



NHS financial temperature check
July 2017

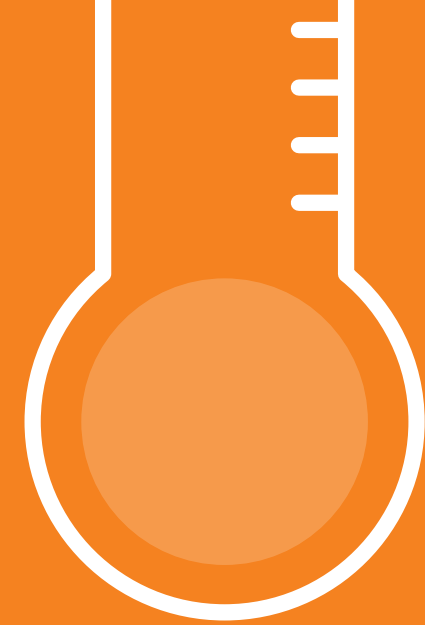


NHS financial temperature check

Our seventh biannual survey of finance directors' views on financial challenges facing the NHS in England



NHS financial temperature check



This is the seventh in a series of HFMA temperature checks setting out finance directors' views on the financial issues facing the NHS in England.

It draws on the survey responses of **finance directors and chief finance officers (CFOs) of 100 (43%) trusts and 73 (35%) clinical commissioning groups (CCGs) from across the NHS.**¹

Directors completed the survey during late April and early May 2017.

This infographic highlights the key findings and accompanies the full briefing, available from the HFMA.

1.

CCGs use the terminology 'chief financial officer' (CFO), whereas NHS trusts and foundation trusts usually use 'finance director'; in this infographic we usually use the term 'finance director' to mean either or both collectively. We use 'trusts' to mean either foundation trusts or NHS trusts.

Trust 2016/17 financial performance

Trusts reported a deficit of £791m for the year 2016/17. This was £211m worse than planned and includes sustainability and transformation funds of £1.8bn. 44% of trusts are in deficit, compared to 65% at the end of 2015/16.

2014/15
reported

£822m
(Deficit)

2015/16
reported

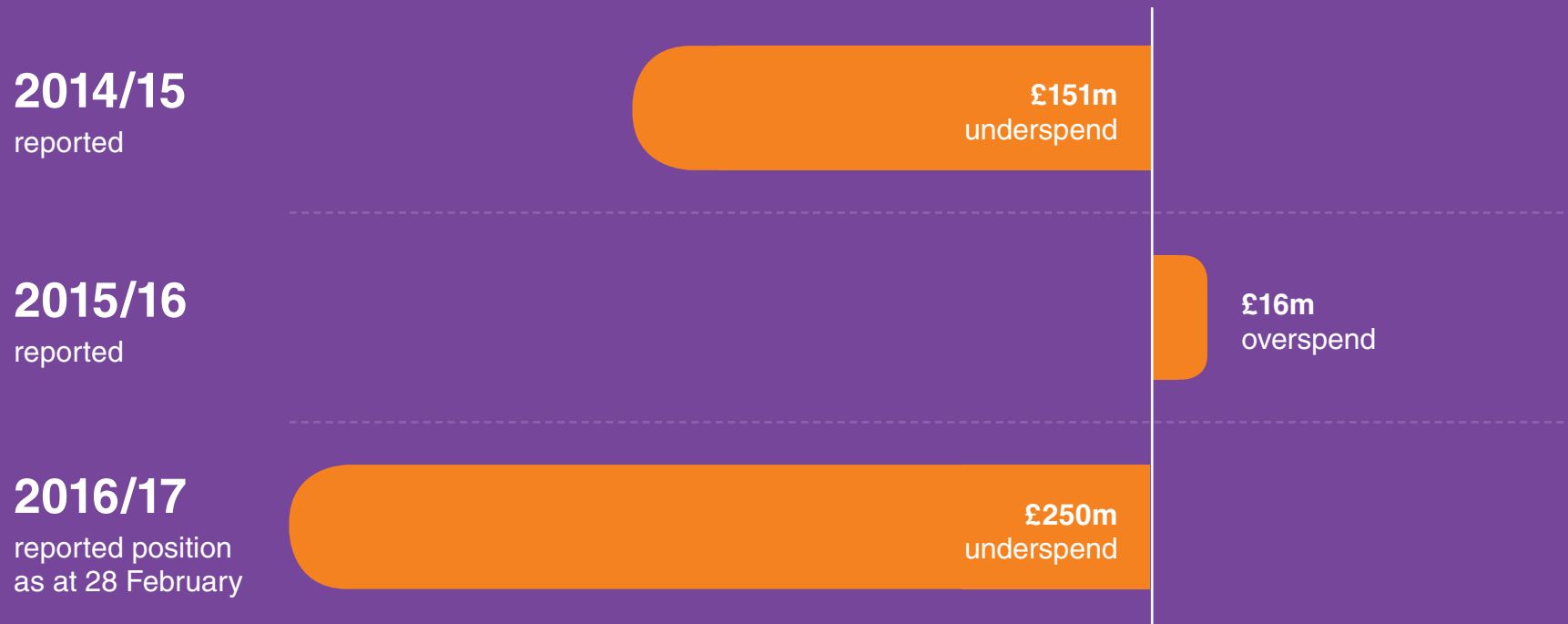
£2,447m
(Deficit)

2016/17
reported

£791m
(Deficit)

CCG 2016/17 financial performance

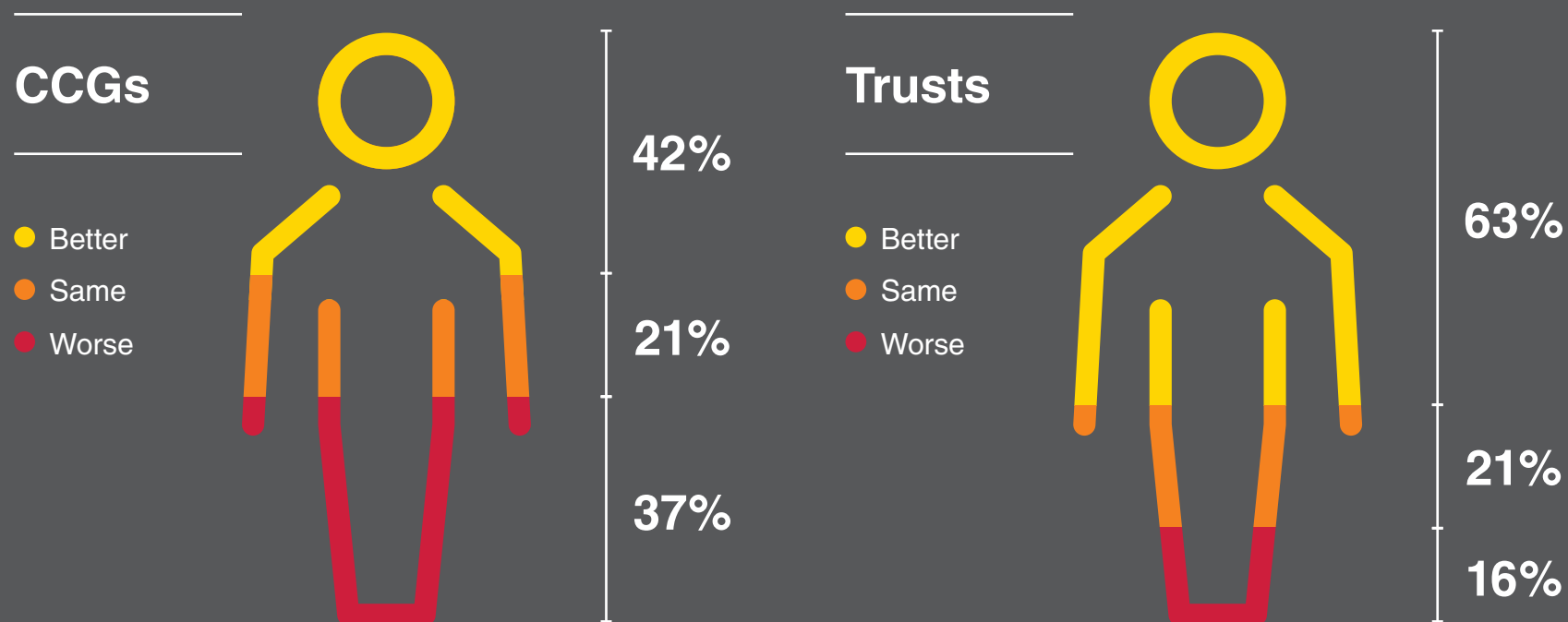
CCGs forecast a combined underspend of £250m for 2016/17 based on forecasts formed at the end of month eleven. This includes the impact of allowing CCGs to release their 1% risk reserve, which improves their cumulative position by £800m.



CCGs have a different financial regime to trusts and financial performance is not comparable

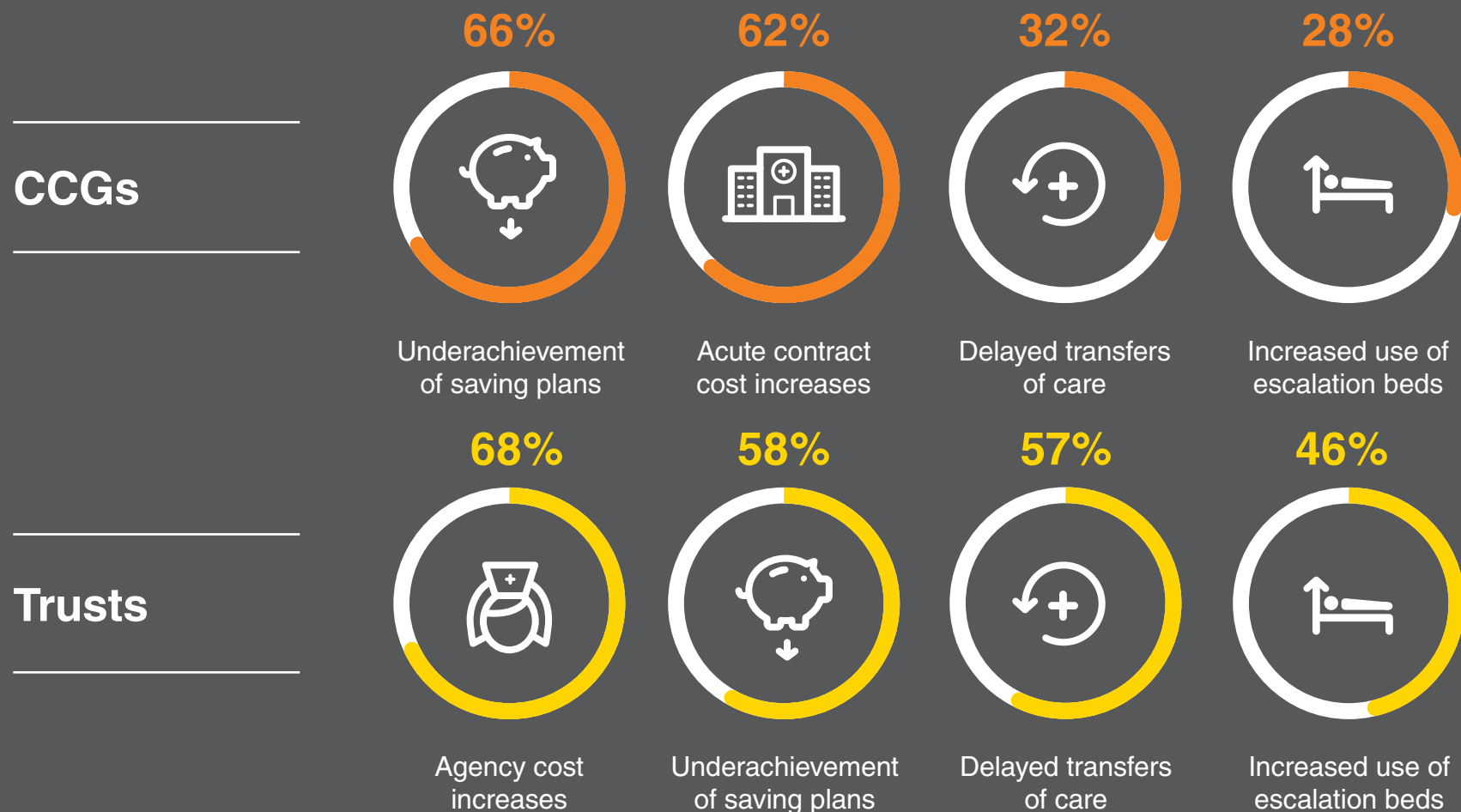
Plan variances

63% of CCG CFOs and 84% of trust finance directors stated that their year-end outturn was the same or better than planned. This performance though includes the impact of the allowed release of CCGs' 1% risk reserve, and the full impact of the £1.8bn sustainability and transformation fund.



Causes of adverse variances

Finance directors' views on causes of adverse variances.



2017/18 and 2018/19 forecasts

Finance directors' forecasts for their financial positions in 2017/18 and 2018/19.

Forecast CCG in-year position:

2017/18



2018/19



Surplus



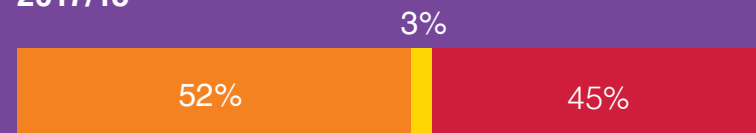
Break-even



Deficit

Forecast trust year-end position:

2017/18



2018/19



Surplus



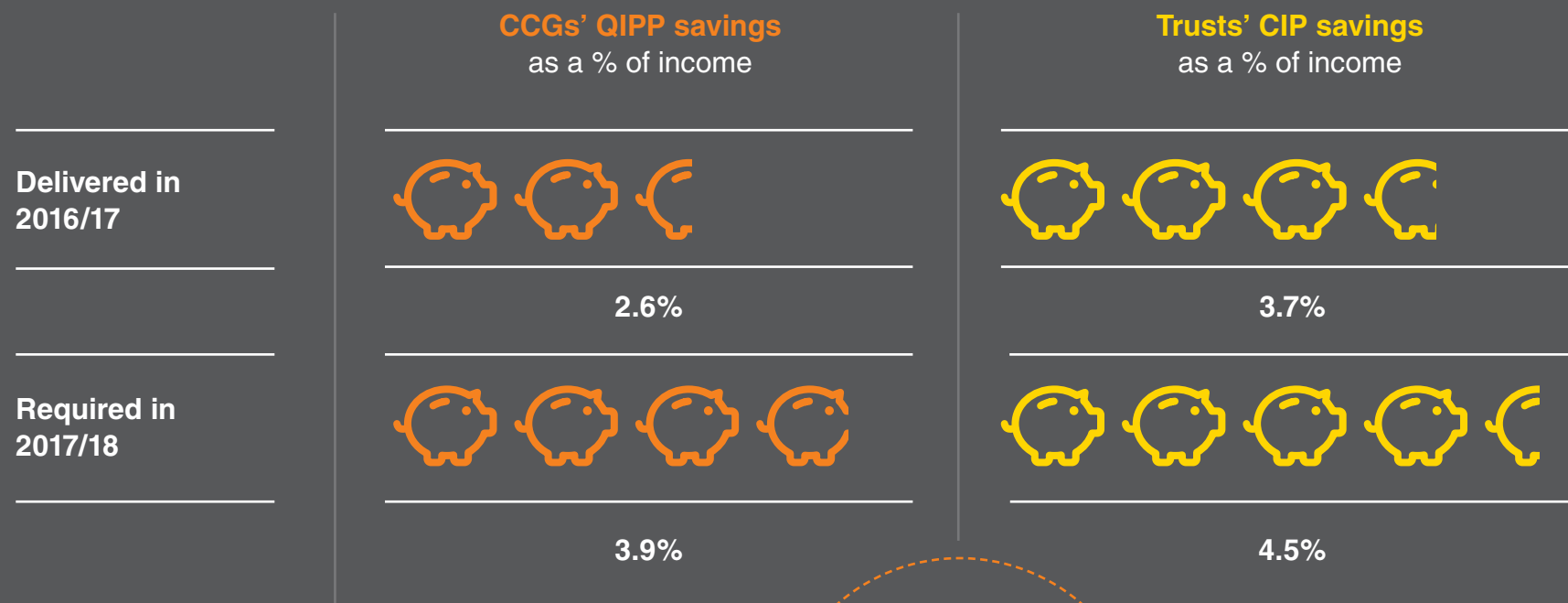
Break-even



Deficit

Savings plans

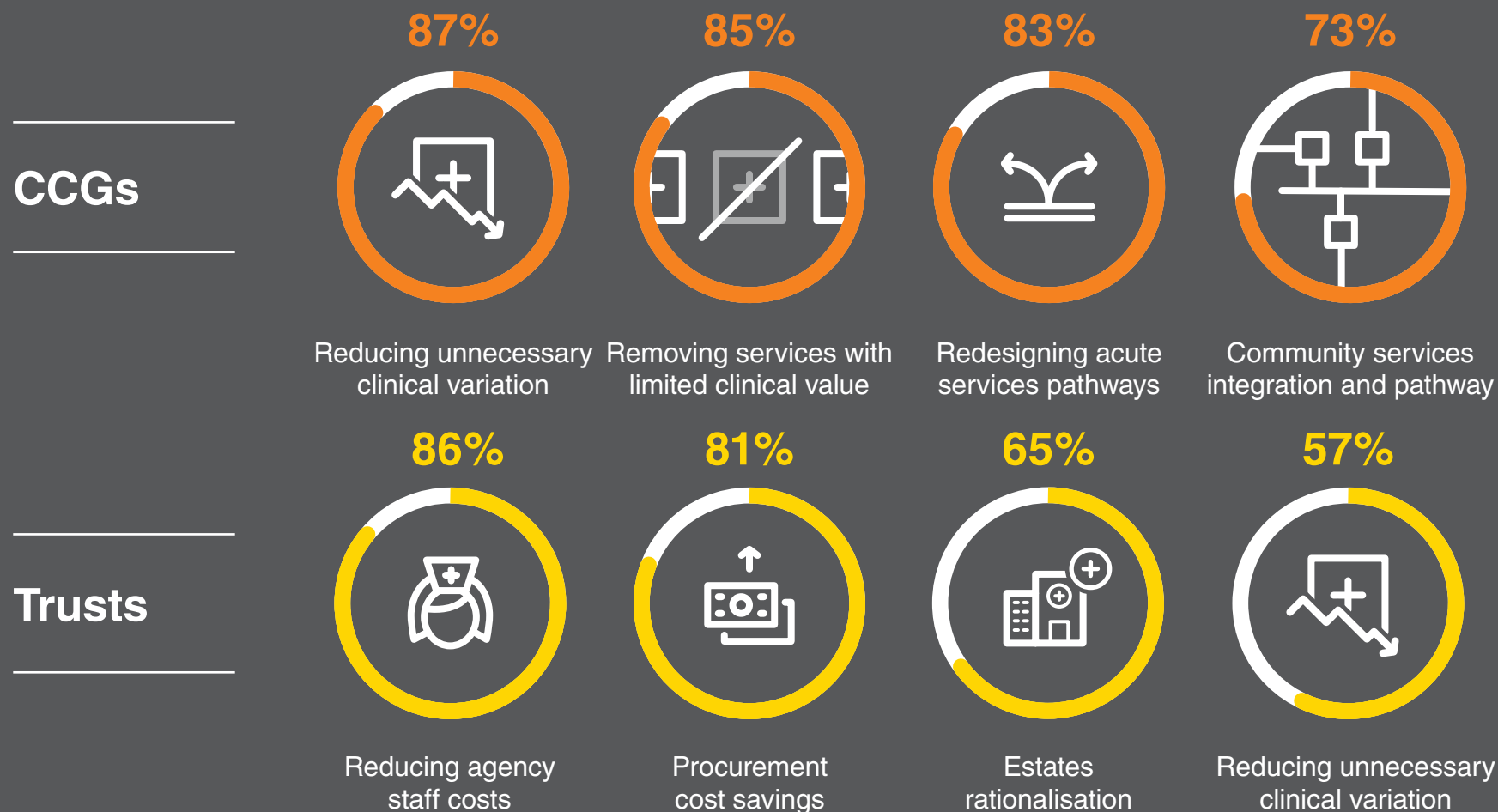
CCGs' and trusts' planned QIPP and CIP savings as a % of income for 2017/18 compared to those delivered in 2016/17.



60% of trusts and 46% of CCGs have savings plans that are greater than 4% of their income in 2017/18

Savings mechanisms

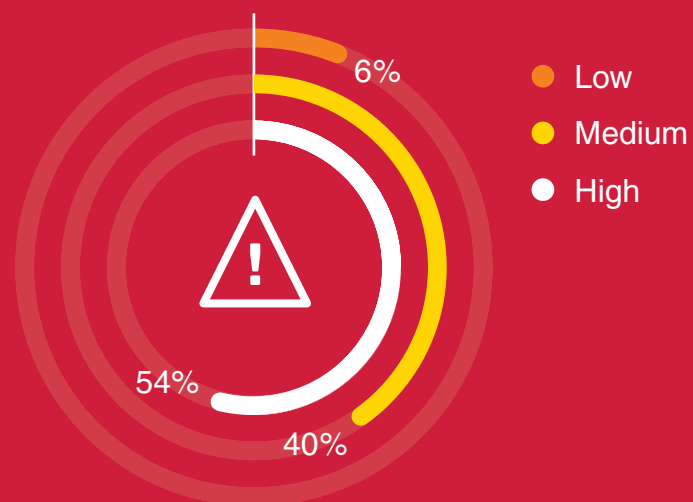
The key mechanisms that finance directors are using to effect savings in 2017/18.



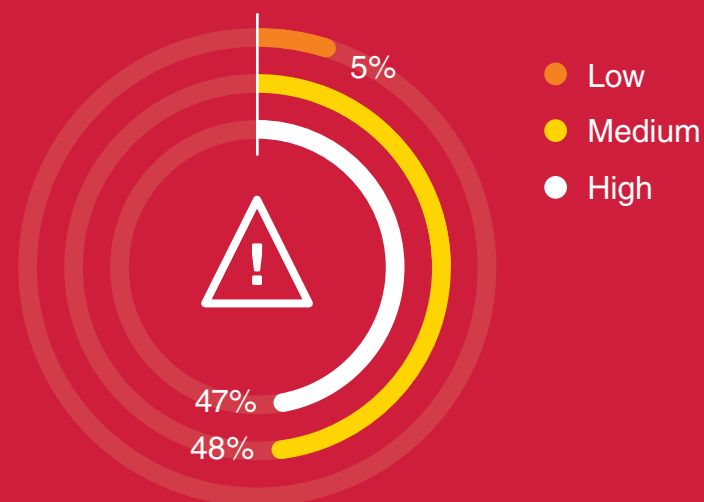
Financial risk

Finance directors think there is a medium to high risk to achieving their financial plans in 2017/18.

CCGs

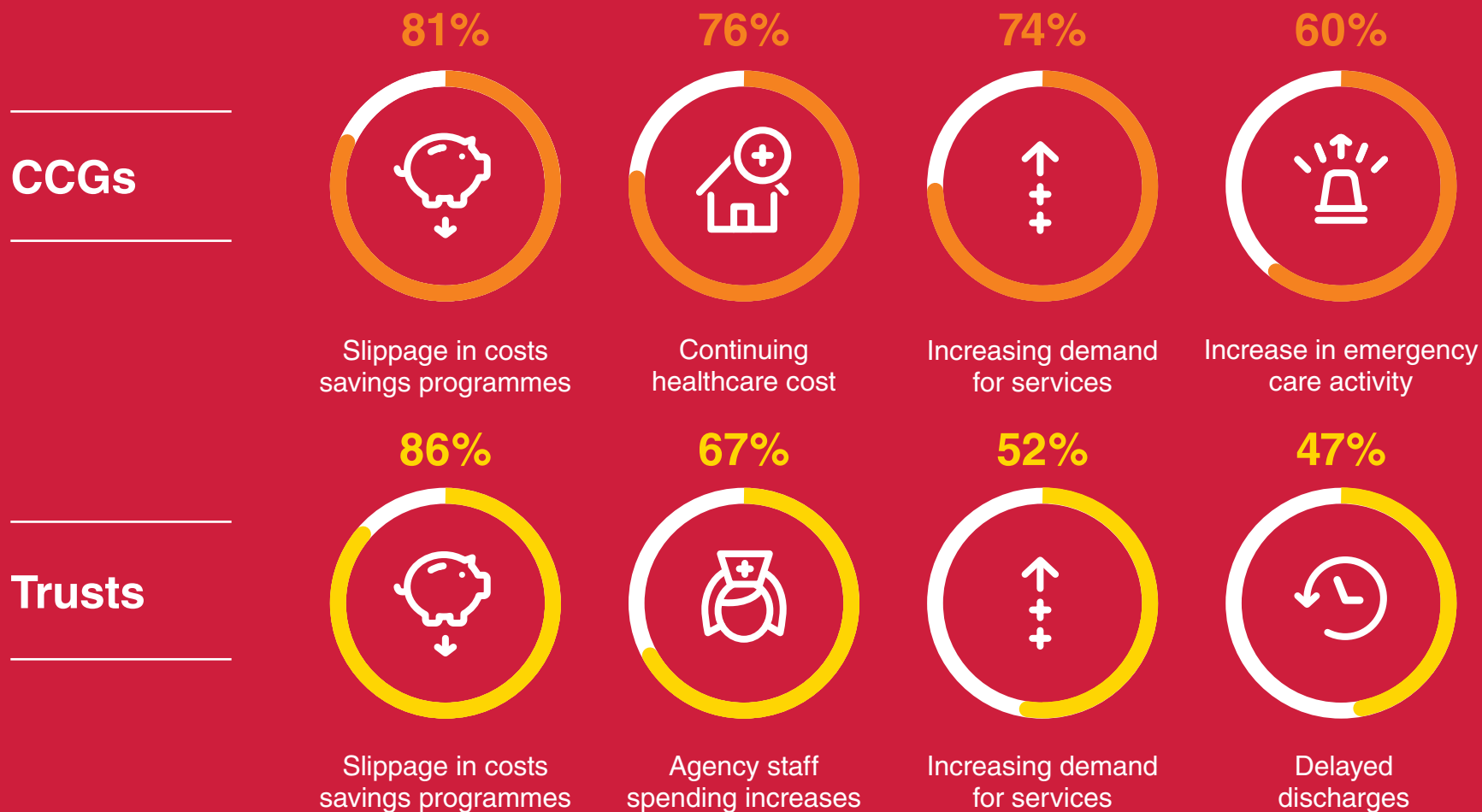


Trusts



Risk factors

Finance directors' views on the key risks to achieving their 2017/18 financial plans.

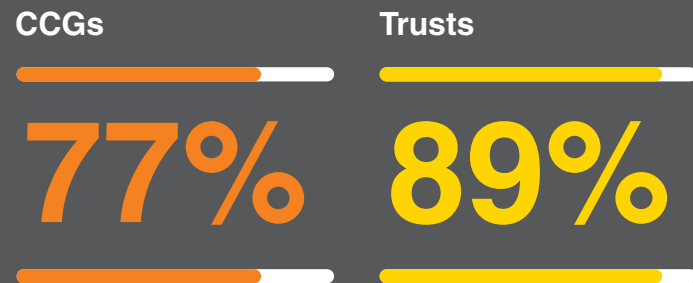


Sustainability and transformation partnerships

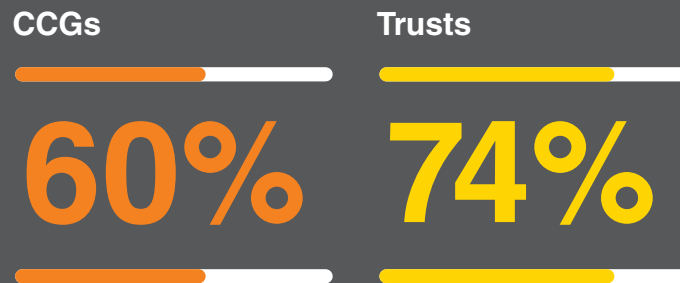
“
STPs are still at an early stage of development with difficult decisions still to be made
”

Finance directors' views on STP plans and governance.

% of finance directors that are either not confident or not very confident that their STP has the ability to deliver a plan to help close the funding gap by 2021



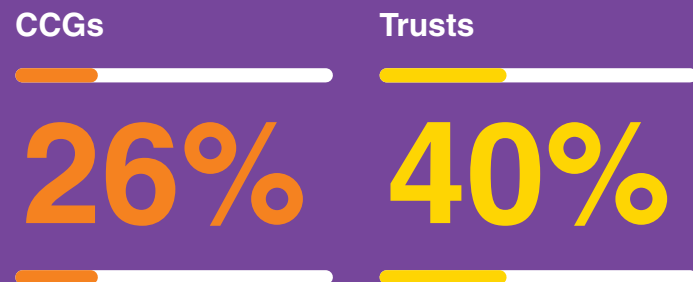
% of finance directors that have concerns about their STPs' governance arrangements



Capital funding

Finance directors' views on the sufficiency of capital for their organisations and for transformation required across their STP.

% of finance directors that have identified sufficient capital to deliver their organisation's capital plan



% of finance directors that think there is enough capital to deliver their STP's transformation programme

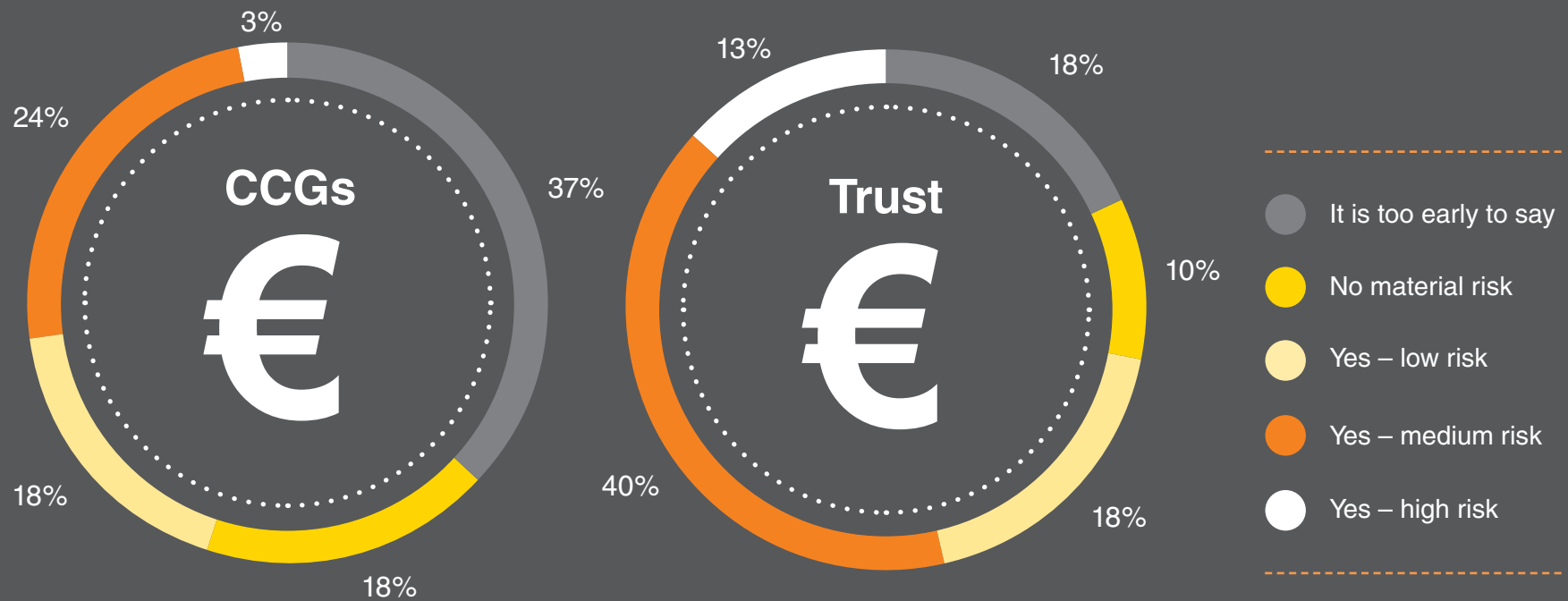


Brexit

Finance directors' views on the scale and type of risk stemming from Brexit

90% of trust finance directors think that recruitment and retention are a key risk, and 64% of trust finance directors think general cost inflation is a key risk.

Do you think Brexit poses a risk to your organisation?



Service quality

Finance directors are more optimistic about 2017/18 than 2018/19.

CCGs

2017/18 expectation



2018/19 expectation



Quality will stay the same



Quality will reduce



Quality will improve

Trusts

2017/18 expectation



2018/19 expectation



Quality will stay the same



Quality will reduce

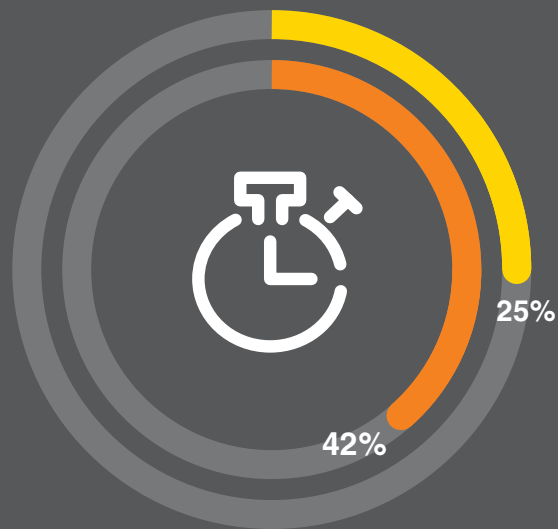


Quality will improve

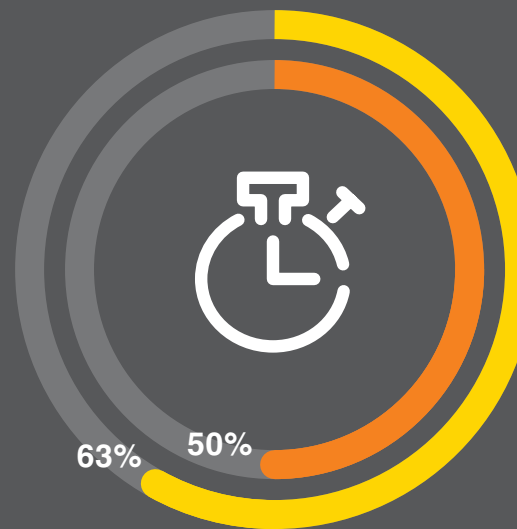
Waiting times

Waiting times were the quality area judged to be most vulnerable - with 86% of finance directors thinking they are at risk.

A&E waiting times



Elective care waiting times



● % of finance directors that think waiting times have increased **over the past 12 months**

● % of finance directors that think waiting times will increase **over the next 12 months**

Key actions

We asked respondents to tell us what actions would be of most help in order to tackle the financial challenges they are facing. They cited:

- **There needs to be recognition of the scale of the financial challenge in 2017/18, with savings plans at their most ambitious levels in recent years**
- **Clarity on who is delivering what within STP areas is needed, followed by an alignment of contracts with operational plans**
- **A firm grip is needed on agency expenditure in 2017/18 if trusts' financial plans are to be delivered, with Brexit pressures on EU recruitment and new rules on agency staff taxation this will be difficult**
- **There should be greater alignment of targets set by NHS England and NHS Improvement, coupled with communication of these targets earlier in the year.**

The results of our survey depict a difficult financial year ahead for trusts and CCGs alike, with finance directors commenting that 2017/18 will be the most difficult year yet.



The full briefing and a more detailed presentation is available from the HFMA. All sources, assumptions, definitions and references are stated in the briefing.

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