

Report to:	RESILIENT COMMUNITIES SCRUTINY COMMITTEE
Relevant Officer:	Tim Bennett, Director of Finance
Date of Meeting	5 November 2015

BLACKPOOL TEACHING HOSPITALS NHS FOUNDATION TRUST – FINANCIAL DEFICIT AND IMPACT UPON QUALITY OF CARE

1.0 Purpose of the report:

- 1.1 The Committee is asked to consider the Trusts update on meeting its budget saving targets.

2.0 Recommendation:

- 2.1 The Committee is asked to note the contents of the report and ask questions and make recommendations that are considered appropriate

3.0 Reasons for recommendation:

- 3.1 To ensure constructive and robust scrutiny of the report

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

- 3.2b Is the recommendation in accordance with the Council's approved budget? N/A

- 3.3 Other alternative options to be considered:

None

4.0 Council Priority:

- 4.1 The relevant Council Priority is "Improve health and well-being especially for the most disadvantaged."

5.0 Background Information

5.1 Members from the Trust will be in attendance at the meeting to address any questions.

5.2 Blackpool Teaching Hospitals Financial challenge

5.2.1 The Trust planned a deficit of £11m by the end of the year, however, due mainly to agency over-spend the Trust is already £9m overspent at month 6 and therefore needs to put measures in place to control this. This will include measures to reduce length of stay, reduce agency spend and treat more patients to achieve target income.

5.2.2 The Trust ended last year in deficit by £4.3m. It was expected that this would worsen to £11.3m in the current year. This downward shift of £7m is driven by the fact that funding has been cut by £6.7m and in one of the biggest areas of spend (pay) the rates are determined at a national level. The cost of pay awards amounts to £6m. On top of this costs for clinical negligence have also risen by £3.9m. This isn't the result of care deteriorating or more claims made against the Trust but a decision at a national level to remove any discount for achieving certain quality standards (NHSLA standards). This has affected all Trusts across the country.

5.2.3 Through a combination of less funding and increased costs outside of the Trust's direct control there has been an overall reduction of £16.6m. There are other things as well such as the decision to invest in increased staffing to drive up quality and these are then offset by a cost savings programme, but the net position is a deterioration from last year, as seen virtually everywhere else in the NHS.

5.2.4 On top of that there has been a further worsening in year (hence the drive for the recovery plan) but this is nearly all down to the increased use of agency staff. The Trust has been unable to recruit/retain sufficient staff and in order to ensure the provision of safe care has had to rely on other means including agency staff. Again this is a similar problem throughout the NHS.

5.2.5 A key aim of the Trust is to reduce the length of stay, to in turn reduce bed numbers and save money in areas such as the use of agency staff. Cutting agency costs is a priority for the Trust.

5.2.6 Technology can also help patients remain in their own homes, for example, by remote monitoring, which means they can be called into hospital when needed rather than attending unnecessarily. Another example is intravenous therapy, which could mean a stay in hospital for a patient of three to seven days. 90% of patients who have intravenous therapy now either go to a clinic at one of the Community Health Centres or are visited in their own homes rather than attend hospital.

5.2.7 On a positive note, the Trust has a good track record of delivering savings and has been working hard for the last few months with clinicians and local GPs to redesign services to make them clinically and financially viable in to the future. This isn't easy and a full strategy has not yet been developed, however, progress is being made and innovative and exciting new ways of working are being identified (extensive care being the prime example).

Does the information submitted include any exempt information?

No

List of Appendices:

None

6.0 Legal considerations:

6.1 N/A

7.0 Human Resources considerations:

7.1 N/A

8.0 Equalities considerations:

8.1 N/A

9.0 Financial considerations:

9.1 N/A

10.0 Risk management considerations:

10.1 N/A

11.0 Ethical considerations:

11.1 N/A

12.0 Internal/ External Consultation undertaken:

12.1 N/A

13.0 Background papers:

13.1 None