Guy's and St Thomas' NHS
NHS Foundation Trust

Council of Governors' Meeting

28th January 2015

(CG/15/05)

Council of Governors' Report: Service Strategy Working Group Report Meeting held on 13th January 2015

Status:	A paper for Information
History:	Regular report

Robert Park
Governor

Guy's and St Thomas' NHS
NHS Foundation Trust

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A paper prepared by Emma Saunders, Trust Planning Manager and presented by Robert Park, Governor and Lead

Service Strategy Working Group Report

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1. **Attendees:** Robert Park (Lead), Yvonne Craig-Inskip, John Burns, John Porter, Devon Allison, Paula Young, Kate Griffiths-Lambeth, Sue Hardy, Tom Hoffman, Ken Hayes and Jeff Whitear. Martin Shaw (Director of Finance), Jackie Parrott (Director of Strategy) and Emma Saunders attended from Guys and St Thomas'. Ann MacIntyre, Kate Langford and Maggie Hicklin attended for the presentation on seven day services.

Apologies were received from Jenny Stiles, Barry Silverman, Sheila Shribman and Ian Abbs.

2. **Notes of the previous meeting and matters arising**

2.1 The notes of the previous meeting held on 7th October 2014 were agreed. There were no matters arising.

3. **Trust income flows and 2015/16 finance plan update**

3.1 Martin Shaw, Director of Finance gave a presentation on Trust income flows and the 2015/16 business planning round financial position. The presentation had been circulated in advance.

5.1 Martin highlighted the following:

- **NHS income:** Of the £1.24 billion planned income in 2014/15, the majority (£944 million) will be from Clinical Commissioning Groups (CCGs), NHS England and Local Authorities for NHS clinical services we provide. CCGs and NHS England receive their funding directly from the Department of Health. The Trust invoices each commissioning organisation separately.

- **Education income:** We plan to receive £78.1 million for education services in 2013/14. This includes funding for training: medical and dental undergraduate doctors and dentists (SIFT (Service Increment for Teaching)); postgraduate doctors; other professionals such as physiotherapists. The prices paid for providing education services changed in 2012/13, resulting in a £9.1 million reduction in what the Trust was paid with temporary transitional funding relief to off-set this (£4.1 million in 2014/15). We have recently carried out a detailed costing exercise to

determine what providing education services costs. This showed providing education services actually costs the Trust £90.3 million per year.

- **Research and development (r&d):** We plan to receive £52.9 million in 2014/15 for r&d activities. This funding used to be paid in a block contract but, following a number of tenders we now have separate trading accounts and service lines for all r&d work.

- **Other income:** We plan to receive £143.6 million in 2014/15 from other sources. This includes income for other services the Trust provides, such as healthcare services for British Forces in Germany and estates services Essentia provide in other Trusts. We also receive donations from the Guy's and St Thomas' Charity for both revenue (such as staff) and for capital projects (such as the Cancer Centre at Guy's). This income is variable.

- **Project diamond:** Specialised Trusts in London have collectively made the case that prices do not cover the cost of providing services in London. Relief funding the Trust currently receives from NHS England is being negotiated and debated nationally.

5.2 The intention of the Foundation Trust model was for these Trusts to operate as a business with the ability to make surpluses and take out loans to fund capital programmes, regulated by Monitor. Historically the Trust has been able to do this but our ability to plan for and achieve a surplus is reducing. We had ambitious cost improvement targets of £52.3 million, £78.9 million and £72.3 million in 2012/13, 2013/14 and 2014/15 respectively. We are forecast to achieve £182.1 million of this by the end of 2014/15. As set out in our five year plan for Monitor, we plan to achieve £66.3 million savings in 2014/15, £64.7 million in 2016/17 and £65.4 million in 2017/18 through income growth and cost reduction. The plan was rated green by Monitor but our ability to continually reduce costs is reducing.

5.3 During questions and discussion the following was highlighted:

- Our education funding is inextricably linked to our clinical services as we are funded for part of the salary costs for trainee doctors who are included in service rotas. If trainee numbers are reduced nationally then this means we have to fund additional posts. A shortage of specialists in a certain profession, as too few have been trained, also causes recruitment and retention issues.

- There is a risk that directorates are set unachievable savings targets. Our financial and operational performance structure means that directorate management teams are held to account for finding opportunities to achieve savings plans but this is undertaken within a supportive culture. As part of business planning the level of savings expected from each directorate is debated and sometimes budgets are 're-baselined' (increased) if the directorate is facing cost pressures outside of their control (such as having to increase staff numbers to meet new standards). The Fit for the Future programme supports teams to identify cross-organisational opportunities.

- It was assumed that national bodies would consider all five year plans, across local health economies, to establish if they are consistent. There is a risk that providers are planning to expand/ deliver the same activity. This needs to be considered in south east London (SEL) as part of the SEL commissioning programme. Following a discussion about audiology services, the group noted that some local activity is commissioned from private providers.

- We have analysed profitability through service line management but it is very hard to directly link income from tariffs (the price we are paid) to service expenditure. Our strategy is to minimise collective losses on services across the whole Trust.

5.4 The Governors thanked Martin for a very informative presentation.

4. Seven day services

5.5 Maggie Hickin, Deputy Director of Operations, Ann MacIntyre, Director of Workforce and Organisational Development and Kate Langford, Associate Medical Director – Medical Leadership and Workforce Development talked through the presentation, circulated in advance.

5.6 They outlined:

- **National context:** There is a national commitment for the NHS to provide more services seven days per week with the need for a 'whole systems approach' to this. This means acute, community and social care providers need to work together to extend service provision.

- **Contractual barriers:** National contracts make providing seven day services expensive. The Consultant contract allows Consultants to opt out of elective working outside of 7am-7pm, Monday-Friday. This means providing services outside of these times is more expensive for providers with no additional increase in the price we are paid (tariff). National negotiations to update the contract are ongoing. We have introduced local contracts for new Consultants with a plan to roll these out across the Trust.

- **Emergency services:** When discussing seven day services there is an important distinction between emergency and elective services. Hospitals already provide emergency services 24/7 but the service standards might not always be as high at the weekend. Data shows our mortality outcomes are the same seven days per week but there is scope to improve the quality of some services, such as the time it takes to get an MRI scan. The London Quality Standards are focussed on providing consistent emergency care. Maggie outlined that we are now achieving the majority of these but some are complex to deliver and investment in staff numbers is often required. For example, we are not compliant in all Level 1 and 2 critical care standards but we have plans to achieve these by physically consolidating High Dependency Units for different specialties across the Trust in once place, under one management structure.

- **Demand and capacity planning:** We want to provide services six – seven days a week for patient convenience and to meet patient expectation. However, our demand and capacity analysis highlights that we also do not have enough capacity to deliver our activity plans, and meet population demand, over the next five years. We will need to provide more services 'out of hours' and at weekends as well as create capacity through capital builds.

- **Elective services:** The Trust has a commitment to provide elective services (such as planned operations and outpatient) six days per week. Services have already made huge progress in extending the working day and working on a Saturday. We currently run 21 of 37 theatres (excluding specialist theatres) on a Saturday (50-60% of 'normal' capacity).

- **Staff well-being:** Six day elective working should mean staff work five days out of six, not that they work a six day week. We have additional work to do to make six day working sustainable and part of staff job plans, including Consultants. Work includes ensuring support services are also available 'out of hours' and at weekends, such as the provision for hot meals.

- **Staff supply constraints**: Achieving consistent six – seven day services is challenging where there is a shortage of clinicians nationally. Kate highlighted the high risk areas where there are supply-side constraints including Emergency Consultants, Geriatricians and District Nurses.

5.7 During questions and discussion the following was highlighted:

- Cultural change is needed to make extended working the norm. Progress differs across specialties but many staff have been working extremely hard to provide extended services and to work differently. There has been an increase in staff numbers and the Chief Operating Officer's team has made an effort to thank staff personally for their hard work.

- Working differently includes changing the way rotas and annual leave are arranged.

- There are efficiencies from six day elective working as we utilise our assets (such as theatres and scanners) more. However, our current judgement is that some 'down-time' is needed on a Sunday to manage bed availability for patients arriving on a Monday morning.

5.8 The Governors thanked Maggie, Kate and Ann for a very comprehensive presentation and useful discussion about a very complex area.

5. Any other business

The group were happy for the next meeting to be on a Wednesday.

6. Date and time of the next meeting

Wednesday 18th March, 5:30 – 7pm

Robert Park **January 2015**