



HFMA NHS Financial Temperature Check

November 2015

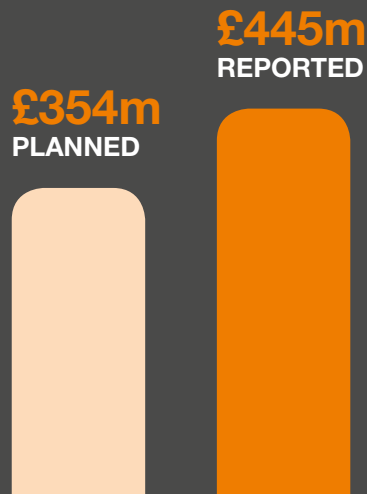


FINANCIAL CONTEXT



The size of the deficit reported by NHS providers is unprecedented.

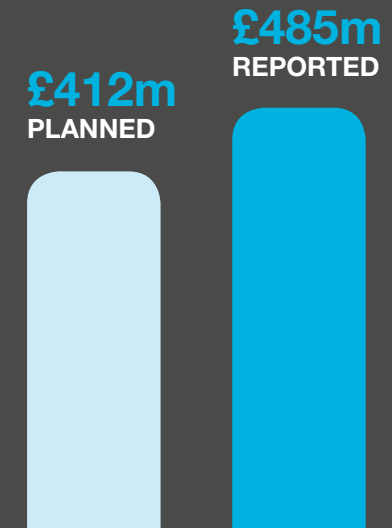
CCGs REPORTED A COMBINED OVERSPEND AGAINST THEIR PLANS OF £5M FOR THE FIRST FOUR MONTHS OF 2015/16. THEY HAVE A DIFFERENT FINANCIAL REGIME TO TRUSTS AND FINANCIAL PERFORMANCE IS NOT COMPARABLE



NHS FOUNDATION TRUSTS

£349m
REPORTED DEFICIT FOR THE 2014/15 FINANCIAL YEAR

Q1 2015/16 PROVIDER DEFICIT

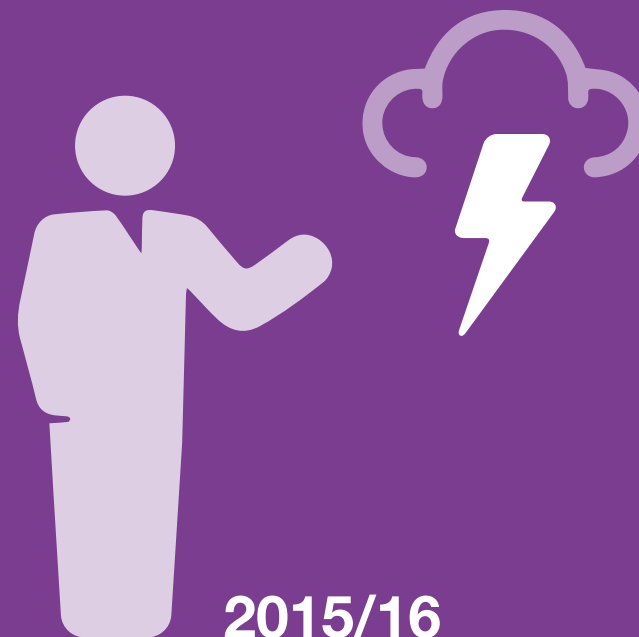


NHS TRUSTS

£473m
REPORTED DEFICIT FOR THE 2014/15 FINANCIAL YEAR

FORECASTS

56% of commissioner CFOs and 79% of trust finance directors forecast that their 2015/16 year-end position will be worse than their 2014/15 position.

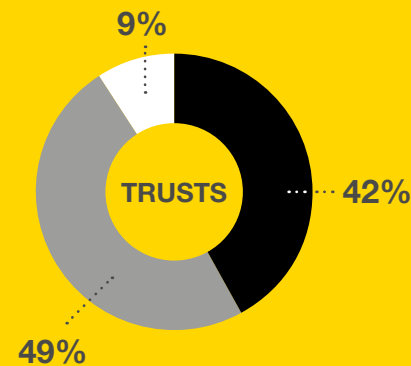
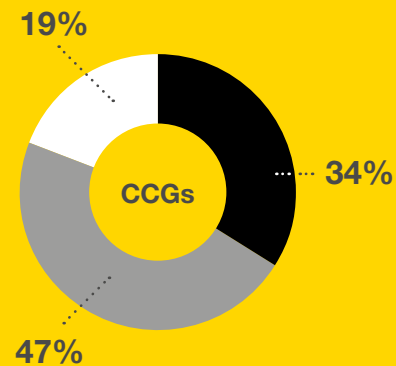


FINANCIAL RISK



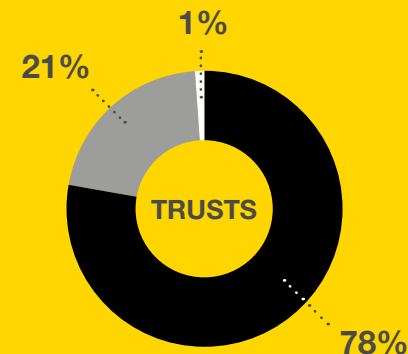
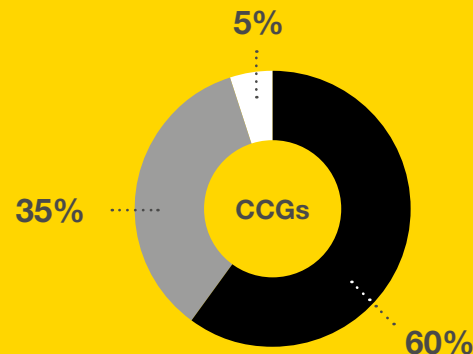
Finance directors think that there is medium to high risk to achieving their financial plans.

2015/16



■ HIGH RISK ■ MEDIUM RISK ■ LOW RISK

2016/17



FINANCE DIRECTORS ARE LESS CONFIDENT ABOUT ACHIEVING THEIR FINANCIAL PLANS FOR 2016/17



SERVICE QUALITY

Most finance directors believe service quality within the NHS will be maintained in 2015/16, despite widespread pessimism about the financial position. They are not so positive about 2016/17.

72%
REMAINS THE SAME



16%
IMPROVES



9%
REDUCES



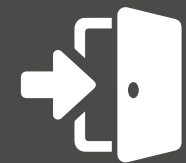
3%
DON'T KNOW



**FINANCE DIRECTORS
VIEWS ON THE AREAS
THAT ARE MOST
VULNERABLE TO THE
CURRENT FINANCIAL
CHALLENGES**



74%
WAITING
TIMES



63%
ACCESS
TO SERVICES



CAN PRODUCTIVITY GAINS CLOSE THE FUNDING GAP?

Long term plans will not be realised without funding over and above that already pledged.



84%

FINANCE DIRECTORS

AGREED THAT ORGANISATIONS IN THEIR AREA DO NOT HAVE SUFFICIENT BASELINE FINANCIAL RESOURCES AVAILABLE TO IMPLEMENT THE *FIVE-YEAR FORWARD VIEW* OR OTHER LONG-TERM FINANCIAL PLANS

10%

CCGs

13%

TRUSTS

ARE 'VERY' OR 'QUITE' CONFIDENT THAT PRODUCTIVITY GAINS OF 2% TO 3% A YEAR BETWEEN NOW AND 2020 CAN BE ACHIEVED

94%

FINANCE DIRECTORS

THINK THE PLEDGED ADDITIONAL FUNDING WILL BE REQUIRED WITHIN THE NEXT 18 MONTHS



REVIEW OF OPERATIONAL PRODUCTIVITY

Lord Carter of Coles' work on NHS productivity anticipates that savings of up to £5bn per annum by 2019/20 are possible, provided there is political and managerial commitment to take the necessary steps.



46%

OF FINANCE DIRECTORS ARE NOT CONFIDENT THAT SAVINGS OF THIS SCALE ARE ACHIEVABLE



53%

DON'T KNOW

MANY FINANCE DIRECTORS SAID THAT THEIR ORGANISATIONS HAD ALREADY TAKEN STEPS TO IMPROVE PRODUCTIVITY AND THAT THEY NEEDED TO SEE ADDITIONAL DETAILS BEFORE DECIDING ON THE ACHIEVABILITY OF THE SAVINGS FORECASTED



NEW CARE MODELS

Finance directors are sceptical about whether the new care models outlined within the *Five-Year Forward View* can be implemented quickly enough, and whether the NHS has the capacity in the system to deliver the scale of the savings required.



49%
CCGs

61%
TRUSTS

DO NOT THINK NEW CARE MODELS WILL DELIVER SAVINGS REQUIRED



49%
CCGs

38%
TRUSTS

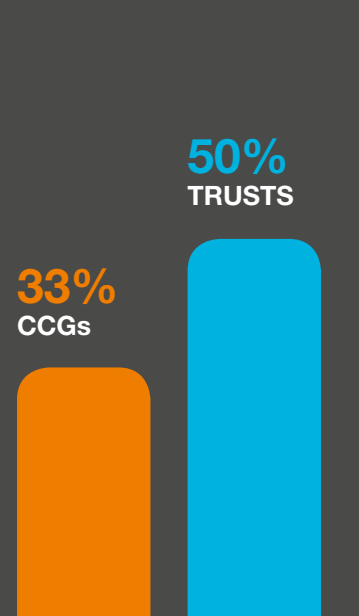
DO NOT KNOW WHETHER REPLICABLE MODELS WILL BE DEVELOPED AND THE SCALE OF ANY SAVINGS



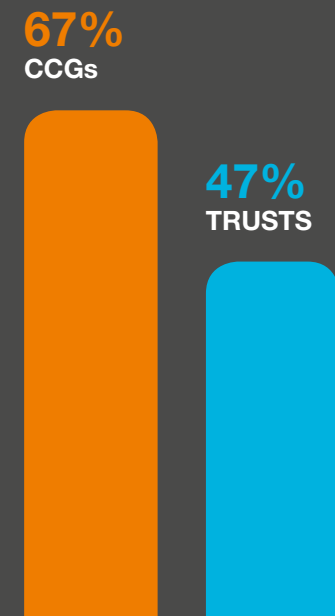
PLEDGED GOVERNMENT FUNDING



Finance directors are doubtful whether the pledged funding will enable current quality levels to be maintained.



THINK THE PLEDGED £8BN GOVERNMENT FUNDING IS INSUFFICIENT TO MAINTAIN CURRENT QUALITY LEVELS



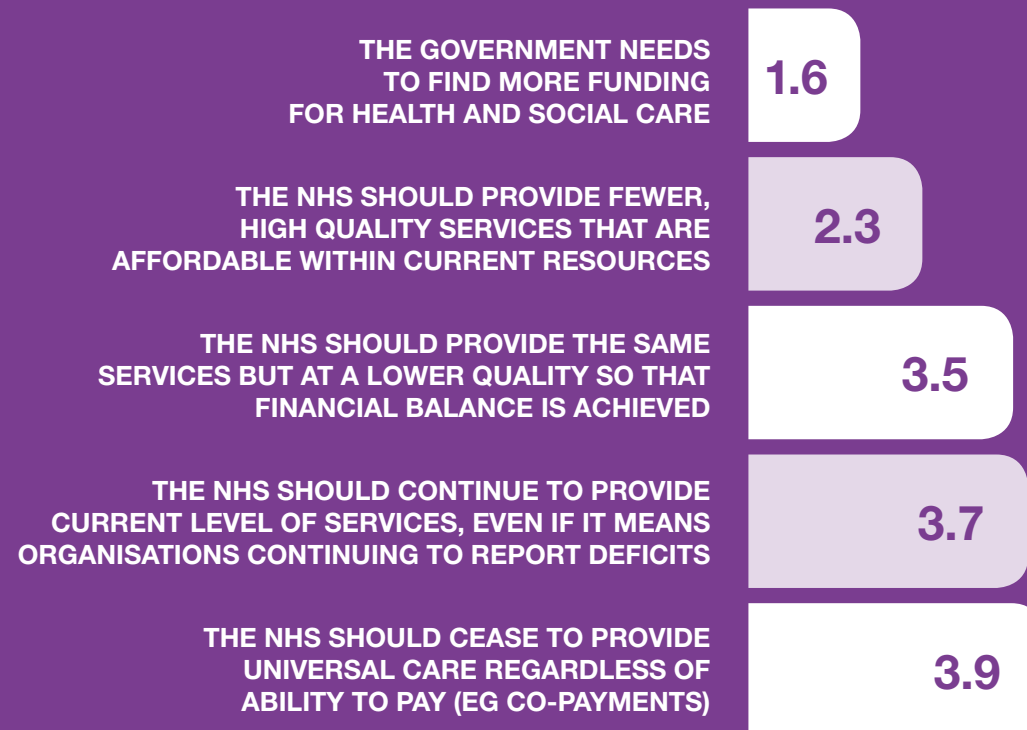
THINK IT'S ONLY POSSIBLE TO MAINTAIN QUALITY IF THE PLEDGED £8BN IS RECEIVED WITHIN 18 MONTHS



POSSIBLE ACTIONS TO RETURN THE NHS TO FINANCIAL STABILITY

We asked finance directors to rank possible actions to help the NHS get back to financial stability while maintaining current quality standards.

AVERAGE RANKING
WHERE 1 IS THE MOST PREFERRED
OPTION AND 5 IS THE LEAST





WHAT NEEDS TO HAPPEN TO BRING THE NHS BACK INTO FINANCIAL BALANCE

To ease financial pressures finance directors are calling for:



AN HONEST PUBLIC DEBATE ABOUT HOW THE NHS IS FUNDED AND WHAT SERVICES SHOULD BE PROVIDED

CERTAINTY ABOUT THE TIMING AND WHETHER THERE WILL BE ANY CONDITIONS ATTACHED TO THE PLEDGED £8BN GOVERNMENT FUNDING

REALISTIC EFFICIENCY TARGETS FOR PROVIDERS AND ADEQUATE FUNDING FOR NEW DEMANDS AND COST PRESSURES TO CREATE HEADROOM SO THAT THE FOCUS IS ON NEW CARE MODELS AND IMPROVING EFFICIENCY, RATHER THAN SHORT-TERM FIREFIGHTING

STRONG SYSTEM LEADERSHIP TO DRIVE AND SUPPORT CHANGE ACROSS AN AREA AND CONSISTENCY ACROSS THE DIFFERENT REGULATORY REGIMES