

FINANCIAL NARRATIVE

What's happening?

Most NHS trusts across the country are facing financial difficulties and are predicting they will deliver a deficit in 2015/16. This has also been a challenge for Buckinghamshire Healthcare NHS Trust and we are predicting we will end the current financial year (2015/16) around £10m in deficit (around 2.7% of our annual turnover of £370m).

Why are we in this situation?

There are a number of reasons why we are in this situation, some are historic and some are more recent. They include:

- We are an integrated trust, meaning we deliver both hospital and community care. In a situation not unusual for NHS trusts, when community care services were transferred to us in 2010 there was a known difference of around £5m between income and expenditure. This has since been reduced but is still around £3.5m a year.
- We launched our quality improvement strategy in 2014 which included investing in our workforce throughout the Trust and has resulted in reduced harm, reduced mortality and a better patient experience. However, we invested £5.2m into the work which was not previously accounted for in our financial planning.
- The Trust has two Private Finance Initiative (PFI) contracts, in place since 1998 and 2003, which were set up to improve parts of our hospital sites at Stoke Mandeville and Wycombe. These cost the Trust around £44m a year.
- As with many other Trusts, the money we spend on agency staff to fill vacancies and cover holidays and sickness has increased. In 2014/15 we spent £17.7m, but are forecast to spend £18.2m in 2015/16.
- In addition, in some areas we have developed our services which wasn't planned for in our budgets. In other areas it hasn't been possible to deliver on predicted savings. These all add £2.1m to our cost pressures.

Our aim

What is most important is that we have very clear achievable plans in place to tackle our deficit. Some things we can change quickly but other changes, although they will be done at pace, will not give us results immediately. Our focus is always on providing safe and compassionate care which delivers improved health and wellbeing to our patients in a sustainable way. If we need to make changes to the way we do things we will work with people who may be affected.

Our plans to get Buckinghamshire Healthcare NHS Trust back into a sustainable financial position are feasible and we will be able to deliver them. These include:

- Spending on our staff accounts for around 70% of all expenditure. In 2016/17 we will set up tighter controls on nurse and medical agency spend and ensure all posts are properly funded. We will tackle high turnover, staff sickness and make sure we have our own staff, not agency staff, in the right place 7 days a week.
- We will also change our culture and ways of working when setting and monitoring budgets. Budget holders will be asked to set challenging, but realistic, budgets for the year and will be wholly responsible for managing their income and expenditure. We will provide training for every budget holder within the Trust to provide them with any support they may need.
- We will review our estate to make sure we are making the best use of the space and locations we have.

- As one of the trusts to take part in Lord Carter's review into hospital efficiency and savings we have been able to benchmark some of our spending against a "model hospital". Using this as our baseline we will have a set of realistic and deliverable cost improvement programmes which will mean creating sustainable services for our patients, for example in theatres, diagnostics, pharmacy, and pathology amongst others.
- We will also use the Carter Review to improve efficiency in our procurement, digital systems and ensure the Trust's back-office and administrative costs are appropriate to an organisation of our size.
- Some of our transformational changes will require support and collaborative working. NHS Improvement will lead the implementation of the Carter Review and we will work closely with them both locally and nationally. Working together with them, as well as with the local authority and clinical commissioning groups, we will ensure more value for money care is provided locally to patients to support them to remain more independent for longer.

What happens next?

Our five year strategy has three strategic priorities; quality, money and people. We have already made good strides to tackle these areas. In the last year we have:

- Implemented our quality improvement strategy which has, amongst other things, seen an improvement in our Friends and Family Test scores, developed new ways of managing the risk of falls in hospitals and delivered a 67% reduction in the number of pressure ulcers.
- Achieved our best ever results in the national staff survey. In 2014, 60% of our scores were below the average, but in 2015, 65% of our scores were average or better.
- Launched the 'BHT way' working collaboratively with staff and communities to manage our finances, make changes to our processes, improvements to our services and be true to safe and compassionate care, every time.

We will begin the new financial year of 2016/17 with a very clear and attainable programme of work to make the transformational change required to help us meet our objectives and tackle the financial challenge.