Current state of play in the NHS - a national policy update

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What will I cover?

1. Current strategic context
2. Our offer to governors
3. Questions and answers / discussion
What will I cover?

Current strategic context

Our offer to governors

Questions and answers / discussion
The current context

### Significant financial challenges: money
- Gap between funding available and required service delivery
- Unprecedented provider sector deficit and loss of financial control

### Increasing operational instability: operations
- Missed performance targets
- Major workforce challenges

### Changing regulatory landscape: regulation
- NHS Improvement
- Simpler definition of success

### Sector wide transformation underway: transformation
- Existing NHS model of care provision breaking down fast
- Strategic ferment with strong emphasis on integrating health and care
The five year forward view

- Provides the longer term strategic policy framework for the NHS
- Close the health and wellbeing gap by better focussing on prevention
- Close the financial gap through a mix of NHS savings (£22bn) and extra funding (£8 bn)
- Close the quality gap by reducing unwarranted variation in care
- Move to new integrated models of care – integrating health and social care; primary and secondary care; physical and mental health care

Biggest challenge for providers: balancing short term operational pressures with need for longer term transformation?
Unprecedented provider sector financial deficit

Number of trusts in deficit

- 2012/13: 26 (11%)
- 2013/14: 90 (27%)
- 2014/15: 129 (49%)

Year to date deficit, Q3 2015/16

- 91 (27%)
- 179 (54%)

Net aggregate deficit £000m

- Q1 2013/14: -105
- Q2 2013/14: -75
- Q3 2013/14: -108
- Q4 2013/14: -467
- Q1 2014/15: -630.2
- Q2 2014/15: -788.2
- Q3 2014/15: -821.6
- Q4 2014/15: -930
- Q3 2015/16: -1616

- Q3 2015/16: -2263

Rising demand and cost
Low NHS funding increases
Unrealistic efficiency ask
Extra staff costs post Francis
Requires funding to solve

Reversing deficits takes funding away from transformation
Macro picture on finances: more pressure coming

**NHS Funding Increases**
- 2016/17: 3.6%
- 2017/18: 1.4%
- 2018/19: 0.4%
- 2019/20: 0.6%
- 2020/21: 1.4%

**NHS vs DH increases**
- NHS 65 yr. ave.: 3.6%
- 2010-20: 0.9%

GDP per head drops 0.3% by 2020/21

Rising deficits met with lots of central grip and initiatives (e.g. caps on using agency staff, capital to revenue transfers)

Use extra spending review money and control total process to return provider sector to surplus: looking increasingly difficult.

DH budget growth starts to slow.
No current realistic plan to realise £22bn efficiency savings. 2018/19 and 2019/20 currently look impossible.
Operational pressure growing

• Providers now consistently missing operational performance targets across the range of targets

• Impact of pressures on primary and social care

• Growing acuity from an older, iller, population with more complex co-morbidities

• Running our providers at capacity levels other advanced Western nations wouldn’t dream of

• Tax payer funding: the advantages of equity versus having party politicians in charge who will find it difficult to acknowledge a gap...especially if they can’t afford to close it
Workforce challenges growing

- Staff bearing brunt from finance / service gap and under increasing pressure
- Large structural workforce shortages with no real plan to address them
- A central workforce planning that is no longer fit for purpose
- Restricting public sector pay for a decade
- A service at war with its junior doctors - a key part of its workforce
- Strategic responsibility for workforce split between 4 national bodies and local / national
- A mobile younger workforce with different views of the “employment deal”
- An unsupportive top down culture impacting negatively on senior leaders
- Are we now in a workforce crisis?
NHS Improvement’s approach

- From 1 April, NHS Improvement combines Monitor and Trust Development Authority
- Short term grip to recover finances and performance; longer term earned autonomy
- Simpler, clearer, single measure of success
- Delegating resource and individual provider oversight to stronger regions
- What works, not what a complex regulatory framework says
- More emphasis on support and helping build provider leadership capability

Source: diagram from NHS Improvement (Feb 2016)
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>• CQC good or outstanding rating</td>
</tr>
<tr>
<td>Finances / Use of resources</td>
<td>• Return to surplus and realise Carter savings</td>
</tr>
<tr>
<td>Access / Operational performance</td>
<td>• Deliver core NHS standards and targets</td>
</tr>
<tr>
<td>Strategic change</td>
<td>• Help lead transformation of your local health and care system and move to new care models</td>
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Foundation trust pipeline

- Still flowing: congratulations to Oxford Uni. Hospitals; Birmingham Community Healthcare; Sussex Community

- Now 155 NHS FTs – over 60% of total

- Significant number of NHS trusts no longer pursuing FT status

- Growing interest in larger organisations / chains / groups and shared back office functions

- Moving from focus on individual institutions to focus on whole local health and care systems
The existing NHS “model of care provision” is rapidly breaking down.

In reaction, there is a strategic ferment looking for new models, boosted by the five year forward view.

Implementation on the ground is being driven by the new care model vanguards and the new Sustainability and Transformation (STP) planning process.
## Some characteristics of existing model

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| **Fragmentation** | • Between primary and secondary care  
                       • Between physical and mental health  
                       • Between health and social care |
| **Medicalisation** | • Treating illness as opposed to ensuring health and well being  
                           • The preponderant role of medical professionals |
| **Hospitalisation** | • Illness -> Hospital -> Intervention -> Wellness  
                            • Dominance of hospital in local health / care system |
| **Specialisation** | • Hospital care dominated by increasingly specialised specialists |
| **History** | • Historic service structure and patterns  
                        • Importance of / emotional attachment to existing buildings & institutions |
### Why existing model is breaking down

| Changing needs                                      | • 20th vs 21st century disease patterns  
|                                                    | • Growing prevalence of LTCs and multiple LTCs  |
| Rising demand                                      | • Ageing population  
|                                                    | • Rising and changing expectations  |
| Innovation                                         | • Technological change e.g. patient self care apps  
|                                                    | • Scientific and clinical innovation e.g. genomics  |
| Financial squeeze                                  | • Long term pressure on health and social funding – costs & demand  
|                                                    | • Ten year deficit reduction programme  |
Manifestations of strategic ferment

- New care models
- Vertical integration
- New organisational forms
- Greater emphasis on prevention
- Horizontal collaboration / integration
- Blurring primary / secondary boundary
- Joint provision of health & social care
- Adopting telemedicine / telehealth
- Switching to greater patient self care
- Integrating physical and mental health
- Workforce changes
- Strategic Ferment
New care models to integrate care better: vanguards

- **£116m funding allocated in 2015/16**
  - Multispecialty Community Providers: 14
  - Integrated Primary and Acute Care Systems: 9
  - Enhanced Health in Care Homes: 6
  - Urgent and Emergency Care: 8
  - Acute Care Collaboration: 13
Sustainability and Transformation Plans

Objective

• Intended to be a key means of delivering the five year forward view
• Strategic, multi year, place based plan to set alongside single year, institution based, operational plans
• Come together with your local place, address the wicked issues and develop a long term plan to transform care and plot a path to sustainability

Process

• 44 footprints; half of ‘STP leads’ are provider chief executives or chairs
• 30 June: submission of final plans
What will I cover?

Current strategic context

Our offer to governors

Questions and answers / discussion
In this context......

**Provider autonomy**

- Boards need freedoms and flexibilities to manage the organisation in a tough climate

**Local accountability**

- Balanced with engagement and accountability locally as well as to regulators, commissioners, Parliament
- Routes to engagement and involvement of members, staff, patients, service users, carers and the public

.........engagement and constructive challenge from governors is fundamental!
Our view of the fundamental role of governors

NHS Improvement may exert more ‘grip’ over the sector while providers return to financial balance but they have committed to a return to ‘earned autonomy’

However the two ‘pillars’ of FT status – board autonomy and local accountability remain fundamental in enabling providers to move forwards in tough times… and are compatible with new care models

The council of governors is fundamental to providing local accountability for services as well as routes to involving members, staff, patients, service users, carers and the public in the work of the trust

We’ll be continuing our work to support councils of governors, and their boards.

We will also be supporting NHS Improvement in developing its model of ‘earned autonomy’ and in exploring what this may mean for NHS trusts as well as foundation trusts
Our contribution in supporting governors

**Strategically...**

- Being clear about the scale of challenge going forward
- Advocating hard on tariff and payment systems to ensure providers are resourced to deliver high quality care
- Ensuring we are central in key national conversations (5YFV task groups, national consultations etc.)

**Within our tailored support for governance and governors**

- Offering a range of “open offer” and “bespoke” support for provider boards and councils of governors. This includes our national development programme for governors, Governwell
- Quarterly newsletter for governors; dedicated website; development of online resources and tools
- Focussing on sharing good practice including at events such as this.
What will we cover?

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Q&A
THANK YOU