

Cost Savings Arrangements

A checklist for NHS Board Members

This checklist sets out some of the key questions NHS Board Members should be asking to obtain assurance that their organisation has effective arrangements in place to support the identification, delivery, and monitoring of sustainable cost savings.



What are the factors driving the organisation's costs?

Board Members should seek to obtain a clear overview of the full range of pay and non-pay factors driving costs in order to understand the scale of the financial challenges and opportunities facing the organisation.

Board Members should use this information to inform discussions on cost savings targets to achieve financial sustainability in the short-, medium-, and long-term.



Is the organisation selecting the right cost savings opportunities in the right way?

Board Members should seek assurance that the organisation has an appropriate and effective approach to identifying and selecting cost savings opportunities in the most appropriate and effective way.

Board Members should ask whether the organisation has identified and selected cost savings opportunities that:

- are appropriately informed by relevant data and intelligence, including benchmarking data and the views of staff, service-users, and other stakeholders, and are responsive to national / pan-Wales opportunities and priorities;
- are realistic and achievable;
- balance one-off non recurrent savings with more sustainable saving opportunities;
- focus on the medium- to longer-term, as well as the short-term; and
- have been scaled appropriately across all parts of the organisation (rather than a standard percentage applied across all parts).

Board Members should also seek assurances that the organisation has appropriately assessed the impact of its cost savings opportunities on:

- (a) the organisation's strategic aims and objectives;
- (b) the quality and safety of services; and
- (c) performance targets and measures.



Is the organisation managing the delivery of its cost savings opportunities well?

Board Members should seek assurance that the organisation has effective arrangements in place for delivering its approved cost savings opportunities.

Board Members should ask whether there are clear delivery plans in place that set out:

- ✓ the level of financial savings that will be delivered and how they will be measured;
- ✓ the anticipated impact on organisational aims and objectives, the quality and safety of services, and performance measures and targets;
- ✓ the key delivery milestones;
- ✓ the key risks, controls, and mitigating actions; and
- ✓ the senior officer(s) responsible and accountability for delivery.

In addition, Board Members should seek assurance that the organisation:

- ✓ has effective arrangements in place for managing cross-cutting savings plans;
- ✓ is appropriately communicating its cost savings plans to staff, service-users, and other stakeholders; and
- ✓ has the necessary skills and capacity to deliver its agreed cost savings opportunities (or is taking appropriate action to secure the skills and capacity required).



Is the organisation monitoring, tracking, and reporting delivery of cost savings plans effectively?

Board Members should seek assurance that the organisation has an effective approach to overseeing delivery of its agreed cost savings plans.

Board Members should ask whether there are effective operational arrangements in place for:

- ✓ monitoring delivery which reflects the timescales and risks associated with achieving plans and the overall cost savings target;
- ✓ identifying, managing, and mitigating delivery risks;
- ✓ taking action where cost savings actions are off-track, or are having an adverse impact on strategy, quality and safety, and / or performance; and
- ✓ evaluating and improving cost savings arrangements.

In order to maintain effective oversight, Board Members should ensure they receive appropriately tailored finance reports which accurately reflect the organisation's progress in delivering its agreed cost savings.