



NHS hospitals post record £1.6bn overspend in first six months of year

Gareth Iacobucci

The BMJ

NHS hospitals in England posted a record deficit of £1.6bn (€2.3bn; \$2.4bn) in the first half of this year, as the financial crisis enveloping the service escalated further.

The sector's regulators, Monitor and the Trust Development Authority, which published the figures,¹ said that the overspend was £358m worse than was planned by the sector at the beginning of the financial year and added that the deficit could reach £2.2bn by the end of the year, if current performance continued.

In total, 190 of England's 241 NHS trusts and foundation trusts (which include hospital, mental health, ambulance, and some community health trusts) reported a deficit for the second quarter of the year.

The overspend was largely attributed to a £1.8bn spend on agency staff by the care provider sector—almost double what was planned. In addition, delayed discharges were estimated to have cost hospitals £270m over the first six months of 2015-16.

Ahead of next week's government spending review, NHS and healthcare leaders admitted that the service was struggling and in desperate need of additional funds.

Jim Mackey, chief executive designate of NHS Improvement, the new sector regulator for the NHS (being formed by the merger of Monitor and the Trust Development Authority), said that the figures made for "really challenging reading."

He said, "It is clear—especially as we see the majority of providers now struggling with their financial situation—that the national tariff for next year will need to be set at a level that will create the conditions where NHS trusts and foundation trusts can begin to plan to bring themselves back into financial balance, which will enable them to focus on what matters to patients: improving care."

Chris Hopson, chief executive of the representative body NHS Providers, said, "These figures once again show that giving providers an impossible task has led to the biggest NHS financial problem in a generation.

"We need honesty and realism on how the NHS will address what is clearly an unsustainable position. We need the right

spending review settlement, an urgent plan to reduce provider deficits and return the sector to surplus, and a way of sustainably matching what the NHS is expected to deliver to the NHS budget."

Richard Murray, director of policy at the healthcare think tank the King's Fund, said that the figures demonstrated the "unprecedented financial meltdown" in the NHS. He said, "Deficits on this scale cannot be attributed to mismanagement or inefficiency. Quite simply, it is no longer possible for the vast majority of NHS providers to maintain standards of care and balance their budgets.

"If the chancellor needed a wake-up call ahead of next week's spending review, this is it. The scale of the deficits provides yet more evidence that the additional funding promised by the government is needed sooner rather than later. If this is not forthcoming, the government should be honest with the public that the outcome will be an accelerating decline in standards of care."

The warnings were echoed by the Health Foundation's chief economist, Anita Charlesworth, who said, "Today's figures confirm the truly dire state of NHS finances. They underline the need for realistic hospital budgets, enough trained staff, investment in prevention to tackle rising demand, and sustained practical support for hospitals to unlock efficiency savings while maintaining quality of care for patients.

"Next week's spending review needs to address the unprecedented scale of challenge facing the NHS. Additional investment needs to come sooner rather than later and there needs to be dedicated funding to support the changes necessary for a sustainable NHS."

1 Monitor, NHS Trust Development Authority. Quarterly report on the performance of the NHS foundation trusts and NHS trusts: 6 months ended 30 September 2015. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478632/Quarterly_report_on_the_performance_of_the_NHS_foundation_trusts_and_NHS_trusts_-_6_months_ended_30_September_2015_-_Overview_paper.pdf.

Cite this as: *BMJ* 2015;351:h6305

© BMJ Publishing Group Ltd 2015