

I'm proud to work at The Dudley Group because it...



Paula Clark, Chief Executive

Why are we talking about money?

The NHS has been protected from Government cuts hasn't it? Sadly No, what we get paid drops by 4% a year

The recession is over isn't it? Government still making budget cuts to 2017

I hear DGNHSFT made a small profit last year so we're still OK £300k on £300m! Tiny!

If we overspend the CCG will help us out? Money is tight for them too

Finance always pull a rabbit out of the hat Not this time; we're running out of cash in the bank

at a glance
NHS provider sector finances



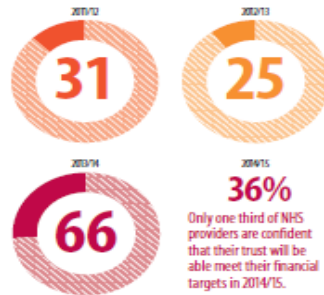
Since the formation of the NHS in 1948, health expenditure has increased by around **4 per cent**, annually in real terms. However, since 2010/11, government expenditure on health has increased at only **0.1 per cent**. If this trend continues, and the NHS budget remains flat in real terms, this will have fundamental implications for provider sector finances and the care they are able to deliver to patients.

£130bn
Required health expenditure by 2020/21

30bn
Funding gap
100bn
Expected NHS England budget

What does this mean for provider finances?

Number of providers in deficit

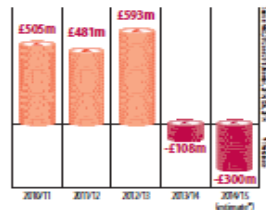


Financial performance (EBITDA for FT sector)

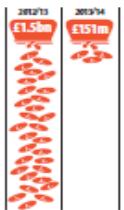


"I'm putting in the trust's first deficit plan for over twenty years"
Finance director at an NHS trust

Net provider financial position (trusts and FTs)

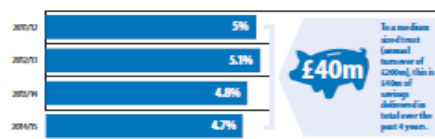


DH revenue underspend

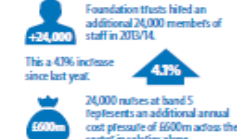


NHS providers are still managing to deliver high quality care, despite unprecedented levels of efficiency savings

Financial savings delivered



Staff numbers (FT sector)



What needs to be done?

If current trends continue, the number of providers in deficit will continue to grow. It is unsustainable for NHS providers to keep absorbing cost pressures by going in to deficit or by cutting surpluses that would otherwise be used to improve patient services. We need:

- A **FUNDING AND PAYMENT SYSTEM** for providers which more realistically matches resource to demand.
- RECOGNITION** that transforming services requires invest-to-save funding support rather than annual budget slicing.
- A **MULTI-YEAR SETTLEMENT** for the NHS after the general election to give providers a stable platform to plan from.

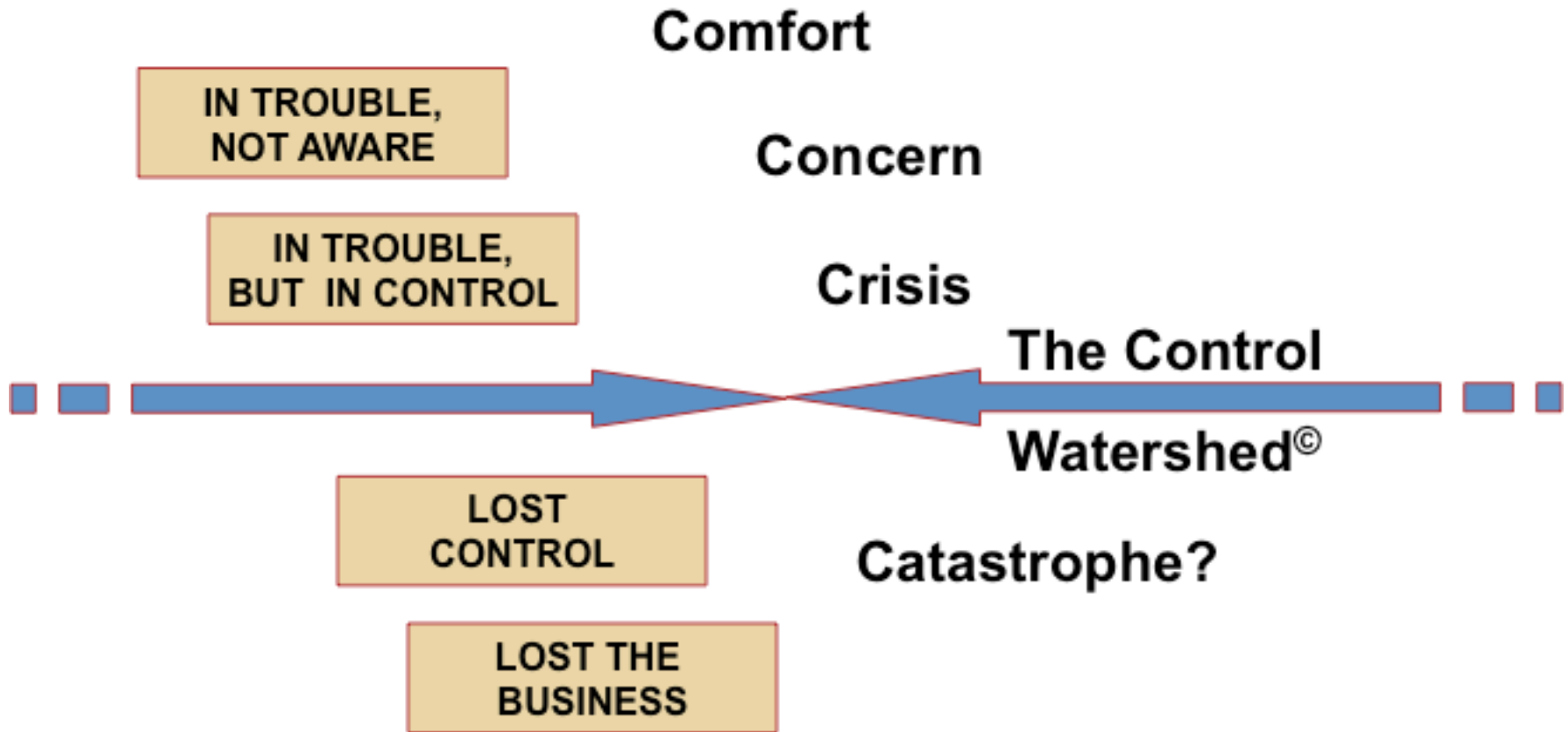


The NHS challenge:

- NHS spending has increased on average by 4% a year.
- For the decade ahead, the NHS budget is likely to remain flat in real terms.
- Demand is expected to rise as people live longer, have more complex health problems and more advanced treatments become available.
- These trends in funding and demand have in part led to a financial gap in The Dudley Group of £21m for 2014/15 and £30m over the next two years.
- Forecasting a deficit for the first time in our history
- To meet this challenge, our organisation and the wider health services must change.
- We have placed ourselves in turnaround to try to prevent this being enforced upon us by our regulator Monitor
- Monitor in June agreed our planned £6.7 million deficit

Chief executive's introduction:

Staying in control of our own destiny:



Our Clinical Professional Leaders – Doctors & Nurses at the heart of change

- We must protect the safety and quality of our service and continue to provide good care to the people of Dudley.
- We must deliver the quality priorities as agreed in the quality accounts.
- Changes to operations directorate to empower clinical leaders and managers to work within our financial restraints.
- We are working to get nurse staffing establishments correct and recruiting overseas to fill vacant posts as well as ‘growing our own’.
- We must enhance and embed ward-based Nurse leadership.



We are:

- Implementing a financial recovery plan to gain control
- Ensuring ward nurse establishment right by the end of 2014/15 (1:8 plus)
- Investing £3m in nursing establishment
- Cost controls are in place to regain control
- Investing in IT systems to enable us to be more efficient e.g. reducing manual processes
- Scrutinising every vacancy through a thorough quality impact assessment process
- Eradicating agency spend



At a glance 2014-2016

The Dudley Group operational plan

A place where people matter through values of



How will we deliver this?



One third of benefit can be delivered by local service improvement/turnaround effort within the Trust
Redesign and improve patient services to improve quality and efficiency, through, for example, shorter lengths of stay; assume 2% savings per annum.

One third can be delivered across the local health economy
Redesign care pathways to transform how patient care is provided across the system and reduce unnecessary emergency admissions, improving quality and efficiency; assume between 1 and 2%

One third requires wider system intervention
In the Black Country we propose that a Black Country review is considered, to help identify a range of ways providers can work together.

Challenges and risks

- ♥ Improve and sustain urgent care performance.
- ♣ Recruit to nursing posts.
- ⊕ Plan for a lower level of admissions under the Better Care Fund (BCF) intentions.
- ♥ Plan for the delivery of seven day services.
- ♣ Recover deteriorating financial position through turnaround and further service improvement.

Central to success of our plans

- ⊕ The creation of significant inpatient capacity to improve our elective activity contract and Referral To Treatment performance.
- ♥ Integration of community services to ensure multi-agency teams focused on long term conditions and care of the older person.
- ♣ Embrace redesign of other specialities.

The greatest quality risks

- ⊕ Poor patient flow leading to poor patient experience.
- ♥ Inpatient nursing establishment, not yet optimised in all areas.



Overarching principles

- ⊕ **Quality** – strong nursing standards, good governance systems, 24/7 cover in core district general hospital services, standardised medical best practice, excellent patient experience scores
- ♣ **Services** – clear decisions on future of our sub-regional specialist services and estate/IT strategy matching service need
- ♥ **Activity** – greater balance between core DGFT emergency and elective income, reduced emergency admissions, simplified urgent care model and consistent 4 hour target delivery, robust and significant surge capacity contingency, best in class standards on length of stay and outpatients
- ⊕ **Workforce** – stable and well established nursing workforce, fully integrated health and social care teams, 24/7 cover where applicable
- ♣ **Finances** – improved liquidity, upper decile performance, capital developments with strong return on investment

