

Plugging the financial gap a personal view from the local NHS

- How big is the national gap?
- What is the national plan to plug it?
- How will this be implemented locally?
- Why is integration so hard?

How big is the problem?

- Take the 2015/2016 baseline, part way through the year
- Model demographic, demand and price pressures
- The answer is £30bn

But, what about?

- Other parts of the Local Health and Social Care Economy
- Existing provider deficit?

How much new money is there?

Revenue & capital combined. Year Ending	2016	2017	2018	2019	2020	2021
Total (£ million)	100.5	106.0	109.4	111.8	114.9	119.0
Real terms increase on previous year (%)		3.70%	1.30%	0.30%	0.70%	1.30%
Real terms increase on 2015-16 baseline (£ billion)		3.8	5.3	5.8	6.7	8.4

Gap of £30.0bn, less £8.4bn of new money means
£21.6bn of savings

How will this be saved?

	£ bn
National (pay restraint)	6.7
Local Efficiencies already secured	1.0
Local Activity reduction	4.3
Local Provider efficiency of 2%	8.6
Other commissioner	1.0
	21.6

P.A.C Jan 2015

- Trusts performance has deteriorated and the trend is not sustainable
- Efficiency targets were unrealistic
- Data to assess potential savings is flawed
- Tariff and agency staffing is making it worse
- There is not yet a convincing plan that adds up
“NHS England and NHS Improvement will be supporting and challenging the local sustainability and transformation plans that each part of the country will produce in June 2016.”

What is our STP position?

- Aggregate system balance, individual positions will matter less.
- Sussex and East Surrey between £500-750m and working on social care element

Simon Stevens “*national [STP] leaders would help overcome the ‘veto power’ of individual organisations, which could otherwise stand in the way of changes proposed through STPs.*”

Coastal West Sussex

- Coastal Care - Accountable care system / organisation
- Strategic steps
 - Programme budget for urgent care
 - Primary care at scale to deliver more out of hospital and community care

Why is integration so hard?

We don't understand local government

1. History of Manchester
2. Unitary government
3. Council Tax

Integration is three things for the NHS

1. Mental Health and Physical Health
2. Primary and Secondary
3. Health and Social Care*

*and this is the hardest

Why is financial integration so hard?

- We keep having to balance this year
- Council Tax, SSA's, RSG's and needs formula
- Can this be charged for?
- Matching investment to returns

So what should be done?



So what should be done?

- NHS spends 71% on chronic conditions, don't integrate the acute
- Commissioning to concentrate on the place, Local Authorities
- Provision to concentrate on the pathways

**Questions?
Comments?**



Public Accounts Committee Jan 2016

This is about staffing

- Efficiency targets are unrealistic
- Shortage of nurses will continue
- Agency staffing pressure is volume not rates
- Lack of affordable housing
- Headcount implications of 7 day working not assessed

Why is integration so hard?

A national service, not culturally equipped to deal with local

1. Populations
2. Previous patterns of investment
3. Different relationships

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