



NHS financial temperature check
November 2017



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



NHS financial temperature check



This is the eighth 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 80 (34%) trusts and 56 (27%) clinical commissioning groups (CCGs) from across the NHS.**¹

Directors completed the survey during late October 2017.

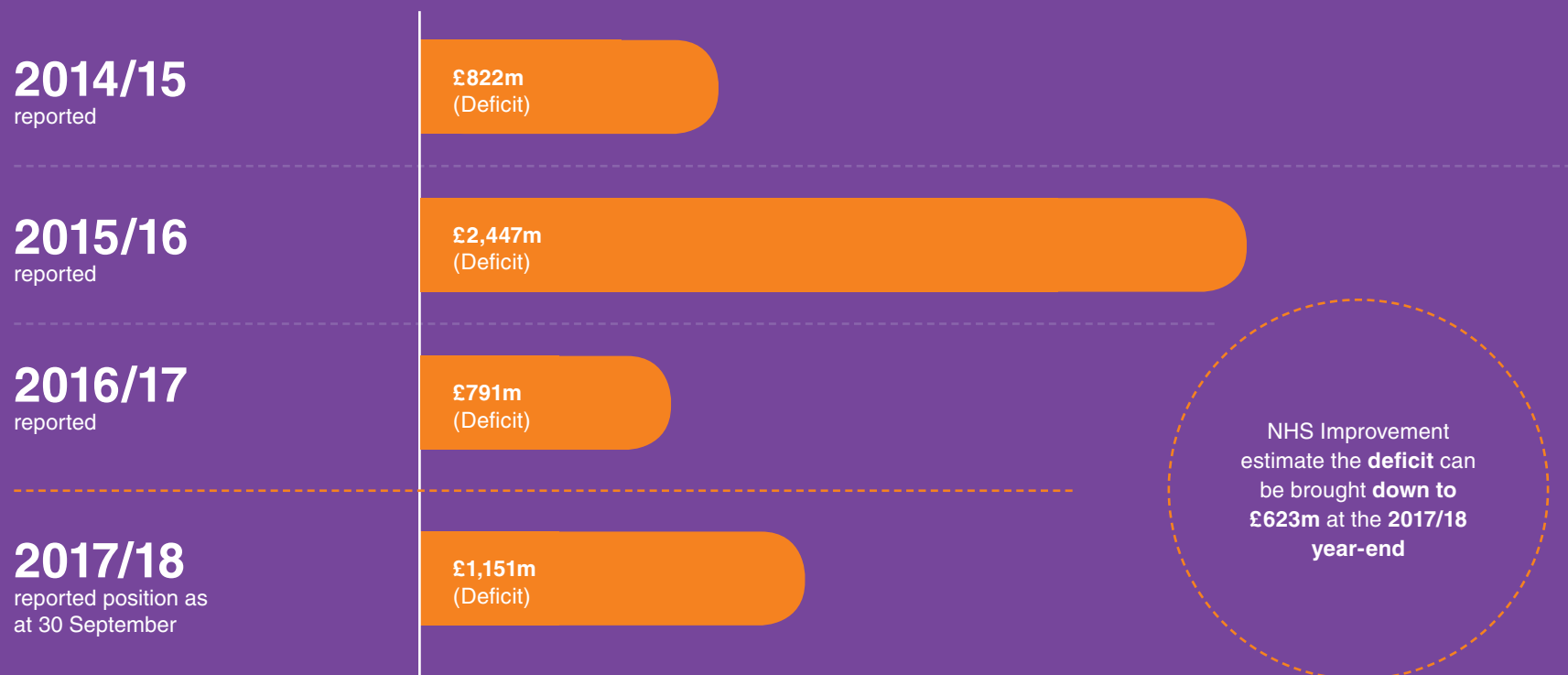
This infographic highlights the key findings and accompanies the full briefing, available from the HFMA.

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 2017/18 financial performance

Trusts reported a deficit of £1,151m at the end of September 2017. This was £143m worse than planned. 65% of trusts are in deficit, compared to 44% at the end of 2016/17.



CCG 2017/18 financial performance

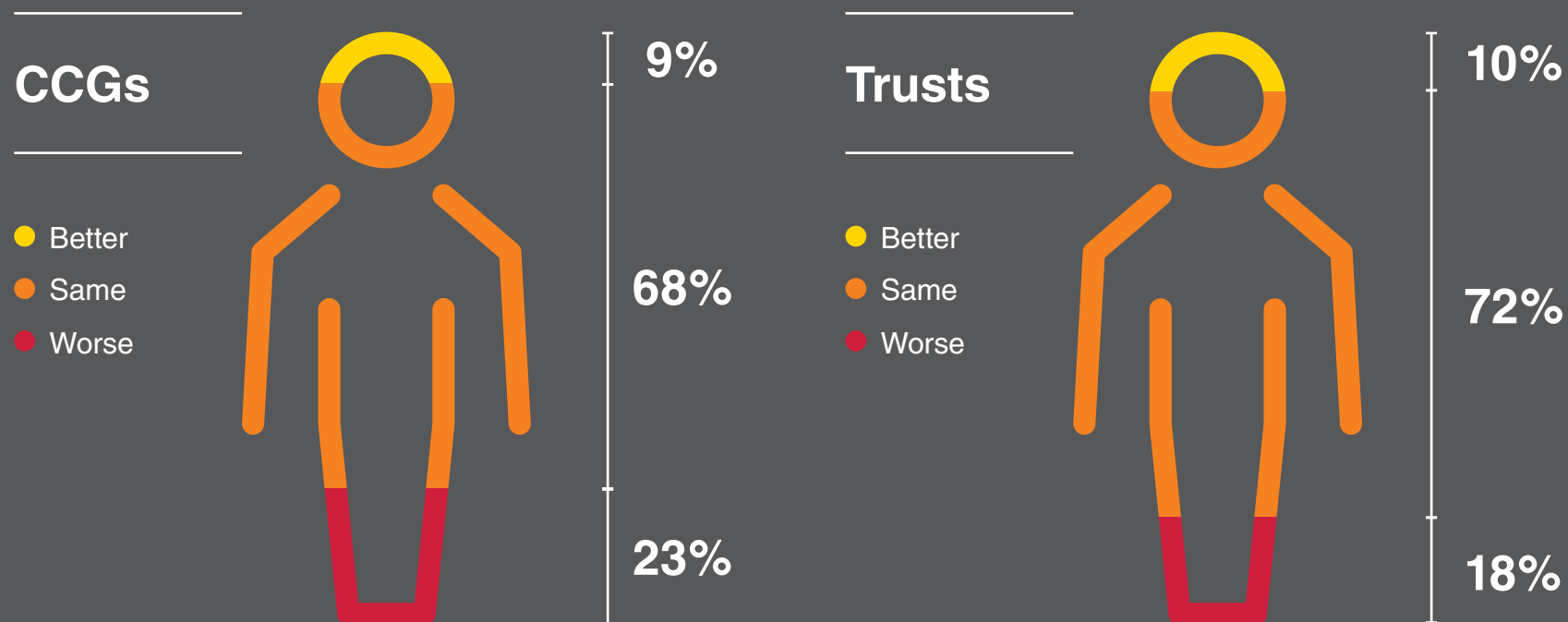
CCGs reported a combined overspend of £267m against plan at the end of October 2017. 41% of CCGs are reporting a year to date overspend against plan.



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

Plan variances

77% of CCG CFOs and 82% of trust finance directors are forecasting that their year-end out-turn will be the same or better than planned.



Causes of adverse variances

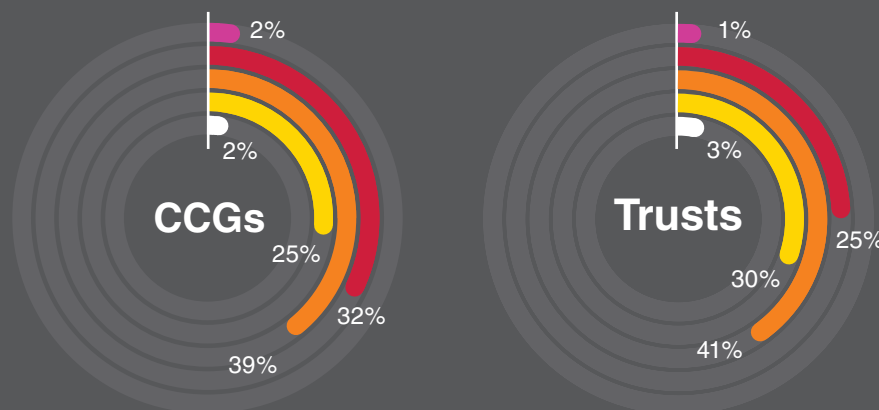
Finance directors' views on causes of adverse variances.



Savings programmes

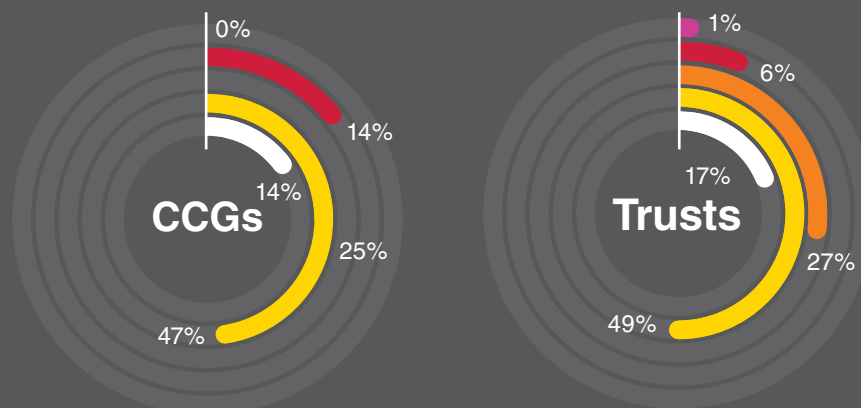
Finance directors' confidence in delivering 2017/18 savings programmes.

Recurrent savings



Finance directors are more confident about achieving the non-recurrent elements of their plans rather than the recurrent savings

Non-recurrent savings

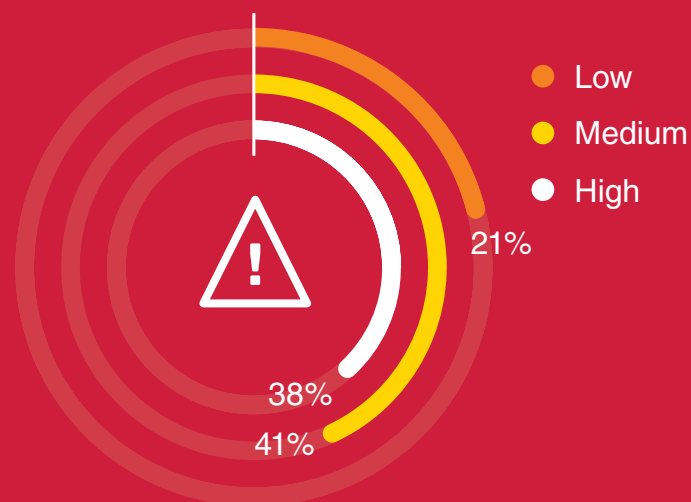


- Too early to say
- Not at all
- Not very
- Quite
- Very

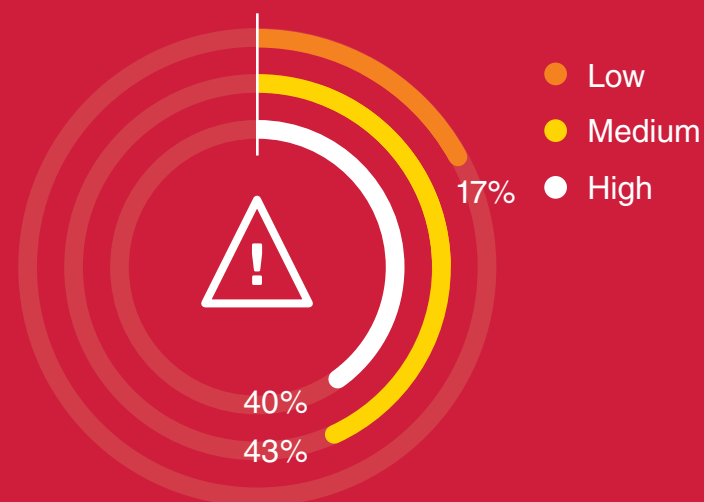
Financial risk

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.

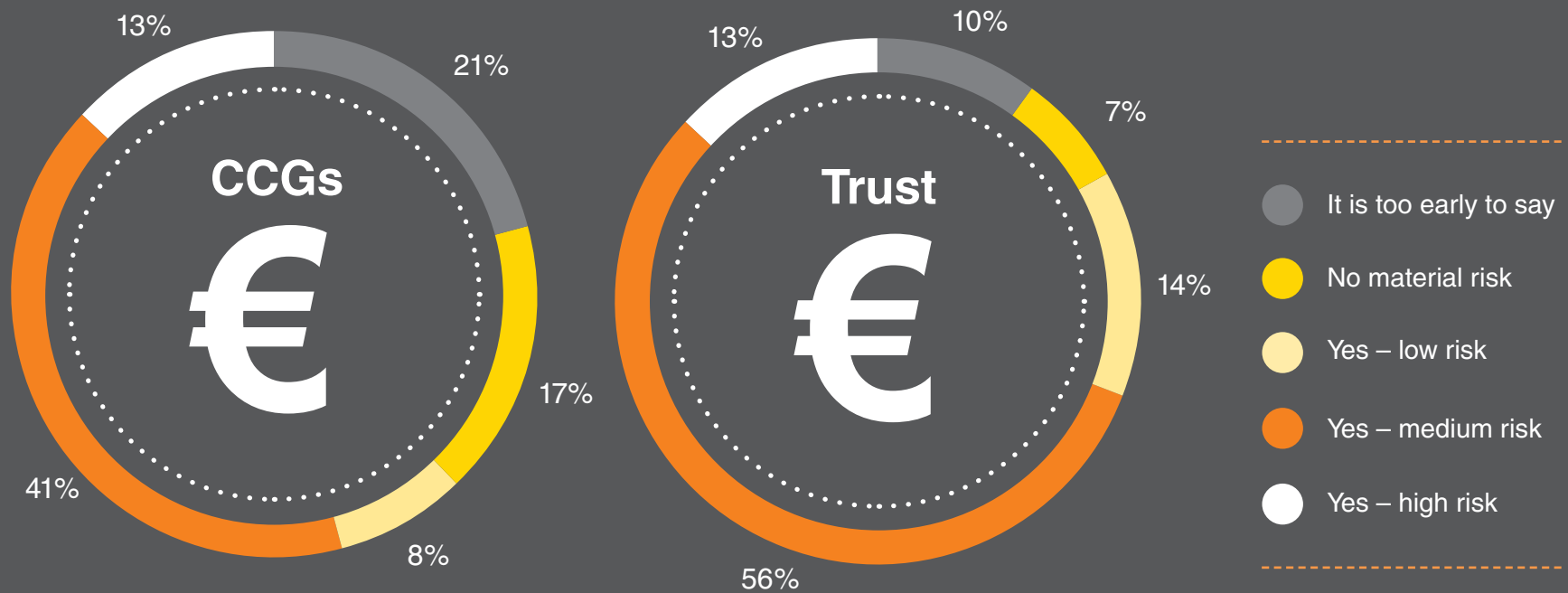


Brexit

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

91% of trust finance directors think that recruitment and retention are a key risk, and 68% of trust finance directors think general cost inflation is a key risk.

Do you think Brexit poses a risk to your organisation?



Meeting financial challenges

The key mechanisms that finance directors are using to meet the financial challenge are:

CCGs

Reducing unnecessary clinical variation:



Reducing services with limited value:



Increased integration between health and social care:



Trusts

Reducing pay costs on agency staff:



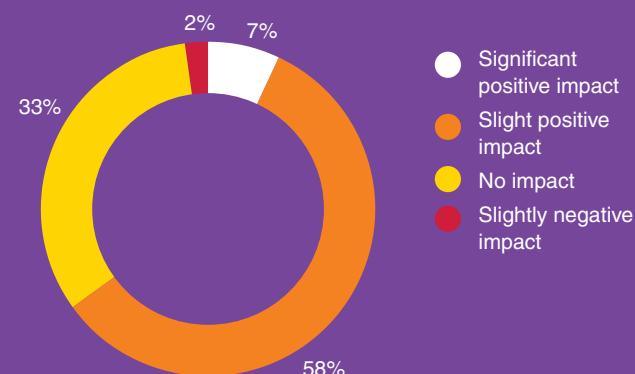
Procurement costs savings:



Estates rationalisation:



The majority of acute trust finance directors think that the Carter recommendations, to reduce unwarranted variation in productivity and efficiency in hospitals, have had a positive impact.

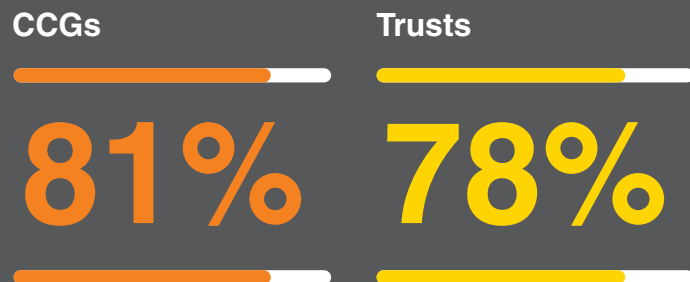


Sustainability and transformation partnerships

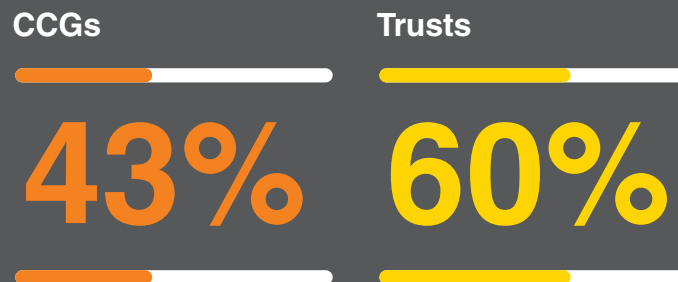
Finance directors' views on STP plans and governance.

“
The alignment of decision-making with organisational accountability still remains the key governance concern
”

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



Service quality

Most finance directors continue to think that quality will stay broadly the same.

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



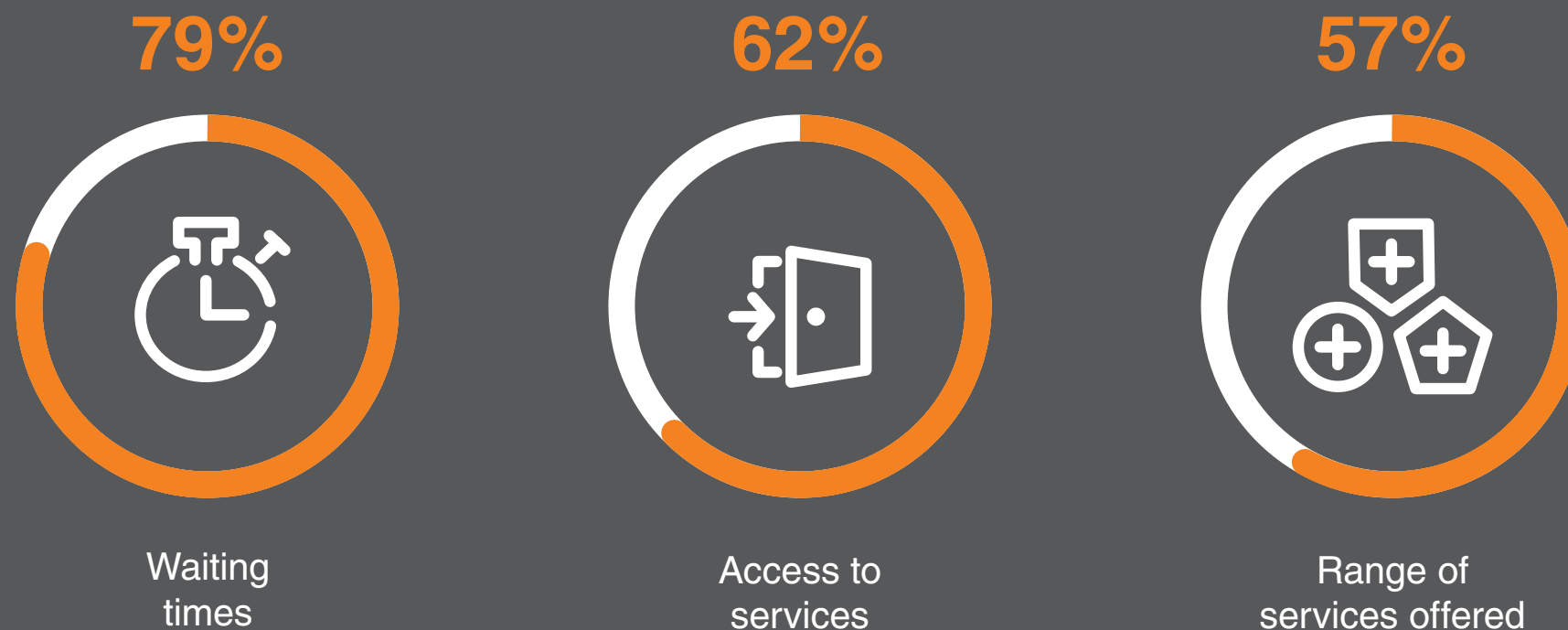
Quality will reduce



Quality will improve

Service quality

Finance directors' views of the most vulnerable aspects of service quality.



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**
- **Progress with the transformation agenda needs greater capacity for a more strategic focus, non-recurrent revenue funding and greater access to capital investment**
- **There needs to be a public debate about what is affordable**
- **There should be either a consolidation of NHS England and NHS Improvement, or a closer alignment of the messaging and targets from them.**

The indications are that 2017/18 will be more difficult than last year, with many one-off measures taken to improve financial performance being exhausted.



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

Please contact the HFMA with any requests to use information or images in this document.

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