Need a patient level costing system that has been designed specifically to meet the needs of NHS Improvement's Costing Transformation Programme?

No more black-box or complicated SQL scripts.

Built upon powerful Excel-based rule templates using a combination of menus, keywords, and drop-down selections, PCG Monitor puts you in charge. Our templates allow you to build, maintain, and review the rules, without the complicated SQL scripts and eliminate the need to perform data manipulation outside the system.

PCG's newly developed Patient Level Costing module is:

- Designed specifically to meet the needs of the new Costing Standards
- Developed by experienced costing practitioners
- Powered by the Qlik Analytics platform
- Web based with a simple and clear front end

The cost calculation process uses embedded Qlik technology and maintains a full trail of patient costs back to the originating ledger so you can see exactly where a cost came from and how it got there using a range of in-system Qlikview reporting suites.

PCG Monitor users include CTP Acute Early Implementers, NHSI Tariff Cohort Trusts, and Ambulance and Community Roadmap Partners with a growing number of successful CTP submissions already made.

What do our clients say?

"We have submitted our 1st CTP data to NHS Digital successfully only three weeks after we had started working with PCG. It is amazing that we were able to turnaround in such short period of time with limited resource from the trust. The logical PCG costing templates have made granular costing effortless and transparent. The PCG costing team were extremely supportive and responsive, which was instrumental in allowing us to make such progress."

-Rachel Lei, Costing Accountant, Royal National Orthopaedic Hospital NHS Trust

"I was impressed with the PCG Monitor in-built reports ensuring full cost traceability through the model, which has been important in engaging with end users. It gives access to data previously unavailable and delivers insight into the trust's actual performance. The ability to control changes to the model directly, offers a great flexibility for users, without the need for costing development days."

-Rosalyn Davies, Chief Corporate Accountant, Mid Cheshire Hospitals NHS Foundation Trust

Get in touch to arrange a demo and see how PCG Monitor can make a difference for your trust.

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Taking the pulse

The latest HFMA NHS financial temperature check shows that finance leaders are concerned they will not be able to deliver challenging financial plans this year. Seamus Ward examines the findings

While the additional NHS funding announced in last month's Budget was welcomed, it was generally agreed that it was not enough. Even NHS England chair Sir Malcolm Grant reportedly spoke of a difficult debate that would be needed to decide commissioners' priorities. Phrases like 'tight financial climate' or 'significant deficit' are now used so often when describing the NHS that they are almost accepted as normal. But the financial challenge facing providers and commissioners is real and it is laid out in detail in the latest HFMA *NHS financial temperature check*.

The temperature check outlines the financial performance figures for the NHS in England at month six. The provider sector reported an aggregate deficit of £1.15bn halfway through 2017/18 – after including the £630m sustainability and transformation fund (STF).

While 87 trusts reported an adverse variance against plan, 152 said they were in deficit after six months of the year – 63 trusts (27%) forecast they would have an adverse variance from plan at year-end, with 111 forecasting a deficit. For the full year, trusts forecast that they will report an aggregate £623m deficit, after receipt of the £1.8bn STF – a deficit that would be £127m more than planned.

At the six month point, CCGs had overspent against plan by £186m, with 83 reporting an overspend. Twelve CCGs are predicting they will end the year with an overspend on their budgets – with an aggregate overspend of £96m forecast for year-end. Subsequently, month seven figures suggested that, when all risks were taken into account, the underlying CCG overspend could be £500m at year-end.

The HFMA welcomed the Budget funding injection of £335m to help the NHS cope with winter pressures in 2017/18. However, it pointed out that this was less than half the combined month 6 forecast provider deficit (£623m) and commissioner overspend of £96m. And it said NHS organisations will have to move quickly to change their plans if the additional funding is to have a significant impact on this year's winter pressures.

Looking at the wider financial outlook, HFMA head of policy and research Emma Knowles says most finance directors feel they are working in a system that has less funding than they think is needed. 'The additional money will not be sufficient to resolve the financial pressures. Finance directors are calling for more openness about NHS resources and what is affordable. There is no doubt that difficult choices will need to be made about the use of NHS funds,' she adds.

Despite the forecast deficit this year, the temperature check said providers had delivered significant savings, totalling £1.26bn in the first six months of the year (£169m below plan). Over the year, savings plans totalled £3.7bn and trusts forecast they would fall short of this figure by £210m.

CCGs also fell shy of their efficiency savings plan, reporting savings of £1bn (£1.2bn planned) at month six. At year-end, they forecast savings will be £443m less than the planned level of £3.1bn.

While many organisations were able to use one-off measures to improve their figures in the second half of 2016/17, there was much less scope for doing so once again in the current financial year. The temperature check stated: 'The scale of the challenge to turn round the reported mid-year position and deliver the year-end forecasts should not be underestimated. NHS organisations are delivering more care to patients, but the increase in activity levels has not been matched by increased funding.'

Overall, the picture is of a service striving to hit ambitious savings targets, largely using recurrent measures. Just over three-quarters of trust savings in the first half of the year were recurrent, though this fell short of the planned proportion (the plan aimed to have 92% of savings as recurrent). And the level of recurrent savings is similar to the proportion recorded at the same point in 2016/17.

This national picture, reported by NHS Improvement and NHS England, was backed up by the temperature check survey of finance directors and chief finance officers. Finance directors and chief finance officers from 80 provider trusts (34%) and 56 clinical commissioning groups (27%) responded.

The survey said 38% of CCG chief finance officers and 40% of provider finance directors believe there is a high level of risk in their organisation's financial plans. Perhaps unsurprisingly, 71% of CCG finance leads and 66% of their provider peers were not confident that recurrent savings plans would be delivered.

The HFMA acknowledged that the level of pessimism among finance managers was similar at the same point in 2016/17. But finance leads were more pessimistic this year about their ability to achieve non-recurrent savings. It said 39% of commissioner chief finance officers and a third of provider finance directors were not confident they could deliver their plans for one-off savings. With a greater proportion of savings pencilled in for the second half of 2017/18, the second six months will prove challenging for the service.

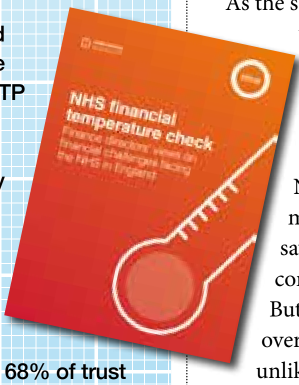
Threats to balance

Finance directors and chief finance officers set out the biggest threats to financial balance – missing savings targets, agency staff costs, winter pressures, increased demand and delayed discharges. CCGs added that prescribing and continuing healthcare costs could also pose risks to their financial position.

The prescribing cost pressure may relate to the lack of availability of some generic drugs – they are being substituted by more costly branded medicines. This additional cost is not reflected in the reported financial positions.

Other findings

- 56% of CCG finance chiefs and 65% of provider finance directors said their 2017/18 control total was less achievable than the control total for 2016/17
- 69% of trust finance directors and 54% of CCG chief finance officers (CFOs) said leaving the European Union posed a medium or high risk. Recruitment and retention of staff, general cost inflation and increased drugs costs were the main concerns
- 59% of CCG CFOs and 71% of trust finance directors do not expect the additional £2bn social care funding, announced in this year's spring Budget, to have a material impact
- Although relationships between organisations in sustainability and transformation partnerships (STPs) are improving, 43% of CCG CFOs and 60% of trust finance directors remain concerned about governance. Alignment of STP decision-making with organisational accountability remains the key governance concern
- 81% of CCG CFOs and 78% of trust directors are not confident that their STP has the ability to deliver a plan to help close the funding gap by 2021. Key issues raised include the lack of capital for transformation and differing regulatory approaches



- 87% of CCG CFOs and 68% of trust finance directors believe NHS England and NHS Improvement should merge

Almost a fifth of trust finance directors and 23% of their CCG counterparts expect their year-end position to be worse than plan, while around one in 10 commissioner and provider finance leads believe their final financial position will be better than plan.

The survey was taken after the government indicated it would relax the 1% cap on rises in public sector pay, and clearly this issue concerned finance managers. Three-quarters of respondents believed the cap should be lifted, but only if the cost is funded fully by the government. Only 2% said the cap should go even if no additional funding is made available.

Over the past year, national organisations have urged greater consolidation of back-office functions to ensure as much as possible is spent on frontline patient care. Much of this is based on Lord Carter's report on efficiency and productivity in the NHS, which recommended that corporate and administration costs should be no more than 7% of income by April 2018, falling to 6% by April 2020.

According to the survey, 94% of respondents' organisations were exploring consolidation to reduce costs and increase efficiency. More than half of respondents were considering consolidating payroll, procurement, human resources, information technology and the finance function.

Impact of Carter

Programmes such as the Carter-inspired Model Hospital, as well as *Getting it right first time* and NHS RightCare, aim to support the Carter vision of saving £5bn a year by identifying and eradicating unwarranted variation. Asked how implementation of these programmes had affected organisations' finances, 58% of acute providers reported a slight improvement and 7% a significant improvement. A third said there had been no impact and 2% a slightly negative impact.

As the scope of the Carter recommendations widens into mental health, community and specialist services, it is likely their impact will increase, the HFMA said.

There are positives in the current NHS landscape – the service is making unprecedented levels of savings and productivity is high compared with the rest of the economy. But this year's targets are stretching and, overall, finance directors feel they are unlikely to be achieved.

Despite the financial picture, most respondents in the HFMA survey believe that the quality of patient care will stay broadly the same this year. The association defined quality as 'services that are patient-centred, safe, effective, efficient, equitable and timely'.

However, 21% of CCG finance leads and 15% of trust finance directors think it will deteriorate. On the other hand, 21% of CCG and 23% of trust finance directors believe it will improve.

Though the proportion remains small, an increasing number of finance directors think that patient outcomes or patient safety are at risk. More money than expected has been allocated to the NHS. It is less than many in the service believe is needed. But is it enough to ensure finance directors' darkest fears about outcomes and safety never happen?

Southport and Ormskirk Hospital NHS Trust

Achieving a 40% reduction in medical locum spend in 12 months with **TempRE** from Liaison

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reduction in Medical Locum spend	reduction in core Consultant grade hourly rates	reduction in unsocial Consultant grade hourly rates	reduction in core Staff Grade hourly rates	

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