



PRESS STATEMENT

08 March 2016

Key committee of MPs told NHS deficit unlikely to be eliminated by end of 2016/17

The scale of the financial challenge facing hospital, mental health, community and ambulance trust providers was outlined today to a key committee of MPs, with parliamentarians told that the NHS' deficit will only be eliminated by the end of 2016/17 if all parts of the health system – not just providers – play their part. This is a challenge for the whole NHS.

In presenting evidence to the Health Select Committee which met today as part of its inquiry into the Spending Review settlement for health and social care, NHS Providers, the association of trusts and foundation trusts, raised the following issues:

- Challenge for the whole NHS: the financial problems facing NHS providers are systemic rather than down to individual NHS trusts and foundation trusts – 95 per cent of acute hospital trusts, for example, are now in deficit.
- Deficit: the net deficit for the provider sector over the first three quarters of this financial year was £2.26 billion and could increase to £2.8 billion by the end of March. Additional funding will help to restore balance but our current estimate is that providers will end 2016/17 with a deficit of around £500 million.
- New policy commitments: further clarity is needed on what new policy commitments, particularly those relating to mental health, are in and out of the extra £10 billion of funding that the government is handing to the NHS.
- The need for a clear savings plan: the NHS is facing a funding gap of £23.5 billion by 2020. Clarity is needed on how these savings will be realised, what the provider sector share will be and what the expectation on each individual provider will be.
- Scale and pace of change: the NHS is being asked to deliver large-scale transformational change in five years – this has taken other countries over a decade to achieve. The new ways of delivering care (the vanguards) are promising but many will not achieve savings for several years to come.
- Support for providers: our members require greater support at a national and whole-system level if they are to realise further savings. In particular, system leadership is required to address shared health and social care issue of delayed transfers of care.
- Funding levels: as the economy grows there is a strong case for more of the UK's national wealth to be devoted to health: we are heading towards spending around 6.6% of GDP which will not be enough.

NHS Providers chief executive Chris Hopson today gave evidence before the Health Select Committee. Speaking after the committee session, he said:

“NHS trusts and foundation trusts are in a precarious financial position with the overwhelming majority now expecting to be in deficit by the end of 2015/16. It will take longer than a year to eliminate the deficit in the provider sector – our best current estimate is a deficit of around £500 million by the end of 2016/17. While the NHS received a good settlement compared to other parts of the public sector in the Spending Review, it is in the middle of the longest and deepest financial squeeze in its history. The ‘front-loaded’ investment over the next two years will help to ease the pressure, but there must be concern over the back-end of this parliament when the funding increases will be much lower.

“Providers managed to achieve the £20 billion of efficiency savings that were required during the last Parliament and they are doing much to improve the efficiency and quality of care they deliver. However, the financial challenge before them today is much tougher than before. Put simply, demand on services and the costs of delivering care are outstripping revenue – and providers are being asked to deliver a level of transformational change within a timescale that no other country has delivered.

“All of this means it is vital that providers receive greater support at a national level if they are to realise further savings. Many of these challenges require a ‘whole-system’ response and cannot be resolved by providers alone.”

NHS Providers submitted written evidence to the health select committee in January 2016. This was followed with supplementary evidence earlier this month. Read the full evidence [here](#).

Ends

Notes to editors

About NHS Providers

- NHS Providers is the membership organisation for NHS acute hospitals, community, mental health and ambulance services
- NHS Providers acts as the public voice for those NHS trusts, helping to deliver high quality care by promoting shared learning, providing support and development and shaping the strategic system in which our members operate
- NHS Providers has 94% of all NHS foundation trusts and aspirant trusts in membership
- Follow NHS Providers on twitter @NHSPROVIDERS and Chris Hopson, chief executive, @ChrisCEOHopson
- A full list of NHS Providers’ press releases can be viewed in the news section of our homepage www.nhsproviders.org
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