

**To:** The Board

**For meeting on:** 26 July 2018

**Agenda item:** 5

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

**Report on:** CEO's report

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## **Introduction**

1. The NHS's 70<sup>th</sup> birthday, and the funding settlement, have been a major focus since we last met. In the run-up to the settlement announcement, I spoke at the NHS Confederation annual conference, which gave me the opportunity to communicate some of our current major areas of focus, including a commitment to reduce the unnecessarily long hospital stays experienced by frail older people. I also gave evidence to the Health Select Committee on the funding settlement, where I discussed our numerous aims, including transformation of care provision, capital funding, and addressing underlying deficits, whilst continuing our drive to improve productivity. Finally, I was honoured to attend at the NHS birthday celebrations in Westminster Abbey and speak at York Minister, where I was able to thank our dedicated staff for their exceptional contributions over the past seven decades.
2. We also welcomed a new Secretary of State for Health & Social Care, Matt Hancock, whom I'm looking forward to working with. I also congratulated Jeremy Hunt on his appointment as Foreign Secretary after his six years as Health Secretary, where he helped secure the funding deal for the next five years.
3. I've also visited a number of providers, including Luton and Dunstable University Hospital NHS FT, and Mersey Care NHS FT. At Mersey Care, staff described to me the serious and unacceptable lapses in care they witnessed at Liverpool Community Health NHS Trust, and talked to me about the culture at the trust and its impact on them as carers. Everything I heard made me absolutely committed to implementing the recommendations made by Dr Bill Kirkup (discussed later on in the agenda) to ensure such poor care can never recur elsewhere.

## The NHS Plan

4. As you're all aware, the Prime Minister announced, in March, the development of a 10-year plan for the NHS. This was followed by the the funding settlement, which will deliver real-terms growth of 3.4% over the next five years, with additional nominal, recurrent pensions funding of £1.25bn.
5. We now have a lot of hard work ahead of us. I have been working closely with Simon Stevens to lay out a programme of work over this summer and early autumn to develop a 10-year vision for the NHS, which will focus on our key priorities, including transforming health outcomes for cancer, mental health, children and older people, meeting agreed performance standards for access and waiting times, workforce, and putting NHS finances onto a stable and sustainable footing.
6. All of our directorates are supporting the creation of the plan, which is being coordinated across NHS England and NHS Improvement. In the coming months, our particular focus will include:
  - the creation of strategic plans which outline how we will deliver the key priorities above and how we will ensure sustainable change
  - a new approach to capacity planning that supports the NHS in matching financial resources with the workforce and physical capacity needed to meet demand
  - a review of the NHS financial architecture, to help meet the key financial tests set out by the Prime Minister, including improving productivity and efficiency, eliminating provider deficits and managing demand more effectively
  - an expansion and acceleration of our productivity and efficiency work, to support the NHS in using the additional funding as efficiently and effectively as possible;
  - providing a clearer vision and roadmap for the development of integrated care systems
  - developing plans for more proactively developing the provider landscape, to help integrate care, develop more clinically and financially sustainable services, and foster innovative new collaborative models
  - contributing to work by DHSC and Health Education England to develop a new workforce plan for the health and care sector.
7. All this will have implications for how we and NHS England work regionally and centrally, and our operating model will need to provide a clear accountability framework for future work across these areas. The many interdependencies between the various components of work listed above, combined with the pace at which we need to move, requires us to work very closely together to coordinate an effective programme.
8. The work on the new financial framework will need to address a complex range of issues, including tariff, control totals (both organisational and system), sustainability funding and other financial flows. Last month I took part in a valuable round-table discussion with NHS Providers and a number of trust CEOs and Finance Directors, in which we began testing early ideas for the changes to

the financial framework, and we plan to continue engaging with the sector throughout this process.

## **Joint Working Programme**

9. At the same time, we are continuing to progress the Joint Working Programme across NHS Improvement and NHS England. Following the announcement of the key principles underpinning joint working and the high-level structures for the integrated organisations, we have been working on developing the future operating model and on beginning consultation on the most senior new roles in the structure.
10. This work is being undertaken against a set of core principles: to increase value, reduce complexity and duplication, improve transparency, increase collaboration, and create a model that is practical, adaptive and cost-effective.
11. Senior individuals across both organisations have been identified to support the functional design process and help complete the design of 'CEO-2' roles. I have made a commitment to finalise these structures in the autumn.
12. I am grateful to our senior staff for their commitment to this work, and for supporting the staff across the organisation through this time of change.

## **2018/19 Delivery**

13. In addition to our longer-term planning, there are a number of actions we need to take in the shorter term. We need to continue driving forward work to achieve our goals for this year, and prepare for next.
14. On 2018/19, our key focus is to continue supporting improvements in quality of care, improving performance against access and waiting time standards, and restoring financial balance across the trust sector. This includes:
  - a. ensuring that each trust has credible financial and operational plans which will deliver ambitious yet realistic levels of activity and are aligned to commissioners' assumptions;
  - b. Targeted support to our most challenged providers, which I discuss in further detail below.

## **Challenged Providers**

15. In addition to the ambitious programmes of work above, we continue to support our most challenged trusts in developing and implementing plans for sustainable, high quality care, through the special measures regime.
16. There are currently nineteen trusts which are in special measures, of which:
  - a. eight are in special measures for quality reasons
  - b. six are in special measures for financial reasons

- c. five are in special measures for both quality and financial reasons.
17. Since the Board last met, three organisations have officially exited the special measures regime:
- a. As I verbally reported at the previous board meeting, London Ambulance Service NHS Trust exited special measures in May, having entered in December 2015.
  - b. East Sussex exited special measures for quality reasons, following a CQC inspection in March 2018 which identified improvements in leadership, staff engagement, systems and processes. The Trust was rated 'requires improvement'. However, the Trust remains in special measures for finance due to its deficit, and I continue to have concerns about its financial sustainability.
  - c. Brighton and Sussex University Hospitals NHS Trust exited special measures for financial reasons in July 2018. The trust delivered against its 2017/18 control total and has a robust plan in place for 2018/19. This was driven by improvement in leadership and governance, linked to a three-year management agreement with Western Sussex Hospitals NHS FT which was negotiated in April 2017. They continue to be in special measures for quality reasons and we will continue to provide support to the trust in delivering improvements on this front.
18. We have had one entry into special measures since the last board meeting: Norfolk and Norwich University Hospitals, which entered on 18 June 2018 on grounds of quality. There are concerns about urgent care, culture and governance at the Trust, as well as significant levels of change in the Executive Team. We have developed a package of measures to support the Trust in exiting special measures, including the appointment of an Improvement Director and creation of a Quality Improvement Plan.
19. I'd like to mention two other challenges of very different types which are being dealt with at present:
- a. A publication on the events at Gosport Hospital were published on 21<sup>st</sup> June, which provided findings suggesting at least 456 patients died due to inappropriate prescribing of opioids. I am working with our Executive Team, supported by Kathy McLean, to understand the implications for the NHS and for NHS Improvement, to review and strengthen safeguards to ensure such a tragedy never occurs again. We have written to trusts to seek confirmation that the syringe drivers referred to within the report are no longer being used;
  - b. Salisbury NHS FT is once again facing the extraordinary situation of dealing with the aftermath of further incidences of nerve agent poisoning. The trust has risen to this challenge admirably, and I am very grateful to the staff for their hard work alongside supporting the rest of the community.