

**MINUTES EXTRACT OF RESILIENT COMMUNITIES SCRUTINY COMMITTEE MEETINGS  
RELATING TO BLACKPOOL TEACHING HOSPITALS TRUST'S SUSTAINABILITY ISSUES**

**FINANCIAL DEFICIT AND IMPACT UPON QUALITY OF CARE - 5 NOVEMBER 2016**

Councillor Kath Benson, who had declared a personal and prejudicial interest in the item, left the room for the duration of its consideration. Councillor Andrew Stansfield was in the Chair.

Mr Tim Bennett, Director of Finance, Blackpool Teaching Hospitals NHS Foundation Trust advised that the Trust had a significant financial challenge that was not unique with 78 out of 83 foundation trusts' facing a financial deficit. He highlighted the key reasons for the deficit as the use of agency staff, the cost of pay awards and the increasing costs of clinical negligence.

Members queried the action the Trust would take in order to reduce the use of agency staff and increase recruitment and retention of NHS staff. Mr Bennett advised that agencies could charge a premium as demand for services exceeded supply of staff. To alleviate this pressure, a national policy had been put in place that would commence in 2016 and would limit the amount agency staff could be paid to 25% more than an NHS wage. This, in addition to the benefits of working for the NHS such as sick pay, annual leave and a pension, would hopefully have a positive impact on the retention of staff. Mr Bennett added that the Trust was also being innovative in its approach to recruitment and retention by seeking employees from outside of the UK and considering how to promote a better work life balance for current employees.

In response to further questions, Mr Bennett advised that the key reasons for employees' leaving the Trust had been identified as retirement and a desire to work more flexibly. He added that the NHS needed to be able to respond to agencies who could offer staff a working pattern that they could control.

Mr Bennett advised that the Trust was also aiming to reduce the length of stay in hospital and that Blackpool Teaching Hospitals Trust recorded a length of stay up to one and a half days longer than other trusts. He added that the Trust was hoping to achieve a reduction in length of stay through streamlining processes and ensuring patients were given an expected date of discharge upon admission, as this was proven to reduce length of stay.

In response to further questioning, Mr Bennett advised that the significant increase in the cost of clinical negligence was not due to an increase in claims, but a national policy to discontinue the 'no claims discount' previously awarded to Trusts with lower claims for negligence.

The Committee queried if the Trust had produced a plan for financial recovery that would allow Members to understand the key targets of the Trust and how it was meeting those targets. Mr Bennett agreed that he would present the recovery plan to a future Committee meeting in addition to the strategy that had also been developed.

The Committee agreed to add consideration of the financial recovery plan and strategy to the Workplan.

#### **ACTION PLAN AND STRATEGY FOR FINANCIAL RECOVERY - 4 FEBRUARY 2016**

Mr Bennett, Director of Finance advised that Blackpool Teaching Hospitals NHS Foundation Trust had reviewed clinical and financial sustainability over the previous 12 months. He highlighted the key challenges a growing financial deficit, higher than expected mortality rates as reported by the Keogh review in 2013, lower than desired Care Quality Commission (CQC) ratings, a growing demand for non-elective services, difficulties in meeting targets consistently and recruitment and retention of clinical staff. Mr Bennett advised that in order to provide a sustainable future the challenges must be addressed.

The Committee was informed by Mr Bennett that the Trust had established a number of working groups consisting of clinical and operational leaders in order to identify ways in which to address the identified challenges. He added that the working groups focussed on six subjects including urgent/emergency care and long term conditions/out of hospital care and that potential solutions had been divided into three timeframes. It was highlighted that some solutions could be achieved by the Trust and that others required a joined up working with partners.

Mr Bennett advised that the outcome of the working groups had been translated into six ambitions, each with a key measure of success. It was noted that the first ambition was to reduce the levels of mortality from the current level of 112 to less than 100 in three years, which was the current national average. Mr Bennett reported that in addition to the six ambitions, seven work programmes had been developed including standardising care to deliver high quality to all patients and getting the most value from resources.

The Committee discussed the ambition in relation to staff satisfaction noting the considerable increase in target from 69% to 85% in five years and queried how the increase would be achieved. Mr Bennett advised that the Trust was implementing an organisational development programme to ensure that leadership was more clinically focussed and that it was envisaged that a more engaged workforce would improve patient satisfaction.

Members queried the work programme to standardise care, in particular relation to maternity services, and raised concerns that patient choice would be removed. Mr Bennett assured the Committee that standardised care would not remove patient choice

and that the work programme related to the standardisation of outcomes and not the standardisation of the pathway.

The Committee queried how the Trust would achieve the target mortality rate whilst managing the financial pressures of the organisation. Mr Bennett advised that there would be financial consequences to achieving the target and that the predicted cost had been included in the financial plan. He added that achieving the mortality rate target would be difficult as the national average would also continue to reduce.

In response to questioning, Mr Bennett advised that the Trust was trying to address the recruitment and retention issue in innovative ways. He added that there was a national shortage of consultant in many specialties including Dermatology resulting in a need to redefine and redesign service models rather than continue to rely on consultant led services. In response to a further question Mr Bennett advised that staff turnover was comparable to other Trusts in Lancashire and that there were a number of reasons staff left the organisation including age and career enhancement.

Members discussed the timescales in relation to the targets and Mr Bennett advised that progress would be monitored on a regular basis. The Committee requested that Mr Bennett attend a future meeting of the Committee to report on progress made against the targets identified by the Trust.

The Committee agreed to request a report from Mr Bennett in approximately six months detailing the progress the Trust had made in relation to the ambition targets and work programmes.

#### **STRATEGIC AMBITIONS, TARGETS AND FINANCIAL POSITION - 14 DECEMBER 2016**

Mr Tim Bennett, Deputy Chief Executive and Director of Finance, Blackpool Teaching Hospitals NHS Foundation Trust presented a progress report on the Trust's strategic ambitions, targets and financial position. He explained that the Trust was a large complex entity with a wide range of specialist and community services. Progress reports had been delivered to the Resilient Communities Scrutiny Committee in November 2015 and February 2016 when that Committee had been responsible for health scrutiny.

The strategy ran from 2015-2020 and aimed to deliver improved long-term clinical and financial sustainability.

Tim Bennett explained that the strategic ambitions had measurable targets to: improve quality of care (reduce mortality rates and improve patient experience); reduce the length of stay for operations; to develop the workforce (improve staff satisfaction and reduce staff turnover); and improve financial robustness.

He highlighted patient care as being the Trust's primary goal. Mortality rates were based on average numbers of 'expected' deaths under normal conditions. The Trust's rates had been as high as 120 expected deaths in previous years and were now down to 114 with a target of 100 in three years. He added that reducing deaths by even small numbers required significant resource effort to improve patient care.

Tim Bennett referred to the aspiration to improve patient experience ('Friends and Family Test') from the current 95.8% satisfaction rate to 98% in three years. He added that good progress had been made.

He referred to the length of stay in hospital patients had for undertaking operations. It was important to consider people's needs carefully from admission to discharge and aim to discharge people in good time. He re-iterated comments made by health colleagues that, other than for emergencies, being in hospital was not the best environment for promoting health and wellbeing; discharging people into community care was better.

Tim Bennett reported that the current length of stay was higher than average at 4.2 days with a target of three days in five years. He explained that the target appeared a modest goal over a long period but it was a significant challenge to reduce length of stays and was a gradual process. Members noted that there were many thousands of different pathways of care for patients and that significant changes would be required particularly at admission stages for emergencies. He added that progress had been slow for elective (planned in advance) care. Complex surgery was often necessary but it was important to aim to get more people coming in just for one day.

He referred to supporting the workforce through improving staff satisfaction and reducing staff turnover. At the start of 2016, the Trust had been using a relatively high proportion of agency staff at a high cost. Agency use had been reduced by focusing more on filling permanent vacancies. Although good progress had been made continuing financial pressures meant that it had been necessary to impose a recruitment freeze (non-clinical staff) and improve 'back office' efficiencies. Clinic vacancies needed to be filled at appropriate times as non-clinical staff were needed to support them but were not currently being recruited.

Tim Bennett reported that the Trust's financial position remained at the same level two risk rating with a target to secure a better level three risk rating in three years. Good progress had been made and would continue with greater efficiencies in back office functions.

The Chairman enquired what the Trust's current financial position was. Tim Bennett explained that the target was to secure a balanced budget for the end of the current financial year, 2016-2017. He added that a further £22m savings had to be found by the end of March 2016. The NHS Improvement Agency had agreed to contribute £10m for

sustainability purposes leaving another £12m to be found which he was confident would be achieved through a range of in-house savings.

Tim Bennett added that winter was the most challenging period with greatest service demand. Precise demand and costs varied depending on the severity of winter. Use of agency staff could also increase during winter. In response to Members concerns on the impact on patients, he gave assurance that patients' needs came first across the Trust.

The Chairman referred to use by the Trust of the Aspire private hospital services at a cost of £9m. He was concerned about the long-term impact on in-house patient services due to use of private care at a high cost. Tim Bennett re-iterated priorities to ensure high quality care and patient satisfaction. However, NHS providers did not have full capacity to meet patient demand so had to consider all options.

Members referred to the high costs of Aspire and that the Trust previously had high levels of reserves which were now at seriously low levels and expressed concern at those in conjunction with the growth in patient demand and the sustainability of the trends going forward. Tim Bennett acknowledged the pressures and that demand had increased for beds in acute wards so it had been necessary to use other options.

The Committee noted that patient satisfaction was currently 95.8% but staff satisfaction was only 69%. Tim Bennett acknowledged that staff satisfaction needed to be improved. Efforts were being made to achieve better staff morale but it was recognised that they worked in a highly pressurised environment.

Members referred to accident and emergency turnaround targets of four hours which were not being met and gave an anecdotal example of a poor stay experienced by a patient but apparently deemed to be a 'normal' experience. As part of supporting accident and emergency, they enquired how long the recruitment freeze for non-clinical staff was projected to last. Tim Bennett explained that a range of initiatives were being pursued across the health and social care sector to reduce demand for acute services and improve efficiencies. The recruitment freeze would run until the end of March 2017. He added that example of poor experience being seen as normal was not usual practice and high standards were set and offered to follow up the case if details could be provided.

The Committee agreed to receive an assurance report in spring or summer 2017 on clinical care and financial performance achieved during the winter period (end March 2017).