

Great Western Ambulance NHS Trust

Benchmarking Report Update

Introduction

The Trust has compared itself with the East Midlands Ambulance Service (EMAS), 2009/10 budgets. This report focuses on the comparison with EMAS, although the excess costs highlighted on this more detailed comparison are consistent with the message from the National benchmarking exercise with the Trust being the most expensive per incident in England.

Importantly it is based on the current year budgets and as such any additional investment for 2010/11 over and above that for EMAS will further increase the discrepancy in cost between the 2 organisations. EMAS is the preferred comparator on the basis of similar geography, although different in size.

Clearly any benchmarking is only a comparison exercise and has to be considered in the context of existing performance and organisational size, with the GWAS being the second smallest Trust based on A&E income for 2008/9. The effort, support and time required for organisational change has also to be understood when interpreting any results from benchmarking.

Context

The overall benchmarking exercise, so far, has highlighted an overall excess of cost for the Trust of £10.7 million (see Table 1 below), 16%, of current A&E turnover of £66m. This is based on the basis assumption that the Trust's A&E activity equates to 46% of that for EMAS and all costs are apportioned pro rata on this basis. It will have to be acknowledged that certain costs, such as that of the Board, are fixed and irrespective of the size of organisation and will be required for the Trust.

This difference represents a significant challenge for the Trust and is consistent with previous work undertaken with EMAS. It also disregards the PTS service, however, the exact cost apportionment approach for PTS may need to be further clarified to ensure the A&E cost position is not overstated.

The comparison also has to be considered in the light of performance with EMAS delivering on its key performance standards in 2008/9.

Table 1

Benchmarking – GWAS v EMAS 9/10 Budgets

	PAY	NON-PAY Benchmark	TOTAL	GWAS 09/10 Budget	5% of GWAS Budget is:
	£m	£m	£m	£m	£m
FLEET & LOGISTICS	0.6	1.2	1.8	8.6	0.4
EOC	1.5	0.0	1.5	5.8	0.3
IT/COMMS	0.2	1.2	1.4	2.9	0.1
ESTATES	0.0	1.4	1.4	2.8	0.1
HQ	0.9	1.0	1.9	7.0	0.4
A&E	2.2	0.5	2.7	40.8	2.0
Total A&E Activities	5.4	5.3	10.7	67.9	3.4

Key Messages

The summary analysis of the benchmarking difference is set out in table 10. The total difference of £10.7 million reflects the position for A&E and in total represents the 16% of the turnover for A&E.

1. Fleet £1.8 million excess cost – this is based on a cost baseline for GWAS in 2009/10 of £8.1 million. The most significant element of this variance is £1.1 million for vehicle costs including capital & lease charges, maintenance and insurance suggesting that the Trust is over resourced on vehicle numbers and / or has an expensive fleet. Based on the number our current DMA& RRV fleet of 104 & 77 compared with a pro rata number for EMAS of 139 and 71. This inconsistency needs to be fully understood and suggests, at this stage, that the unit cost of vehicles in GWAS is excessive and requiring further analytical review. This may, in part, be due to EMAS having a larger proportion of vehicles that have been fully depreciated and that the unit purchase / lease cost for GWAS has been greater.

A full analysis of the costs in fleet along with vehicle age profile has to be undertaken and completed. This process has already started under the lead of Neal Goodwin with his counterpart at EMAS.

2. EOC £1.5 million excess cost – this is due fully to the staff pay with an excess of 41 staff, pro rata to the staff numbers at EMAS. The planned reduction in EOC by 36 staff over the following 2 years will address the majority of this gap by £1.2 million.
3. IT & Communications £1.4 million – there is a significant variance on IT which may be partly due to having 3 EOCs for a relatively small service, as well as the recent work required to change the CAD. However, the difference is significant and in the main is attributable to excess non pay costs, including £0.4 million for software / licences, £0.2 million for computer purchases and Communications costs (incl data

lines, phone charges) of £0.8 million. These excess costs may be due to the volume of mobile phones in use and their charges and the continuation of obsolete software licences (requires committed review) In Ambulance services the use of communications kit can be prolific and this will require urgent further review along with the other areas referred to above.

4. Estates £1.4 million – all the excess expenditure compared with EMAS relates to non pay and requires a full review. It is clear the Trust requires the development of a full strategy for Estates recognising the current position which remain difficult for all Ambulance Trusts with a portfolio 34 sites across 3 counties and mix between leased and owned.
5. HQ £1.9 million excess cost – this is after taking account of the cost of a Board which remains static for all Ambulance Trusts and so cannot be reduced in cost terms. A pay variance across all Directorates exists of £0.9 million of which £0.7 million relates to pay levels rather than numbers of staff. Of the £0.9 million, £0.6 million is already included as assumed savings over the next 3 years. These areas need in depth review with EMAS as there is much crossover between Directorates and some further clarity is required including, how much training is assumed within baseline budgets for each Trust to ensure true comparability between the costs of the Clinical & HR Directorates.

From the simple current comparison, recognising the need for further clarity, the main adverse differences lie in Corporate £0.2m, Finance £0.1m, Commissioning & Business development £0.2 and HR & Clinical £0.2m.

Non pay excess expenditure of £1.0 million is mainly attributable to HR, Corporate Governance and Finance. All of which require more in depth discussions with EMAS and again for HR there is still clarity required with respect the training element in terms of training numbers and where costs are being charged to within EMAS.

To date face to face dialogue has not been easy to organise and now a programme will be agreed with EMAS to facilitate this review. To be completed by Mid Jan 2010.

A schedule setting out the summary pay position for HQ is attached as Appendix 2.

6. Accident & Emergency Frontline £2.7 million excess cost – the current excess refers relates to frontline staff £2.2 million which makes numerous assumptions about comparability including handover times etc. This is summarised in Appendix 3.

This comparison includes expenditure on Agency staff for GWAS and excess overtime. When a simple comparison is done comparing WTE costs GWAS expenditure is £1.1m less than that for EMAS. This is summarised in Appendix 4 and indicates that GWAS, based on pay rates applied to each category of staff, spend £2.2million less than EMAS, offset by £1.2 million more expenditure by GWAS due to skill mix, with little difference in overall staff numbers.

The Trust needs to consider that based on current WTE and ignoring other areas of expenditure variance to EMAS it has £1.1m available to recruit additional staff and to replace existing agency and overtime expenditure. A further £1.2 million could be

made available if the Trust were able to shift down its skill mix including ECPs and Station managers. This change, however, would take significant time particularly if relying on turnover to change the mix. These combined areas suggest that, with no use of agency and excess overtime, that £2.3million would be sufficient to achieve operational performance with all things being equal.

Any plan will have to address the overlap in cost terms from the current model of delivery, including the dependency on agency and overtime, through to one which focuses on delivery through effective and efficient WTE frontline staffing.

Summary

The key cost differences for the Trust are highlighted above and the areas which now require further in depth review for urgent conclusion:

- Fleet - a full analytical review commissioned focusing on vehicle costs
- EOC – requires confirmation of savings targets and development of implementation plan.
- IT – full analytical review including review of existing external contracts.
- Estates – development of estates strategy and short term review.
- HQ Directorates – full in depth review with detailed dialogue with EMAS
- A&E – this review of staffing requirements highlight, relative to EMAS, that in WTE cost terms GWAS is spending less. However this is currently more than offset by the expenditure on agency and excess overtime. There is also adverse skill mix in terms of skill mix and the development of workforce plan which addresses these issues or makes a clear case for the differential along with clear interpretation of differences.

The information from the this review work needs to recognise the need to for short and medium term change management support and that it will take time for the operational efficiencies to be delivered, some of which are due to external parties e.g. handover times.

Most importantly this report highlights that of a £10.7 million overall cost excess, £8.0 relates to non A&E functions. The opportunities to deliver savings, at this level of interpretation, are many and the majority are not directly linked with frontline service delivery.

Item Ref.	Action	Due Date	Management Responsibility	Progress
1.1	In depth review of required of vehicle numbers by type between GWAS and EMAS.	30/06/2010	Andrew Hollingshead / Neil Goodwin	
1.2	Whole life costing to be undertaken of current GWAS fleet to review cost benefit of current fleet options.	31/03/2010	Paul Bryant	Work completed for DCA options.
2.	Detailed rationalisation plan to reduce to a maximum of 2 EOCs to be completed	31/07/2010	Andrew Hollingshead	Progressing with estate review
3.	Value for Money Review of information systems to be undertaken and reported back to Information Governance Steering Group	31/07/2010	Tom Mills	Draft Terms of Reference developed Jan 2010
4.	Estates strategy to be developed in line with future operational model	30/06/2010	Dave Harwood	High level operational model developed. District Valuer commissioned to undertake work in Jan 2010
5	Plan to reduce Trust HQ and management costs to be developed	30/06/2010	All Directors	Benchmarking of management costs with other ambulance Trusts completed Dec 2009. Analysis of agency use by area completed together with draft

				reduction plan Jan 2010
6	Workforce and recruitment plan to be developed to reduce reliance on external agency staff and overtime.	30/03/2010	Kerry Pinker / Jonathan Lofthouse	