



NEWS

NHS trusts face £900m deficit amid winter pressure

Gareth Iacobucci

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Record levels of demand for hospital treatment this winter have left England's NHS trusts struggling to meet financial targets and facing a combined end of year deficit of almost £900m (£1bn; \$1.1bn).

The regulator NHS Improvement, which published the figures for the third financial quarter of 2016-17,¹ said that hospitals had experienced "one of the toughest winters on record."

The NHS Confederation, which represents most NHS organisations, said that "real suffering for patients and exhausted staff" lay behind the headline figures, and it urged the government to invest more money in social care services in the upcoming budget to help ease pressure on the NHS.

The figures show that NHS trusts are on course for a substantial reduction from the record £2.45bn combined deficit recorded in 2015-16, but the projected deficit of £873m for 2016-17 still exceeds the planned £580m deficit by almost £300m.

Service leaders said that the struggle to meet financial targets this year was particularly alarming given that the NHS has benefited from a relatively generous 3.6% increase in funding in 2016-17. Far smaller annual uplifts of 1.3% and 0.4% over the next two years will increase pressure on staff and services and threaten the sustainability of trusts, NHS finance leaders warned.

NHS Providers, which represents NHS acute care, ambulance, and community and mental health services in England, said that the 3.5% annual rise in numbers of emergency department attendances and hospital admissions reported by trusts had far exceeded planned increases of around 2% and was the biggest factor in the financial deterioration.

Jim Mackey, chief executive of NHS Improvement, said, "NHS service providers are treating more patients than ever before, which is a tribute to the hard work and commitment of their staff. But times are extremely challenging, and things are unlikely to get any easier in the short term. However, we're fully committed to helping providers improve their services for patients now and tomorrow."

Niall Dickson, chief executive of the NHS Confederation, said, "This is a tragedy. The NHS had made huge strides to treat and care for patients promptly, but the latest figures show a further deterioration—and behind those figures lie real suffering for patients and exhausted staff.

"The immediate priority is additional funding for social care. This is a system that is letting down more than one million elderly people who are not receiving the support they need. The result is overstretched hospitals having to cope with too many admissions and too many patients unable to be discharged."

In a survey published to coincide with the figures, NHS Providers reported that, though 60% of trusts were on course to achieve their financial target by the end of 2016-17, more than a quarter (27%) were behind their plan at this stage.²

The finance leaders who were surveyed said that the record levels of demand faced in 2016-17 had led to substantial lost income from cancelled elective operations as trusts freed up bed capacity for urgent care and that there was extra, unplanned spending on staff and additional beds.

NHS Providers' chief executive, Chris Hopson, said, "Trusts spent more than they planned, and they lost income from cancelled operations. Both were needed to create the extra bed capacity to meet record emergency winter demand. This shows the danger of planning with no margin for unexpected extra demand.

"We can't expect to run NHS finances on wafer thin margins year after year and keep getting away with it."

1 NHS Improvement. Quarterly performance of the provider sector as at 31 December 2016. https://improvement.nhs.uk/uploads/documents/Quarter_Three_201617_-_NHS_provider_sector_performance_report_-_Feb_2017.pdf.

2 NHS Providers. Finances under pressure as providers wrestle with record winter demand. www.nhsproviders.org/news-blogs/news/finances-under-pressure-as-providers-wrestle-with-record-winter-demand.

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