NHS Haringey

Budget Setting 2009/10

Background

- 0809 financial plan: £406m income, £404m expenditure, carry fwd £2m surplus
- Plan included net discretionary new investments of £8m eg in services - health visitors, podiatry, primary care, screening, psychological therapy, eg in community engagement and public health – stakeholder engagement, health trainers, smoking cessation advisors
- Plan also included growth over inflation to buy increased 0708 outturn activity in acute services, and to achieve new performance targets eg 18 week maximum waiting time

0809 Actual Position

- On target to achieve financial plan bottomline
- Significant increase in acute spend of £12.6m, offset by application of reserves of £6.5m and underspends on primary care of £2.6m, providerside services of £1.4m, and other of £2.1m
- Acute overspend has bought achievement of new performance targets eg 18 weeks, 4 hour A&E maximum wait, reduced MRSA rates; and a surge due to emergency winter pressures – increase particularly in the last quarter of the year
- Recurrent impact of acute overspend is an 0910 cost pressure

0910 Baseline Changes

- Resource allocation formula changed for 0910, reducing Haringey to floor level growth of 5.1% (£21m)
- January plan able to sustain increased volume and new investments despite reduced growth
- New national tariff for acute services ("HRG4") published in February, DH predicted overall cost neutrality
- Q4 0809 saw a large surge in emergency winter activity pressures
- Actual impact of HRG4 is a pricing cost pressure of £16m, and Q4 volume growth was a cost pressure of £7m, with further additional cost pressures also notified
- Recent price and volume growth is not sustainable without additional actions: gross affordability gap of £30m

Acute Actions Taken To Date

- 0809 acute overspend subject to some successful and some outstanding data validation and contractual challenges eg late notification, coding and pricing shifts
- 0910 acute contracts subject to price discounting eg SHAs agreed that non-mandatory HRG4 outpatient prices would not apply, teaching hospital R&D cost pressures were bought out by a national DH fund, local prices were benchmarked
- 0910 acute contracts in sector subject to volume reductions eg all include demand management and performance metrics targets eg reduced unnecessary follow up outpatient attendances, reduced readmission rates
- UCLH contract still in dispute since best case not yet realized
- BUT national Code of Conduct implies PCTs buy at least outturn activity unless there is a planned service change
- £3m saving realised on actions to date

Other Actions Taken to Date

- London deficit support levy of £3m being offset by drawing down lodged reserves of £5m, and London investment levy not being funded £3m (net £8m release)
- Prescribing growth cut from 8% to 4% (£1m)
- Dental growth cut from 7% to 3% (£1m)
- MHT contract includes first year of 3 implementing modernisation review (£1m)
- All internal and external contracts, including providerside and management cost budgets, already include a 3% CIP savings target
- £11m saving realised on actions to date
- Net current affordability gap after actions taken, down to £16m

Further Future Actions Proposed

- Reserves to be stripped down to a minimum, achieveable by rigorous conclusion of outstanding contracts and 0809 disputes: £4m reduction leaving £12m for in year contingencies
- Primary care 0809 underspent, yet 0910 budget uplifted, total current increase of £6m outturn on plan: primary care to be challenged to reduce growth eg in developments, and in contractual expansion, to outturn
- £6m balance to be met by further internal measures

Impact and Risk

- £8m set aside for new investments in 09/10 current plan but this must now be reduced to an additional £2m for new investments in 09/10. Still growth!
- Investment list needs review in the light of the affordability gap, and in order to cover in year delivery and expenditure risks
- Current investment plan includes investments in children's services, mental health, primary care and providerside: many of which are must-dos
- Internal review started within the PCT, key stakeholders to be engaged: minimization of negative service impact in the meantime