

Key Funding Issues

October 2014



Leading with excellence, caring with compassion



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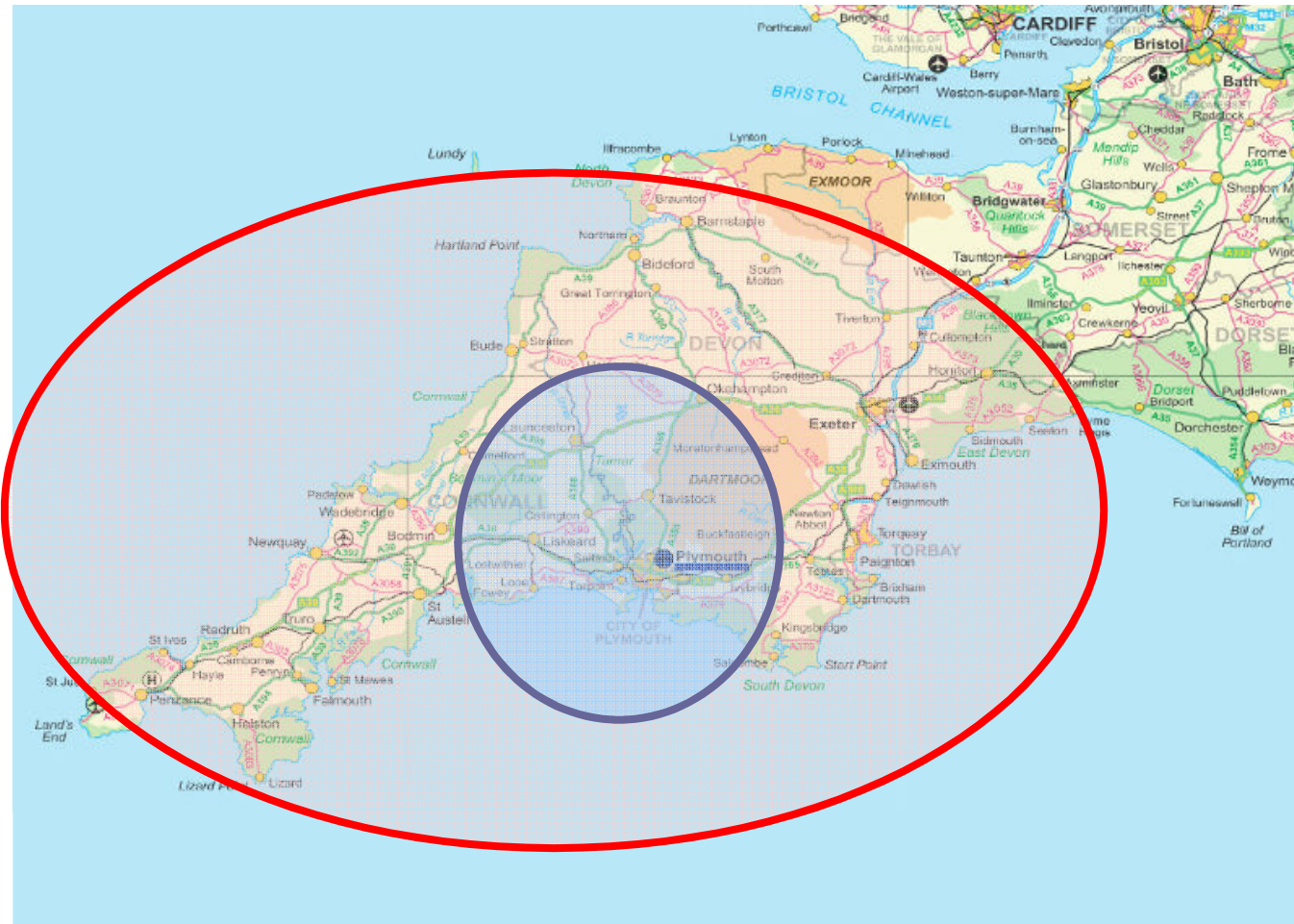


Who we are

- A large teaching hospital providing full range of specialised services
- National reputation for research
- Ministry of Defence Hospital Unit
- 6,000 staff
- One of the largest single site hospitals in Europe
- £420m turnover
- 900 beds
- Circa 36 operating theatres



Who we serve



Leading with excellence, caring with compassion

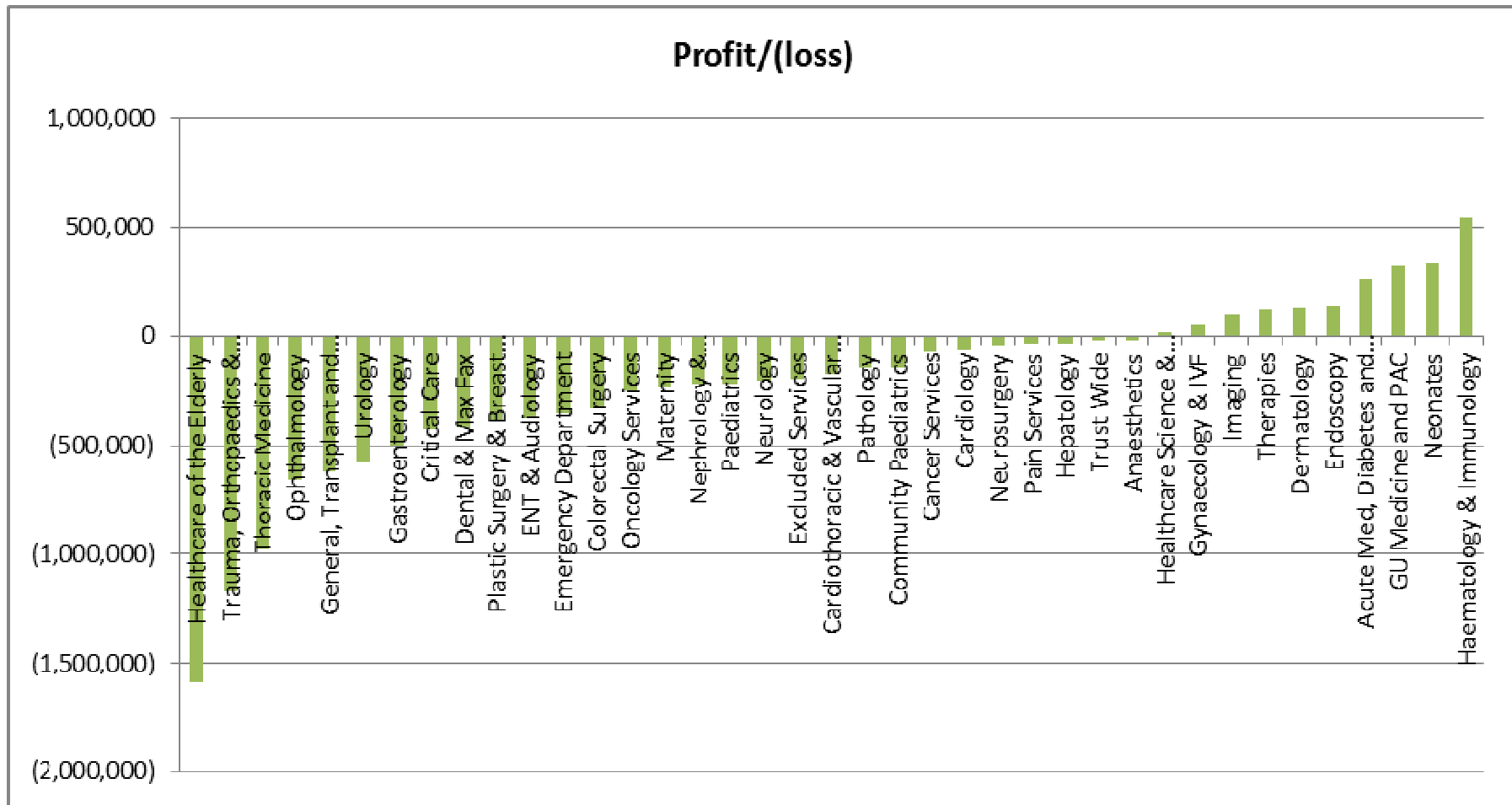


Financial Position

- We have a significant financial problem
- Deficit of £13m recorded in 2013-14 and the same planned for 2014-15
- Application to the Treasury for cash each year to enable us to pay our staff and our suppliers
- Estimated savings programme needed of 6% of our turnover per annum over the next 2 years to meet the required NHS efficiency and recover our brought forward £13m deficit
- Despite being an efficient Trust, with average costs less than the average hospital, 75% of our services lose money (see graph)
- We therefore contend that we have a structural funding issue that needs resolution to secure a sustainable future for the services we provide on the Peninsula



Service Line profit / (loss)



Three Key Structural Funding Issues

- ***Urgent care*** – because of exceptional growth in emergency admissions above an agreed baseline we only get funded at 50% of the agreed tariff, this reduces our income by £8m per year
- ***Market Forces Factor*** – a formula designed to provide funding for unavoidable cost differences between regions. We are one of the lowest funded in the country receiving £15m less than if we were located in Bristol.
- ***Education and Training*** – as a large teaching hospital we have a very high cost of training tomorrow's health professionals. We estimate we spend £8m more on training than the funding we receive.



Summary

- We have a significant financial problem with a current deficit of £13m
- We are an efficient Trust
- Outcomes are good with one of the lowest mortality ratings in the country
- We provide the widest range of specialised services to the Peninsula that will not be available without a funding solution – these include cardiothoracic and neurosurgery, renal transplant, specialist cancer care, level 3 neonatal intensive care and we are a major trauma centre
- Structural funding issues account for circa £30m of additional income. With this additional funding we would be in surplus, investing these surpluses into healthcare and have a sustainable future.

