

**To:** The Board

**For meeting on:** 22 March 2018

**Agenda item:** 5

**Report by:** Ian Dalton, Chief Executive Officer

**Report on:** Chief Executive Officer's report

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## Introduction

1. I would first like to thank all those who work in the NHS and have demonstrated incredible dedication and resilience through an exceptional winter period. It is a privilege for us at NHS Improvement to work with teams in the sector who are so committed to their patients and colleagues. I would like to thank my staff as well, who have worked hard to support the sector through a very difficult few months.
2. Since we last met I have given evidence to the Public Accounts Committee following the NAO's recent report into Sustainability and Transformation in the NHS. I have also given evidence to the Health Select Committee on Integrated Care. Both these hearings were a valuable opportunity to communicate some key messages around the challenges and enablers to deliver the changes necessary to put the NHS on a more sustainable footing and deliver on integrated care.
3. In the last two months I have visited several providers across the country and visited our office in Taunton this week. We also held a provider Chief Executive Officer (CEO) event in London last week which was an opportunity for me to set out my views on where we are as a sector and what we collectively need to do to continue to improve. It was also a chance for me to personally thank the leadership of the provider sector for their tireless efforts to get through winter.
4. As I committed to at the last Board, we are now three weeks into a nine week piece of work with McKinsey to reshape our operating model and senior executive structure. This work needs to move at pace and good progress has already been made including workshops with staff, the executive team and many interviews with providers and stakeholders. As well as participating in workshops the executive team has actively participated in this work through interviewing provider CEOs from outside their day to day networks. This has been a particularly valuable exercise and feedback on this has been really positive. The project team is working very closely with the NHS England / NHS Improvement joint working project team to ensure alignment of the two pieces of work.

5. In February we published the independent review into Liverpool Community Health NHS Trust (LCH) led by Bill Kirkup. I would like to thank Bill and his team for their commitment to this review and for producing a high quality clear report that we are now acting on. The failures identified, whilst historic, are a timely reminder that our utmost priority in all that we do is ensuring patients are put first. LCH is a sad example of where this clearly was not the case. We are fully committed to acting on the report's recommendations and a full paper on this will be discussed later on the agenda.

## **Winter**

6. After a challenging period in December, accident and emergency (A&E) performance had improved in January. However, February and March has seen a decline. In February, A&E performance was 85.0% and year to date performance (88.7%) dropped below the same time last year (89.0%). The system continues however to see more patients within 4 hours compared to last year, and this is despite year to date emergency admissions growth up 2.0% for 1 day+ patients and 7.8% for 0 day emergency patients.
7. This year flu and norovirus have hit us hard. At the peak, the combined effect of hospitalisations from flu and bed closures from D&V was estimated to equate to up to 5,000 of G&A beds. Flu is starting to come down, but we are seeing a long shoulder. The effects of the cold weather were also felt across the system with a rise in acuity (heart attack, stroke, respiratory) following as a direct consequence of the drop in temperature.
8. The National Emergency Pressures Panel met on 26 February 2018 and decided not to extend the recommendations from earlier meetings in relation to elective. Instead, systems were asked to work with their Regional Directors to plan a timely and appropriate return to a full elective care programme, based on local clinical and operational pressures. The Panel also met last week and following this, the National Director and Medical Directors from NHS England and NHS Improvement wrote to all trusts with advice on enhancing medical capacity over the coming weeks. At the same time, the Secretary of State also wrote to all Local Authorities requesting further focus on delivering weekday levels of discharge at weekends and ensuring sufficient level of staffing to support this level of discharge.
9. We are now in the process of preparing for Easter, including seeking assurance from organisations on their demand and capacity planning for this holiday period.

## **Budget and Planning**

10. The planning guidance for 2018/19, Refreshing Plans for 2018/19, was published jointly with NHS England on 2 February 2018. Priorities for the NHS remain consistent with the two-year planning guidance published last year and delivery remains critical in these priority areas.

11. Given that two-year plans and contracts are in place, the planning process for 2018/19 is characterised as a refresh of plans already prepared. The assessment process is now underway and we will need to gain assurance that the updates to operational plans respond in particular to the specific requirements associated with the additional NHS funding of £1.6 billion for 2018/19 and the further £540 million available through the Mandate over the coming financial year.
12. In order to make the performance improvements required, it will be vital that operational plans for each trust provide for a reasonable and realistic level of patient activity, aligned with commissioner planned referrals and volumes of care - and demonstrate the capacity to meet this. We will be supporting providers to ensure that their plans prepare for next winter appropriately and are both stretching and realistic from a financial perspective, particularly in relation to meeting Control Totals and making the most of the efficiency opportunities identified by the Carter review and the agency rules.
13. A key difference during this planning round is the approach to integrated working across local health systems. The planning guidance highlights the expectation that all Sustainability and Transformation Partnerships will take an increasingly prominent role in planning and managing system-wide efforts to align provider and commissioner plans and improve services. The first Integrated Care Systems (ICSs) are expected to prepare plans that represent a system-wide approach. Whilst we expect ICSs to assure and track progress against organisation-level plans within their system, individual organisation-level plans are still important to ensure clarity about responsibilities and for tracking in-year performance.

### **Challenged Trusts**

14. There are currently 21 providers in special measures:
  - a. six providers are in special measures for both quality and finance;
  - b. nine providers are in special measures for reasons of quality only; and
  - c. six providers are in special measures for reasons of finance only.
15. Since the Board last met, *Barking, Havering and Redbridge University Hospitals NHS Trust* entered special measures for finance in February 2018.
16. NHS Improvement teams from Regulation and Operational Productivity continue to work closely with those providers in special measures for finance to mitigate and improve their current year positions and to work up robust plans to deliver sustainable improvement in 2018/19.
17. No providers have entered or exited special measures for quality since the last report. However, NHS Improvement currently considers there are a number of trusts with the potential to exit within the next 12 months.