

# NHS Haringey's financial position for 2010/11

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# Current financial position



- Forecast 2010/11 deficit range £30 - £41m
- Target £25m (control total breakeven)

# Current financial position

- How did we reach this position?
- How did we plan for it?
- What are we doing now/next about it?

# Key causes of the deficit

- Low income growth in 2010/11 of £3.6m: 0.8 per cent on revenue resource limit
- In year acute expenditure growth of £14m: eight per cent on baseline or three per cent of revenue resource limit
- Other pressures:
  - forensic mental health
  - continuing care
  - prescribing
- Underlying 2009/10 issues eg challenged trust board £3.4m and previous years acute expenditure growth

# Why income growth is low

- Underlying growth of 5.14 per cent or £22m: floor growth
  - population at ONS mid: low
  - Distance from Target of £10.9m over
- Recurrent adjustments
  - A&E/GUM de-hosting £9m (over two years)
- Non-recurrent adjustments
  - Challenged trust board levy of £7m (two years worth)
- 2009/10 benefits ceasing

# Understanding acute expenditure growth

- £48m forecast over two years from 2008/09 outturn to 2010/11 outturn excl tech changes: 31 per cent on baseline
- Key causes of the expenditure growth are:
  - Inflation: 0.8% average per annum or £3m (inflation was 1.7 per cent in 2009/10 and nil in 2010/11)
  - Healthcare resource groups 4: 3.8 per cent average per annum or £12m
  - MFF shift 2010/11: one per cent average per annum or £4m
  - recorded activity growth: 8.0 per cent or £29m

# Acute activity growth

- Lack of data makes two year comparison difficult
- Small GP referral growth: rate still lowest in sector: 0.5 per cent or £0.8m over two years
- Emergency activity up
- Some evidence of inter hospital activity increases
- Increases in particular areas: eg high cost drugs; newly recorded procedures; ICU, HDU & NICU; maternity; diagnostics

# Where acute growth has happened



- Whittington: £7.5m- emergencies, critical care, diagnostics, maternity and NICU
- UCLH: £8.9m- emergencies, daycases, other (new counts)
- NMH: £3.8m- emergencies, outpatients
- RFH: £2.0m- high cost drugs
- Other: £6.8m- especially BCF, BLT and GOS
- Total £29m on recorded activity growth



# Other causes of deficit

- Forensic mental health:
  - 65 to 73 patients in 2010/11
  - accelerated discharge from high secure
  - admissions through courts and from prisons
  - delayed discharges and model of care that is risk averse
- Continuing care:
  - social services versus health responsibilities
  - growing need eg. LD
- Prescribing:
  - lower than average growth at four per cent target but still above RRL

# Being clear about the challenges



- Early 2009: expressed our concerns to Board and NHS London about new HRG4 tariff and impact on our acute spend
- May 2009: 2009/10 budget forecast low income growth, high acute expenditure growth and need for significant savings requirements to bridge the gap
- December 2009: rated ourselves Red on future finances in world class commissioning self assessment
- February 2010: special board seminar which identified £26m funding gap and agreed way forward on savings plans

# From plans to delivery: expenditure



- Plan anticipated low income growth but not scale of (acute) expenditure growth resulting in:
  - 2009/10 plan achieved but late Q3/4 surge:
    - M8 FYE £8m overspend on acute; M12 FYE £12m; outturn £14m
  - 2009/10 outstanding balance brought forward
  - 2009/10 outturn meant baseline set higher than planned
- Has created a ‘triple whammy’ for 2010/11

*NHS Haringey's growth in acute spend is highest in the sector*

# From plans to delivery: savings

- 2009/10 savings projection based on HfL polysystems shift
- 2010/11 initial plan based on productivity and efficiency gains
- savings have always been required but...
- ...scale of savings required increased
- limited success of polysystems shift
- limited success of (acute) productivity and efficiency gain eg. KPIs

*Consequence of this is savings not sufficient to bridge the increasing expenditure gap*

# What we are doing now

- Feb 2010: Identified potential £26m savings opportunities before risk-rating and acknowledged £16m savings as a realistic target
- Currently forecast £14m savings within net deficit
- Some savings schemes already 'nailed' or at maximum eg vacancy freezes
- Still three key opportunities to improve on current plans:
  - Sector wide acute schemes, including risk share deals
  - GP liaison to reduce demand
  - Mental health
- Savings schemes not yet planned include brokerage deals

# Next steps

- Identify and minimise risk and maximise outcomes for current savings schemes
- Identify new short term/non-recurrent savings opportunities
- Plan for recurrent 2011/12 savings e.g. list cleaning; low priority treatments
- Work up mitigations e.g. block deals: ‘tramlines’ project
- Use GP liaison to support development of GP commissioning