

Future plans

for Good Hope Hospital

NHS Trust

Introduction

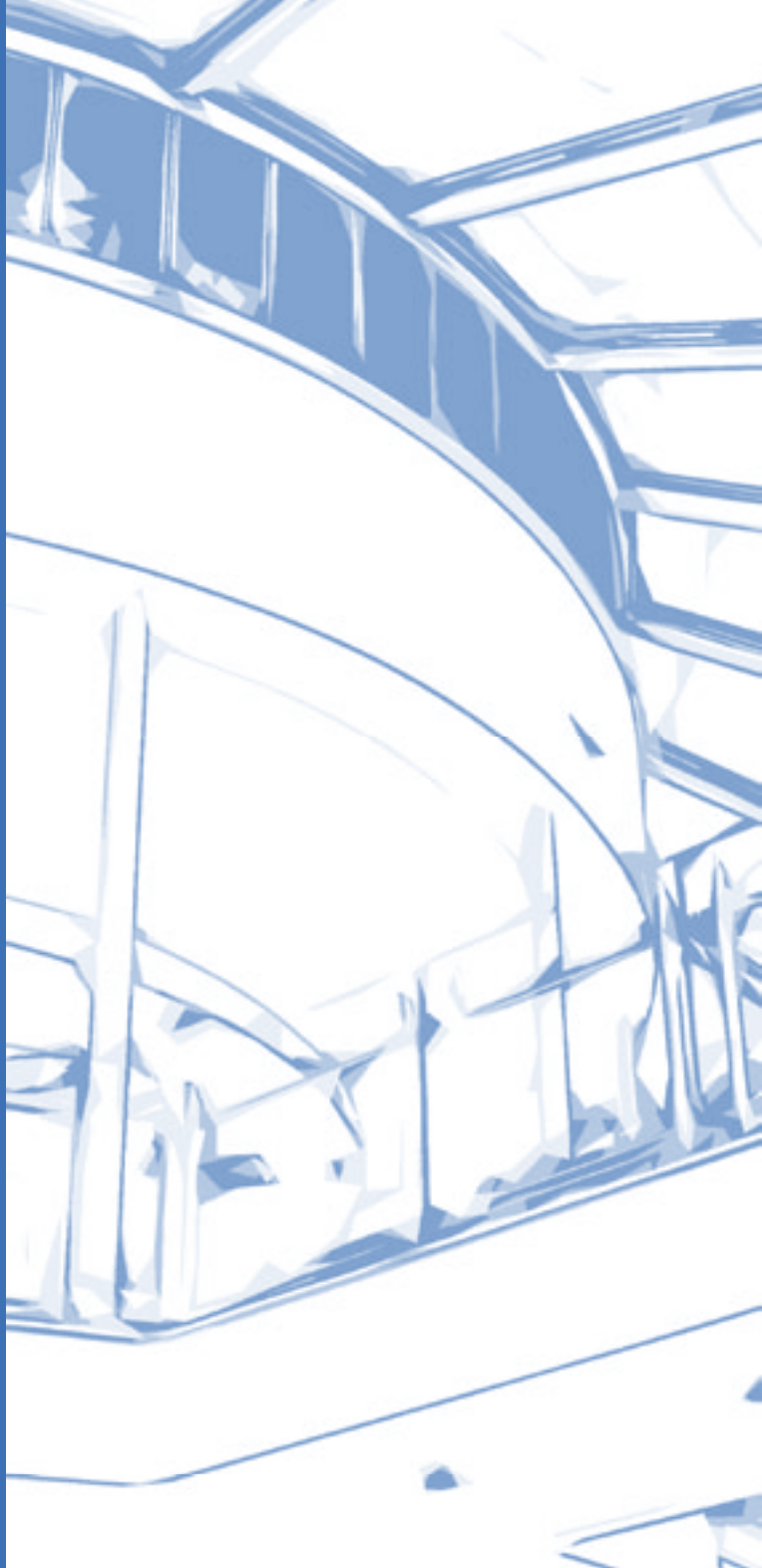
Good Hope Hospital currently spends £1million more than it earns every month and would not be financially viable without the current support it receives from the Strategic Health Authority (SHA). To continue to provide local people with the standard of health service they deserve well into the future, Good Hope must become financially sound and operate more efficiently. The Good Hope Hospital Board has been working with the Heart of England NHS Foundation Trust Board to find solutions to the issues threatening Good Hope's future.

A plan has been put together. It is called the Foundation Development Plan and outlines how Good Hope can become a Foundation Trust by 2008, which is a national target. The plan looks at two options, both of which include a full A&E service at Good Hope Hospital with no major changes to clinical services:

Option 1: Good Hope continues to stand alone

Option 2: Good Hope becomes part of Heart of England NHS Foundation Trust

The Foundation Development Plan shows that Good Hope Hospital cannot achieve foundation status by 2008 under option 1. The only way forward is for the hospital to become part of a larger organisation. The Good Hope Hospital Board agreed with this conclusion and is in discussion with the Strategic Health Authority to make this a permanent arrangement. This includes addressing the hospital's existing historical £27m debt.





Good Hope Hospital NHS Trust

Good Hope Hospital was initially awarded three stars for performance in 2001/02. Due to waiting list problems in 2002, this was dropped to zero stars and Good Hope became the only NHS hospital to be managed under a franchise agreement with a private company, Secta (then Tribal Secta). Despite some clinical and performance improvements, Good Hope Hospital continues to be a one star Trust with a large overspend and a growing historical debt.

Good Hope Hospital has overspent in each of the last three years and has relied heavily on the local health economy to maintain local services and pay bills. The rising debts have been made worse by the opening of a new treatment centre in September 2005, which went over budget by £1.7m.

Heart of England NHS Foundation Trust

The Heart of England NHS Foundation Trust is a highly successful three star foundation trust and includes Birmingham Heartlands Hospital, Solihull Hospital and Birmingham Chest Clinic. The Heart of England Trust has consistently met all of its national targets and has maintained a healthy financial balance.

For the past four years the Trust has worked closely with its primary care partners on 'Working Together for Health'. This is a new model of healthcare which will meet the needs of communities in the future within the given financial limits. The 'LET'S DO' strategy for North Birmingham and South Staffordshire, which involves Good Hope, is very similar. This is about improving care in the community and bringing health care closer to where people live.

The review

Good Hope Hospital's finances, services and estate have been reviewed. Feedback and information was provided from a variety of different groups including staff, patients, local MPs and members of the public. The resounding message was that a full A&E service should remain at Good Hope Hospital.

Leading specialists PricewaterhouseCooper undertook an independent review of Good Hope. This highlighted a number of issues that need to be addressed regarding the hospital:

- It had a historical debt of £12.1m with a debt at the end of 2005/6 rising to £26m;
- It had a potential overspend of between £6.5m and £13.6m in the last year;
- It did not have a strong finance director from 2002 until June 2005 and a lack of capacity in the finance department;
- It had a weak financial recovery plan which does not address the historical debt;
- The internal audit was dissatisfied with financial controls and processes;
- The 2005/06 contracts have not been signed off with PCTs.

The hospital has identified a number of further costs in the next year totalling £5.3m, including:

- Full impact of the costs of the new treatment centre;
- Agenda for Change pay increases for staff;
- Capital charges arising from 2005/06 capital programme;
- European Working Time Directive to reduce junior doctors' working hours;
- Improvements to nurse staffing levels;
- Increasing energy costs;
- Car park ground rent.

In total, Good Hope Hospital could be facing a financial gap of between £41.0m and £47.5m in 2006/07, when it is expected to meet its statutory duty to breakeven by 31 March 2007.



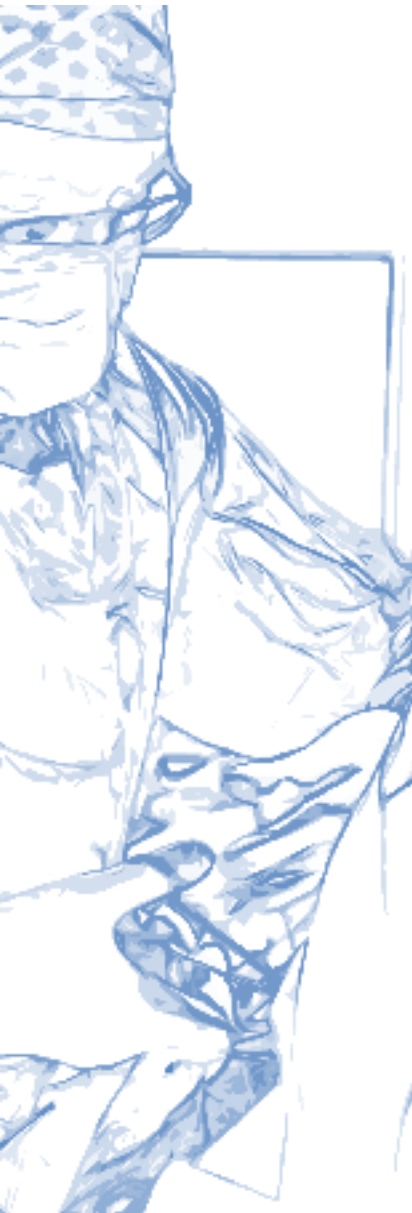
The proposals

Financial recovery

Good Hope Hospital must either increase income or reduce costs while maintaining activity to ensure patient care does not suffer. There are limited opportunities to increase income in a competitive market where the NHS now has to compete with private healthcare companies. In addition, the LET'S DO strategy will move more work into primary care and reduce hospital demand. Good Hope Hospital must focus on becoming more efficient.

Opportunities include:

- Increase car parking for patients through demolition of unused buildings and consult with local patient groups on charging for disabled car parking;
- Create space used by the Sheldon Unit by moving these services into the new treatment centre and other buildings and closing bed capacity. This would create more parking spaces and avoid charges for leasing current spaces from Birmingham City Council;
- Revision of opening hours, staffing and prices for catering services;
- Review and improve coding practices to ensure that the hospital gets paid for the patients it treats;
- Combine some management and non-clinical support services;
- Demolish unused buildings to reduce estates costs such as rates, utility bills, facilities management and other running costs;
- The Strategic Health Authority has encouraged each local provider to reduce its headcount. Good Hope Hospital has already committed to reducing 80 posts from support areas (not front line staff)
- Existing activity could be delivered in 100 fewer beds by reducing length of stay to the national average and so improving the flow of patients through the hospital;
- Two new theatres which are being built as part of the treatment centre.
- Identify services which run at a higher cost than the income received.



Performance

The Healthcare Commission has replaced star ratings with a new assessment system called 'Standards for Better Health'. Good Hope Hospital submitted a draft self-assessment against those standards which showed compliance against only 30 of the 46 standards. Good Hope Hospital has an under-resourced Information Department, poor IT systems and data entry errors.

The conclusion

Becoming part of Heart of England NHS Foundation Trust would ensure that Good Hope Hospital could continue to provide excellent clinical services locally and achieve its financial obligations.

The Good Hope Board believes significant non-financial benefits can be gained from becoming part of a larger organisation. These include access to more management resources and the opportunity to share clinical and operational expertise.

Over the next few months, both Trusts and the Strategic Health Authority will work together closely to identify the best way forward for each organisation concerned. Major emphasis will be upon maintaining high standards of patient care and continuing to provide an excellent level of service to all the communities we serve.

