



NHS capital – a system in distress?

Discussion session

November 2018
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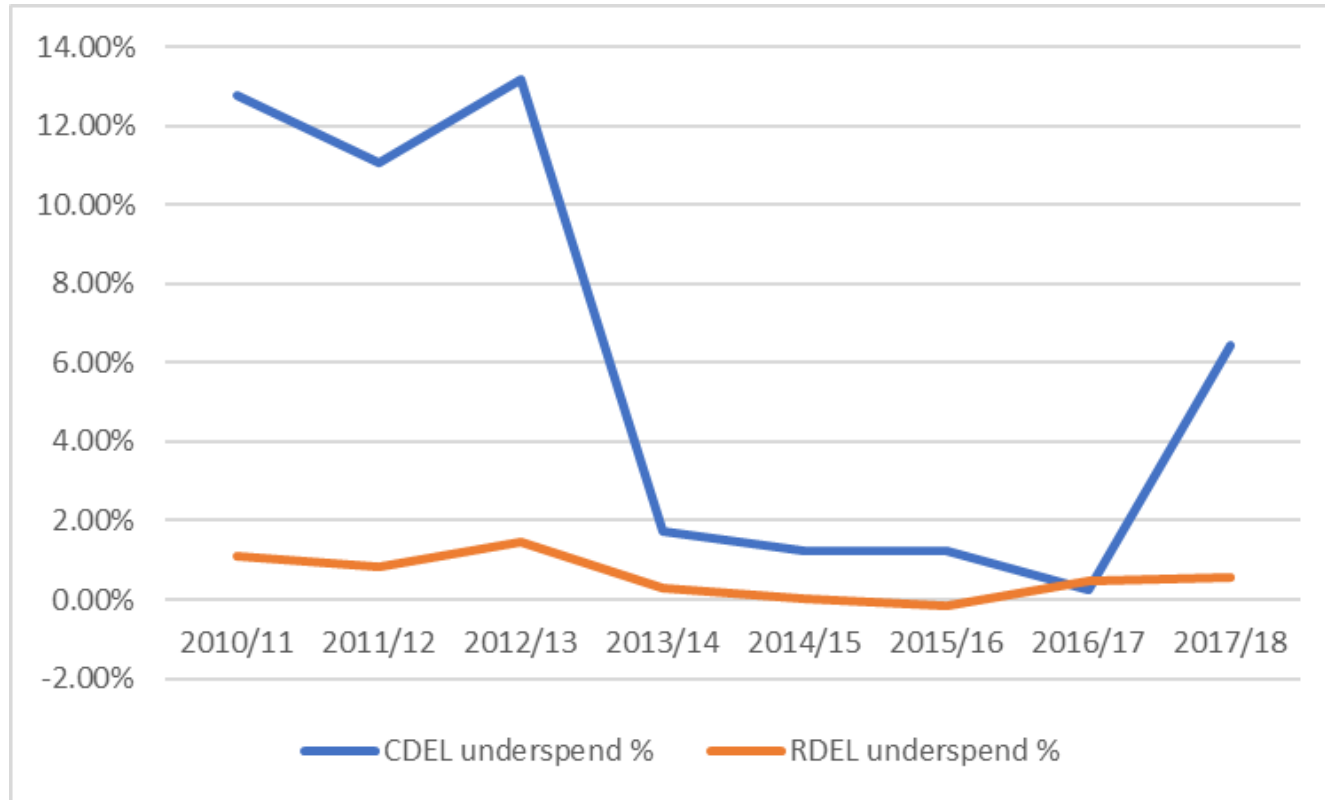


Briefing

- NHS capital – a system in distress? published on 23 October
- two key issues:
 - capital financing
 - focus on the bottom line
- our input to the 10-year plan and capital review

A complex system

○ key DHSC metrics – CDEL and RDEL



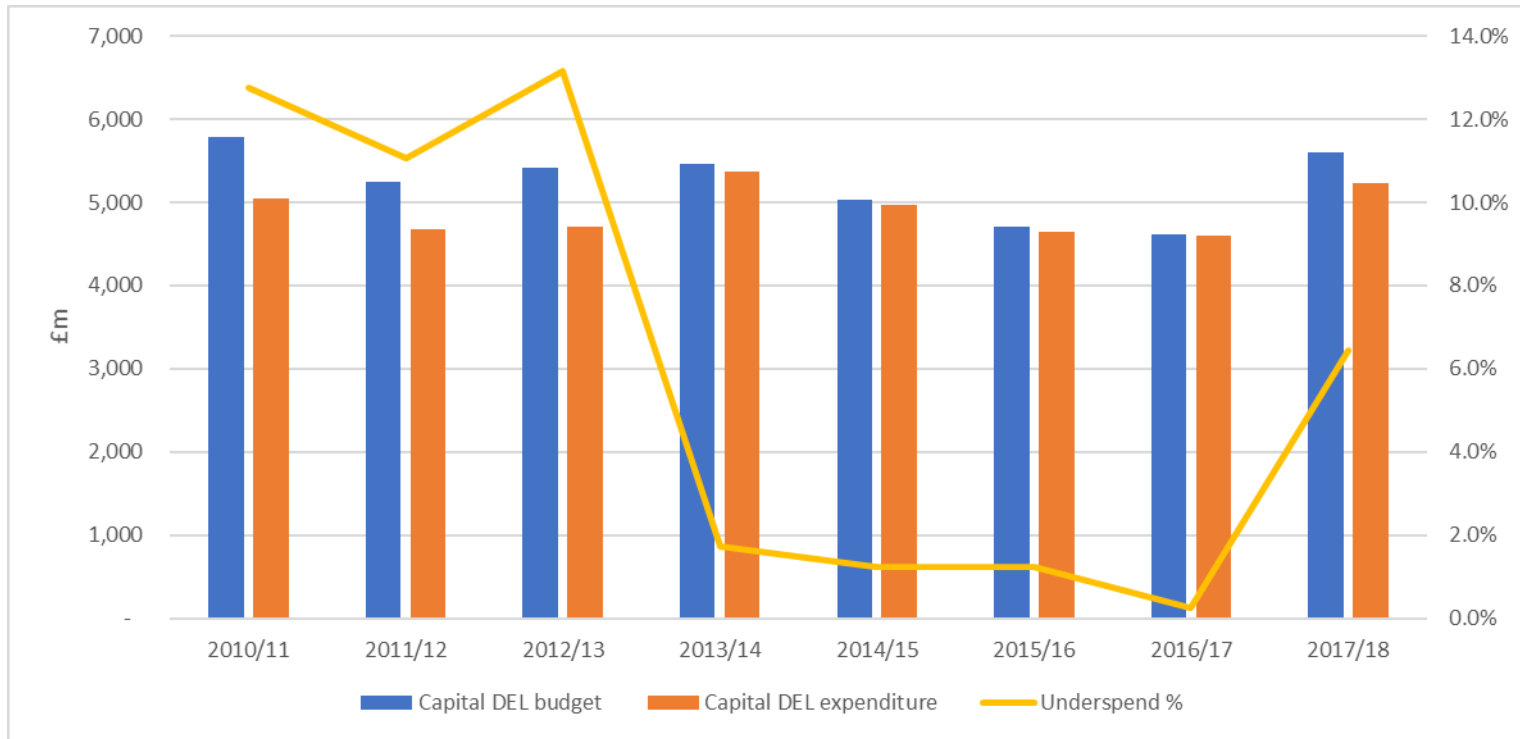
A complex system

- different metrics for NHS providers:
 - ability to borrow
 - capital resource limits
 - control totals
- focus on control totals:
 - the bottom right hand corner is key
 - pressure to squeeze the balance sheet
 - financial reporting/ management best practice

Characteristics

- open and transparent
- fair and equitable
- based on clear criteria
- cooperative rather than combative
- timely
- providing long term certainty
- streamlined

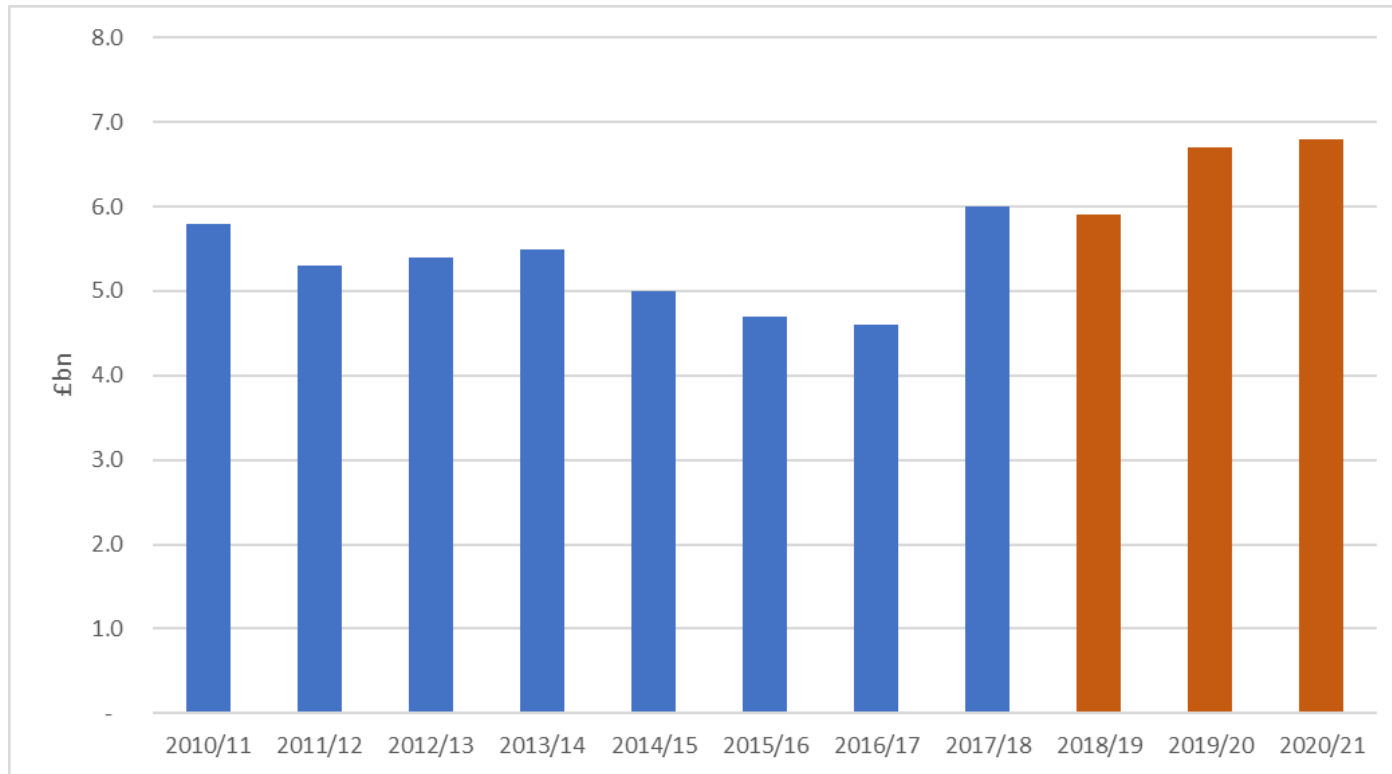
CDEL forecasting



Solutions

- cash backed capital allocation for each body
 - rationing/ bidding criteria?
 - for all capital or just the day to day?
- financial reset?
- other sources of financing?
- better forecasting/ capital programming?

CDEL budget



Discussion questions

- is this a national or local issue?
 - if national, what changes need to be made?
 - if local, what can we do?
- ‘one of the challenges we face is our ability, both with the system and at local organisational level, realistically to plan and then manage the profiling of capital projects. Almost all of the £360 million underspend last year was in the provider sector. Almost none of it was forecast until the end of the year.’
 - why is this?
 - what is best practice?



About the HFMA

The Healthcare Financial Management Association (HFMA) is the UK representative body for finance professionals working in the NHS and the wider healthcare sector. Our aim is to support the NHS finance function, to promote good practice in financial management and to improve the general understanding of NHS finance issues.

Our work is informed by a number of committees and special interest groups made up of healthcare finance practitioners. We publish numerous guides and briefings aimed at finance professionals, non-executive directors and non-finance staff. We also provide training and development opportunities – including a suite of web based learning modules – across all of these groups.

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