GOVERNOR FOCUS
2017

NATIONAL POLICY UPDATE: THE STATE OF THE NHS

5 May 2017

Chris Hopson
Chief Executive
Where is the NHS?

Finances: NHS money tightening and likely to get worse

Operations / quality: pressure continues to mount - from winter pressures to bed occupancy to pressures on quality

Transformation and new models of care: good work being done but early days and still at relatively small scale and scope

Workforce: Growing consensus that the NHS workforce challenge now as big as financial challenge

Rapidly growing pressure leading to greater risk for NHS
Two word pictures

Storm clouds gathering

NHS risk now significantly increasing
What I will cover

1. External environment
2. Finance and performance
3. Transforming the NHS
4. Regulation
5. NHS workforce
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The new No 10/NHS national political relationship

- Personal commitment to NHS
- Commitment to NHS as way to deliver key mission of detoxifying Tory brand
- Ring-fence and increase NHS spend to show NHS safe in Tory hands
- Spending Review settlement carried implicit promise of ‘come back for more in the middle years / nearer election if needed’
- “Tony Blair explained his priorities in three words: education, education, education. I can do it in three letters: NHS”  
  David Cameron

- No personal track record of strong NHS interest
- Lots of other priorities, not least Brexit and Indyref
- Focus on the ‘Just about managing’ as route to reposition Tory brand?
- We’ve led squeezed Departments, and had to reform, now it’s the NHS’s turn – lots to go at: variation, inefficiency etc.
- You said you had a plan, we’ve more than funded it, now deliver: you can’t take the money, fail to deliver and then ask for more
- Rigour, reform and delivery not whingeing and weak ineffective leadership
The General Election: June 8 2017

Snap calling and centrality of Brexit means NHS has little time to mobilise to make NHS a central election issue.

Government view remains that they have fully funded NHS plan and time for NHS to now deliver.

Labour will try to “weaponise NHS” but Copeland showed they may struggle?

Upsets a lot of assumptions e.g. assumptions on getting more pre-election money for NHS in Budget 2017 or 18.

Fraying Central Government confidence in NHS: re-election could mean NHS leadership changes.
Meanwhile….the “meat” of Brexit looms

The Economist March 11 2017

Implications for NHS

- Much depends on precise relationship UK negotiates with EU
- A raft of considerations follow:
  - Economy /public finances
  - Currency risk
  - Recruitment and retention
  - Competition & procurement
  - Research & innovation
  - Regulation: professionals, drugs, devices
  - Impact for suppliers/pharma
- Era defining and more you look at it, bigger it gets
- Big risk here
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Now Into The U-Bend of NHS Funding

- 2010-2020: longest and deepest financial squeeze in NHS history
- NHS cost and demand rises by 4-5.5% p.a. NHS funding 2010-20 rising less than 1% p.a.
- Brexit economic risk suggests no immediate extra money on horizon
Provider Sector finances tightening...

- NHS finances have been tight – about to tighten further
- NHS provider sector meant to be eliminating £2.5bn deficit in 2016/17 and 2017/18
- Good progress but 2016/17 year end likely to c.-£700-750m and 2017/18 about same...
- ...66% of trusts very/fairly reliant on one offs/non recurrents/capital revenue transfers: £1bn.
- CCGs also now under financial pressure
- Danger we’re fixing, not solving, problem and patently unsustainable
- Risk some system leaders don’t accept problem: providers moaning /not trying hard enough

How reliant on non recurrent savings in 2016/17?

- Very reliant: 39%
- Fairly reliant: 27%
- Neither reliant or not reliant: 14%
- Not very reliant: 15%
- Not at all reliant: 4%
...Operational pressure is growing...

• Rapidly rising demand meets prolonged financial squeeze...

• ...plus impact of pressures on primary and social care...

• ...means that providers are now consistently missing operational performance targets across the range of targets...

• ...and that we’re running our providers at capacity levels other advanced Western nations wouldn’t dream of
2017/18: Mission Impossible?

NOW REACHED POINT WHERE NHS CAN’T DELIVER WHAT’S BEING ASKED FOR ON MONEY AVAILABLE

- Demand / cost up by 5.2%; funding by 4.6%: 0.6% gap just to stand still
- Start the year with £700-750m deficit
- 16/17 Four hour A&E performance likely to be 90%ish: minimum of £500m extra needed to hit target
- 16/17 18 week elective performance likely to be 20, not 18 weeks: minimum of £2-2.5.bn extra needed
- Extra 2017/18 cancer / mental health taskforce requirements: £150-200 million
- Figures just don’t add up!
2017/18 and 2018/19 Priorities

Defines what NHS needs to be achieve over the next two years and priorities for 2016/17:

- Deliver financial balance across the NHS
- Recover A&E performance – through supportive programmes and against a more realistic trajectory
- Accept lower elective surgery target
- Strengthen access to GPs and primary care services
- Improve cancer and mental health services
- Still a very stretching ask!
Example: January 2017 winter pressures

What happened?
• Record demand
• Insufficient capacity
• Increasingly wobbly social and primary care
• Most just about coped due to unsustainable extra discretionary staff effort
• Clear warning of unsustainability of current approach, particularly given good weather and low-ish flu rates

What are the solutions?
• Real extra investment & ringfenced winter funding
• Adding real extra capacity
• Boosting support for performance improvement work
• Realistic performance trajectories
• Honesty and realism on what can be achieved
• Government hoping extra social care money will deliver “double benefit” to social care and NHS. Big risk.
In short, the existing NHS model is breaking down

<table>
<thead>
<tr>
<th>Too fragmented</th>
<th>Between health and social care, primary and secondary care, and physical and mental health</th>
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</thead>
<tbody>
<tr>
<td>Too medicalised</td>
<td>Treating illness as opposed to ensuring health and well being</td>
</tr>
<tr>
<td>Too hospitalised</td>
<td>Illness -&gt; Hospital -&gt; Intervention -&gt; Wellness and dominance of hospital</td>
</tr>
<tr>
<td>Too specialised</td>
<td>Hospital care dominated by increasingly specialised specialists</td>
</tr>
<tr>
<td>Too much history</td>
<td>Importance of / attachment to existing buildings and institutions, service structures and patterns</td>
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<tr>
<td>Too much demand</td>
<td>Ageing population and rising expectations</td>
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<tr>
<td>Too big a funding gap</td>
<td>10 years of national austerity</td>
</tr>
<tr>
<td>Too little innovation</td>
<td>Insufficient harnessing of technological, scientific and clinical innovation</td>
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<tr>
<td>Too much variation</td>
<td>Clinical outcomes, efficiency and staff usage, persistent health inequalities</td>
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Clear forward strategic vision for NHS: transform care

Greater emphasis on health and wellbeing rather than illness

Boost prevention: actively manage whole population health e.g. identify health risk and intervene in advance

Support our citizens to manage their own health more effectively, for example long term conditions

Focus on the wider of determinants of health: housing, jobs etc.

Integrate health and care: health and social care; mental and physical health; primary and secondary care

Move care out of hospital closer to home

Rapidly drive change via new care model vanguards & Sustainability and Transformation Plans (more later)
New care models

- Beginning to gather pace across the country
- Small footprints, scale and scope, genuinely different, interesting results
- Rapid emerging patient outcome benefit but less clear on money/efficiency
- Helpful draft frameworks now published / about to be published
- Focus now moving on to spreading best practice
- More than enough benefit to justify continuing to drive at pace...but will take time
- And lots of barriers to change to overcome e.g. cultural, financial, historical
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Pressure reflected in regulatory ratings and grip...

15
Trusts are in quality special measures

9
Trusts are in financial special measures

13
Trusts are in success regime areas

45%
Of rated trusts are rated ‘requires improvement’ or ‘inadequate’ by the Care Quality Commission (CQC)

61%
With ‘maximum autonomy’ or ‘targeted support’ from NHS Improvement

All data correct as of Apr 2017
Many health and care services in England are providing good quality care, despite a challenging environment, but substantial variation remains.

Some health and care services are improving, but we are also starting to see some services that are failing to improve and some deterioration in quality.

91% Hospital bed occupancy rates exceeded 91% in January to March 2016, the highest quarterly rate for at least six years.

Will we be sensitive to the current context? Of course, as far as possible, but we are a quality regulator, the bar does not move on quality. If the current funding envelope means that most of providers will be rated requires improvement, then that’s the rating we will give.
CQC new strategy to 2020

Encourage improvement, innovation and sustainability
- More flexible registration e.g. NCMs
- Assessing use of resources
- Views of quality across populations and local areas

Intelligence-based approach
- Risk-based; comprehensive inspection exception not norm

Promote a single, shared view of quality

1. **Horizontal integration** at national level i.e. NHSE, NHSI, CQC agree on what good looks like

2. **Vertical integration** e.g. Boards and CQC can speak in same currencies and move to look at whole systems not just individual trusts
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Trust leaders

- Workforce issues now biggest problem
- Rapidly heading for / now in a crisis
- No sustainable strategic solutions in sight
- 59% believe they won’t have right numbers, quality and mix to deliver high quality care in six months time

Just two days worth of workforce problem stories from last week’s HSJ
Range of workforce issues – just a selection below

Workforce planning
- Matching supply and demand including retention and Brexit: rota gaps opening up at alarming pace
- Matching numbers to the NHS financial envelope
- Developing new roles and challenging unreasonable boundaries

Pay, terms and conditions
- Pay restraint and competitiveness
- Contract reform
- Staff engagement and morale: reasonable workload, flexibility

Leadership and engagement
- Leadership pipeline and talent management
- Shifting the leadership / clinical relationship
- Rethinking the psychological contract for a new generation
<table>
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<th>Percentage</th>
<th>Concern</th>
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<td>59%</td>
<td>Believe they won't have the right staff numbers, quality and mix in six months to deliver high quality care</td>
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<tr>
<td>49%</td>
<td>Believe their trust's finances are likely to deteriorate against plan over the next 6 months</td>
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<tr>
<td>68%</td>
<td>Thought performance against targets would stay the same or deteriorate, implying targets will still be missed</td>
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<td>79%</td>
<td>Worried or very worried that their local area is not transforming quickly and effectively enough</td>
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<td>74%</td>
<td>Are concerned that the mismatch between money and need will mean poorer quality care</td>
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<td>96%</td>
<td>Felt engaged or very engaged in the STP process</td>
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Three grounds for some optimism...despite context

Clarity on strategic direction of travel
- Integrating care and delivering it closer to home
- Prevention, well being, whole population health

Change starting to happen
- Patient outcome enhancing changes now being delivered
- Multiple different places, at speed

Our staff
- Commitment and professionalism
- Resilience in the face of extraordinary pressure
Governor role in a cold climate – some final thoughts

- Getting the governor support / challenge balance right
- Help engage the public in transforming care, while providing reassurance
- Assure yourself that the Board has right balance between operational and strategic
- Running harder within existing model vs heading for a new one
- Being cognisant of balance between institutional versus system focus for Boards
- Maintaining positivity and optimism in face of growing challenge – continue to act as an advocate
Q&A
THANK YOU

Chris Hopson, Chief Executive, NHS Providers
chris.hopson@nhsproviders.org
@ChrisCEOHopson