

## **Chris Hopson: what does the financial squeeze mean for NHS provider organisations?**

Thank you very much indeed Chris. Great to be here.

I think it feels to me that there is a really pretty clear consensus that I've not heard anybody really disagree with, that effectively we need to move to a single integrated health and social care system. And we're here, in a sense, to talk a little bit about the impact of what's happening in social care and local government spending on the NHS. And, for me, the importance of one system just shows through; as soon as you walk around the country and you talk, as I get the chance to do, to Chief Executives of NHS organisations, and you ask them what's happening in terms of the impact of the reduction on local government spending you get a very, very clear picture.

I think a lot of people we tend to concentrate on/the impact on the care of frail elderly and we talk about the fact that in those places where those funding reductions are really beginning to bite, we talk about the fact that support is no longer available, which means that we're having to bring many more people in to acute hospitals who really ought not to be there and it's a very, very expensive way of providing care that, to be frank, ought to be provided out of hospital.

We also, to be frank, talk quite a lot about, as I go round general elderly medical wards, talking about delayed discharges and actually the fact that people are now finding it much, much more difficult to discharge people quickly on the grounds that there is sufficient kind of care available.

But I think what's particularly interesting and perhaps stuff that doesn't always get the profile that it deserves, and I think things that really are really making us extremely nervous is that actually there's a whole bunch of other services where the squeeze on local government is really having a particular effect.

And we were talking last night, we had a board dinner with Andy Burnham last night, and we were talking about/my Mental Health Chief Executive was talking about the extra demand that is now being placed on mental health services as a result of those who've got severe and enduring mental health illnesses not actually having the level of support that had previously been provided.

We're very worried about children's services in terms of the fact that, you know, not only do you have the fragmentation in commissioning but the fact the impact that is happening on children's services in local authorities.

Sexual health services is another very good example of where, when we talk to a number of our providers about, again, really nervous about the impact that local authority funding reductions are having there.

And then also again another issue that kind of came up last night is that real kind of sense that health and wellbeing absolutely depends upon social organisations being able to provide appropriate support, and we just talked a lot about how the impact on local authority funding reductions has had on the third sector.

And that how effectively in many, many local communities third sector organisations that provided a crucial level of social support no longer have the funding that they need which was previously provided by local authorities, to really provide that support.

So, I make all of those points and I'm sure we could come up with really quite a long list of examples of where the impact of funding reductions on local authorities are clearly having an absolute knock-on on to the NHS. So if you need a very clear illustration of how we need to treat it as one system it feels to us that's a very, very good example.

So I thought that both Merrick and Sandy really did set out for me, I think, a really clear long term picture about where we need to go. I personally think it's very difficult to conceive of a future where in 10 years' time we don't have much closer integration between local authority health and social service spending and the NHS. And I think it feels to me that that is clearly the direction of travel.

And I think, Merrick, you set out, I thought, very well when you talked about a 5-10 year journey and I think you talked about the need to invest in that journey in terms of if you look, and again Sandy I thought you mentioned this absolutely spot on, was if you look at what needs to happen in order to make that change, there is a very considerable change that needs to be made.

You talked about investing in informatics, you talked about investing in IT, you talked about redesigning care pathways, you talked about some very significant workforce changes, you talked about investing in estates. And I think our view is that kind of sense of this is a 5-10 year journey, it is something that is going to require a radical rethinking of how we do these things and it's going to require investment in a whole series of enablers seems to us to be the right description of the journey.

And it really kind of came home to me; so my sister-in-law lives in Yeovil. I went to stay with her at Christmas and I dropped an email to the Chair and Chief Exec of Yeovil District General Hospital, and I said can I pop in and see you the day after Boxing Day. They very kindly said yes and we

just had a really interesting conversation about, well the Chief Exec is the ex-Chief Operating Officer of Torbay, so he absolutely understands about what is needed to create an integrated system.

And they talked incredibly powerfully for me about the work that they were doing to create an integrated health and social care system. And they talked about how they aligned, for the first time, the local authority, they'd aligned the third sector, they'd aligned GP's, they'd aligned the CCG, they talked about the need to really look at the underlying data to really identify exactly where they should start, to really identify how the care pathways should change, they identified where they needed to make investments, and the bit that really just kind of came home to me was that, and they also, by the way, absolutely identified they needed to make the money flow in a very different way, they needed to get to an alliance commissioning model, a whole bunch of different things.

What they said was that it had basically taken them, and they said they were moving at real pace, it had taken them 2 and a half years to get to the point where, on 1 April 2014 they were going to do a 5,000 patient first trial of this, which they were incredibly excited about.

And I have to say, I was very excited on their behalf. But just to make the point, it had taken them 2½ years to get to the point of doing the alignment, getting the data and working out where to go.

So if you don't mind, I think we need to evaluate the Better Care Fund, yes, against those criteria.

And I think, Merrick, I completely agree with you, that it's a fantastic prompt in terms of, as a means of bringing people together. I think it's absolutely right in terms of pointing a clear direction going forward, but, it does carry very significant risks, because it's not an investment. It is £1.9 billion less across the NHS and local government than what we are currently spending in 2014/15, so that carries risks.

It is also a requirement that every single local health and social care economy, if it's really genuinely going to deliver the new patterns of care, there's an expectation that somehow those new patterns of care get put in place by 1 April 2015/16, and that we can effectively find the savings that are required across the NHS in order to make those new patterns of care of work.

Our view is that that also carries risk. So we would share with you the optimism about the opportunity, but I think what we would also point to is the level of risk. And I think we particularly point to the level of risk because, unlike local government, we actually have gone through the period of real funding cuts and we actually haven't gone through the

period where, in a sense, we've been really required in order to make up the impact of those cuts to actually create the kind of partnerships consistently across the piece that I think the Better Care Fund requires.

So, we are as committed as you are and as local government are to making it work, but I think we have a very keen appreciation of what the level of risk is. And I think that's the bit where I think we need to find a way of on the one hand praising, recognising the direction of travel, but crucially working out how we manage the risk that we think is very, very significant.

So, for me, I think, we have to treat it as one system, the direction of travel is clear, but we really, I think, have still got quite a lot of work to do to work out exactly how we get there and crucially how we manage the short term risk in 2015/16.