of the national, regional and local of the variation in costs on corporate services.
2. Information was collected from all NHS trusts on the costs of corporate services functions in the financial year 2015/16. Both pay and non-pay costs were included.

3. Corporate services functions included are: finance, HR, payroll, governance, procurement, legal, governance and risk and Information Management & Technology.
4. In March 2017, trusts received a report benchmarking the cost of providing their corporate services to the rest of the country, their STP area and trusts of the same type/size.
5. Trusts have been asked by NHS Improvement to use this information to facilitate local discussion, based on local need, to identify areas where through collaboration they could improve the efficiency of their corporate services – while ensuring a high quality of service to their organisations.
6. Lord Carter's 2016 report into NHS hospital operational productivity, found considerable unwarranted variation in the costs of corporate and administrative services across NHS acute trusts.
7. He recommended that to help reduce this variation that NHS Improvement develop a set of national benchmarks across key corporate services functions to enable individual trusts to compare their performance and identify where improvements can be made.
8. The findings from these individual trust reports will help form the autumn 2017 STP progress report which will look at where progress has been made across the 44 STP footprints in identifying and starting to deliver at pace possible consolidation solutions.

Review rights

If you consider that your request for information has not been properly handled or if you are otherwise dissatisfied with the outcome of your request, you can try to resolve this informally with the person who dealt with your request. If you remain dissatisfied, you may seek an internal review within NHS Improvement of the issue or the decision. A senior member of NHS Improvement's staff, who has not previously been involved with your request, will undertake that review.

If you are dissatisfied with the outcome of any internal review, you may complain to the Information Commissioner for a decision on whether your request for information has been dealt with in accordance with the FOI Act.

A request for an internal review should be submitted in writing to FOI Request Reviews, NHS Improvement, Wellington House, 133-155 Waterloo Road, London SE1 8UG or by email to nhsi.foi@nhs.net.

Publication

Please note that this letter will shortly be published on our website. This is because information disclosed in accordance with the FOI Act is disclosed to the public at large. We will, of course, remove your personal information (e.g. your name and contact details) from the version of the letter published on our website to protect your personal information from general disclosure.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'P. West', with a small dot at the end.

Paul West

Director of Procurement & Corporate Services , Operational Productivity