

<p>Yorkshire and the Humber Strategic Health Authority</p> <p><b>BOARD MEETING</b></p>	 <p><b>Yorkshire and the Humber</b></p>
<p><b>Date :</b> 7 December 2010</p>	<p><b>Report Author:</b> Tim Gilpin</p>
<p><b>Title of paper:</b> Workforce and Education Report</p>	
<p><b>Actions Requested</b> The purpose of this paper is to provide an update on matters specific to Workforce Training and Education.</p>	
<p><b>Governance Requirements</b></p>	
<p><b>SHA Objectives</b> Finest Health Services</p>	
<p><b>Risk Management</b></p> <p>2.7 Multi-Professional Education and Training (MPET) reductions result in insufficient numbers of appropriately trained staff to meet service needs now and in the future</p>	
<p><b>Board Assurances</b> This paper reports on current strategic issues relating to Workforce and Education</p>	
<p><b>Risk Assessment</b> All audit recommendations are incorporated into the Operational Risk Register as appropriate</p>	
<p><b>Communication (including public and patient involvement)</b> Not applicable</p>	
<p><b>Resource Implications – including productivity and value for money</b> The resource implications are described in the paper</p>	
<p><b>Legal Implications</b> Not applicable</p>	
<p><b>Equality and Diversity</b> This paper meets the requirements of the equality and diversity agenda. In due course, there will be a need to consider the impact of the Multi-Professional Education and Training (MPET) Review on the widening participation agenda</p>	
<p><b>NHS Constitution</b> This paper is compliant with the NHS Constitution</p>	

# Yorkshire and the Humber Strategic Health Authority

7 December 2010

## Workforce and Education Report

### 1. Introduction

The purpose of this paper is to provide a brief update on matters specific to workforce, training and education.

### 2. Education Commissioning

The Department of Health have not yet confirmed Multi-Professional Education and Training (MPET) allocations following the Comprehensive Spending Review, so final commissioning intentions for 2011/12 onwards cannot be submitted for approval prior to confirming contract levels with education providers.

However, Quarter 2 returns from universities regarding student populations already in the system confirm that attrition levels from courses are approximately half of what has been seen in recent years (see details included in the finance section of this report). The consequences of this are as follows:

- The Workforce and Education Directorate will need to manage a greater financial pressure in 2010/11 than was anticipated to break even on planned budgets
- There will be larger student populations in training for another three year period when commissioning levels this year should have brought the output of registered professionals back down to a lower baseline by 2012 following several years of growth in anticipation of service growth plans at the time of commissioning training
- This will mean that the transition to lower student cohorts will need to reduce more sharply from 2011/12 rather than a more gradual reduction of commissions from 2010/11, which have now been offset to a significant degree by much reduced attrition rates on courses
- There is also a greater possibility of graduate unemployment as service Quality, Innovation, Productivity and Prevention (QIPP) plans are implemented and the region is now predicting a lower staffing requirement overall – this may be helped by retirements in anticipation of pension changes in 2012, but policy on this is not yet clear. It should be noted, however, that there is currently no indication of large scale graduate unemployment in the region, but this is being closely monitored.

### 3. Workforce Strategy

#### 3.1 Library and Knowledge Services.

The annual activity statistics submission for library services has been completed. Also most services have submitted a self assessment under the Library Quality Assurance Framework (supporting Learning and Development Agreement (LDA) Schedule 5). These will now be moderated regionally and nationally. Each

service will receive a percentage compliance result and will develop an action plan to support continued service improvement throughout 2011/12.

Currently there is a risk in the system relating to the both the resources required to provide these services and retaining the staff expertise, particularly within Primary Care Trusts (PCTs). Some rationalisation of services is underway which is having a significant impact on capacity to support clinical and managerial decision making, patient care, research and lifelong learning functions. It is vital that provision is made for all staff to access these support services as health communities work through the current transition.

### **3.2 Data Quality Programme**

A further three organisations have completed Data Quality Self Assessments which highlight the level of external support they require to assist them to improve their Data Quality. The SHA have reviewed the completed self assessments, support has been offered and Data Quality Service Level Agreements (SLAs) are in the process of being finalised. Additional data quality metrics have been produced to inform the Data Quality Programme Board of the progress made by trusts who have been given support. A Data Quality Workshop is being held on 17 November. One of the aims of the workshop is to identify examples of best practice that can be shared. As part of the Medical Workforce Project, the SHA are visiting a number of organisations to discuss their medical workforce data and gain an understanding of how they think the project can help them to improve it.

## **4. Organisational Development and Leadership**

**4.1** The Organisational Development and Leadership Team supported by the Procurement Collaborative has completed a European Union (EU) tender process to secure a supplier to co-produce, design and deliver a regional Senior Leadership Development Programme. Invitations to tender went to 8 potential suppliers with selection interviews held on 29 September. Following this process, the Centre for Innovation in Health Management (CIHM) at Leeds Business School were selected as the preferred supplier. Initial meetings have begun to scope the design and co-produce with the service a flexible set of developmental interventions to support emerging senior leaders deliver QIPP and transition.

**4.2** The NHS Yorkshire and the Humber Leadership Conference will be held on the 26 November which will focus on the central role of leaders and leadership development in rising to the quality and productivity challenge, on implementing innovations in healthcare and on working with partners across organisational boundaries to achieve this.

**4.3** John Hunter is running an event with members of the Patient Care and Partnerships team to focus on Empowering Boards for Excellence. The event will give a better understanding of the role of Boards in creating conditions for excellence in healthcare, have greater confidence in dealing with clinical quality matters, and help to have an action plan to build on and a plan to report any progress within ninety days.

## 5. Workforce and Education Finance

A summary of the Workforce and Education Directorate financial position is set out in table 1 below. The financial position as at month 7 shows a planned surplus of £10m, for use next year. The funding for Training and Education for 2010/11 is now £528.9m in seven months, expenditure commitments of £306.4m with serious financial pressures in non-medical expenditure relating to cost of Bursary payments managed via the national Student Grants Unit (SGU) and a higher level of student retention than commissioning assumptions made using previous trends. The Non-Medical operational budgets are currently forecast to be overspent mainly due to the national cost of bursaries being above the funding provided and student numbers on courses being higher than commissioning forecasts as a result of lower attrition and transfers in. The forecast Year End underspend relates to the balance of the Strategic Reserve not utilised in 2010/11, and being held to smooth potential financial transition required in 2011/12.

Table 1: Operational Cost Position

Description	Staffing at month 7		Year to date: 7 month			Forecast Year End		
	Approved Establishment	Actual (Avg)	Budget To Date	Exp to Date	Variance	Annual Budget	Expenditure	Variance
	WTE	WTE	£'000	£'000	£'000	£'000	£'000	£'000
<u>Non-Medical</u>								
Workforce Admin	56	55	2,630	2,373	257	4,509	4,139	370
OD			693	441	252	1,187	1,187	0
			1,225	1,251	-26			
W' force Mod						1,761	1,761	0
HR			120	93	27	206	206	0
Commissioning			80,821	80,462	359	137,794	140,294	-2,500
SGU			34,609	36,707	-2,098	59,330	62,730	-3,400
Reserves			0	0	0	515	0	515
Income			-202	-192	-10	-202	-202	0
Sub-total	56	55	119,896	121,135	-1,239	205,100	210,115	-5,015
<u>Medical and Dental</u>								
SIFT-Medical	3	3	48,233	48,163	70	81,001	80,751	250
SIFT-Dental	0	0	11,491	11,491	0	19,700	19,700	0
MADEL	147	139	120,481	118,527	1,954	199,984	199,934	50
Sub-total	150	142	180,205	178,181	2,024	300,685	300,385	300
MPET Strategic Reserve			7,060	7,060	0	23,141	8,338	14,805
<b>Total Training &amp; Education</b>	<b>206</b>	<b>197</b>	<b>307,161</b>	<b>306,376</b>	<b>785</b>	<b>528,926</b>	<b>518,838</b>	<b>10,090</b>

### 5.1 Non-Medical Education and Training Position at Month 7

The expenditure and forecast reported in the table above represent our latest assessment of the financial position but a number of material risks and uncertainties remain and are being managed. They are set out below.

### **Student Grants Unit (Bursary Payments)**

The Student Grants Unit (SGU) funds the bursaries and allowances for Non-Medical Students undertaking pre-registration training, and additionally in 2010/11 supports medical tuition fees. The financial position was reported to the previous Board, and a £29m shortfall continues to be forecast by the national Unit, of which the share for Yorkshire and the Humber is £3.4m. The budget is allocated to SHAs on a risk sharing basis based on the historical split of expenditure. The allocation is expected to be amended in year to reflect the actual split of expenditure. This reallocation would reduce the costs attributed to Yorkshire and the Humber but it is not expected that the share of the national shortfall will reduce this year. As a result of this shortfall the reserve held by the Directorate for 2011/12 has been reduced.

### **University Contracts**

The September student count data has confirmed reports that the student population is rising rather than falling as expected in the financial plan, which was based on reduced commissions in some areas. As a result, spending forecasts have been revised and a deficit position is now forecast. In anticipation of lower than planned attrition and hence higher contract payments to Universities a reserve has been established by reducing planned discretionary expenditure in a number of areas.

Under the standard national benchmark price contract the SHA pays the Higher Education Institutes (HEIs) for the active students in training over the duration of the programme, at four quarter end count dates during the year. When setting budgets for pre-registration courses an estimate based on previous years' levels of attrition is factored in. The following table shows the activity basis for setting the original budgets:

<b>Actual student population as @ 1/4/10</b>	<b>Forecast student population 31/3/11</b>	<b>Forecast percentage of student leaving courses in-year</b>
10,130	9,234	8.85%

The latest quarterly monitoring information (to the 30 September) from HEIs indicates that attrition is significantly lower than anticipated and transfers in to courses are higher than expected. The following highlights the revision to the forecast student population based on the HEI information.

<b>Actual student population as @ 1/4/10</b>	<b>Actual student population as @ 30/9/10</b>	<b>Revised forecast student population 31/3/11</b>	<b>Revised forecast percentage of students leaving course in-year</b>
10,130	9,833	9,680	4.44%

The variance between the original plan and the revised plan student population is 446, and based on an average course cost of £8,500, this would equate to a financial cost pressure of approximately £3.8m if this trend continues for the remainder of the financial year. The Education Commissioning team have reviewed other areas of expenditure, and as at 31 October £0.89m of cost

savings have been identified and reflected in the overall financial position. Further savings are being explored.

### **Potential Further Savings to Manage the Cost Pressure**

<b>Business Area</b>	<b>Potential Saving</b>	<b>Impact</b>
Academic Health Centres	£0.4m	Reversing previous agreements
Apprenticeships	£0.8m	Costs carried forward to 2011/12
Student Support Fund	£0.3m	Possible increase in attrition
SSLDF	£0.6m	Fewer NVQs/training for support staff
<b>Total</b>	<b>£2.1m</b>	

The review is on-going but if implemented the reported commissioning deficit will fall but will not be sufficient to off-set the SGU shortfall. The Education Commissioning team will continue to review all areas of expenditure over the remainder of the year to minimise the forecast overspend. Future commissioning decisions will be adjusted to reflect the changing economic environment and the impact of attrition.

## **5.2 Medical and Dental Budget Position at Month 7**

The overall financial position is unchanged since that reported at Month 7.

### **Undergraduate Dental Education (Clinical Placements)**

The budget for 2010/11 is fully committed in the Learning and Development Agreement. The outturn position is forecast to break even.

### **Undergraduate Medical Education (Clinical Placement Costs)**

Due to the reduced budgets for 2010/11 the financial position is tight for Leeds and Hull/ York Medical Schools, but close to breakeven is expected. For Sheffield Medical School, fewer than planned student placements are needed, and an underspend of £250,000 is anticipated. The final position may vary due to the number of intercalating students (this is where students 'step on' and 'step off' the course to take other courses, before returning to complete their Medical School degree).

### **Postgraduate Medical and Dental Deanery**

The Deanery has underspent its budget in the first half of the year but is forecasting a breakeven position by the year end as it is continuing to manage a number of financial risks and uncertainties as previously reported. These are principally in GP registrar training, public health training and the lead employer role. The Deanery has not needed to reduce the number of training posts for financial reasons in 2010/11. Some small adjustments have taken place for clinical reasons.

### **Academic Posts**

Final funding has still to be fully confirmed and the Deanery await full final cost estimates from some Trusts for recent appointments.

## **5.3 Strategic Investment Reserve Position at Month 7**

In 2010/11 a reserve has been agreed established. This is funding the investment in clinical skills centres in Leeds and Sheffield. Part of the reserve

(£3m) has been used for continued investment in the capacity of Yorkshire Ambulance Service; £1m has been added to non-medical education and training budgets to support continued training capacity in the Trust and a further £2m is being made available to service commissioners. A further £3.4m is being held back to offset a shortfall in SGU funding (described above). The balance and provide transition funding in 2011/12.

#### **5.4 2011/12 Financial Planning Assumptions including MPET Review**

##### **Budget growth**

The overall financial allocation to the NHS for 2011/12 was announced in Comprehensive Spending Review, representing an increase of 2% in cash terms. However the financial allocation to the SHA for Training and Education for 2011/12 has not yet been announced and is subject to internal budget discussions within the Department of Health. Historically the budget growth is lower than the aggregate NHS growth rate. The assumptions presented in the previous report of 0% year on year change are being maintained and budgets prepared within the same envelope as for 2009/10. This position will result in a real terms reduction due to the need to pay for a number of financial pressures including the current shortfall in SGU funding which needs to be funded from within the overall budget, the cost of prior year growth in posts and student population – a large proportion of the trainees supported by the training and education budget are on multi-year training programmes, the reduction in attrition, price increases, including University contract BenchMarkPrice increase that are contractually fixed at 0.5% below GDP (estimate at close to 2%), pay increases – even a 0% pay award can generate cost pressures as a result of incremental drift and pressure to make funding available to increase training in shortage areas and to fund workforce and organisational change

##### **Multi-Professional Education and Training (MPET) Review**

Since the previous SHA Board the NHS Operations Board has met and received proposals from the Department of Health to begin implementation of new standard placement rates in 2011/12 as part of the MPET review. The NHS Operations Board has given broad support to the proposals for a managed implementation and proposals will now go to the Secretary of State for consideration. No formal announcement has been made by the Department of Health including the on the pace of implementation but Trusts and Foundation Trusts are being briefed of the potential changes to the regional allocation and their income in 2011/12. In particular Sheffield Teaching Hospitals, Leeds Teaching Hospital and Sheffield Children's Hospital stand to face income reductions of several million pounds. A critical factor is the degree to which any implementation will be managed nationally and what local discretion will be available.

The SHA has raised a number of major concerns with the Department of Health's November proposals covering the overall regional impact and the effect on specific organisations. The objective is to achieve a fair share of the national placement funding and a managed period of transition, taking into account the tough economic environment facing all Trusts under a no-growth funding outlook.

Based on the data provided to the NHS Operations Board the region will now lose over £13m of placement funding; this contrasts with a broadly balanced position in the consultation process in the summer. Expected funding reductions on secondary care clinical placements have risen and gains on primary care placements and postgraduate placements have fallen. This outcome would result in this region being funded for clinical placements at lower than the national average. With regard to the impact on individual (losing) Trusts the SHA continues to advocate a longer transition, beyond the proposed base case of four years.

**6. Recommendation**

The Board is asked to note the update on matters specific to workforce, training and education.

**Tim Gilpin**  
**Director of Workforce and Education**