

## **Update on the Calderdale & Huddersfield NHS Foundation Trust financial position**

### **Joint Health Overview and Scrutiny Committee, 4 July 2019**

#### **2018/19 financial position and plan for 2019/20**

In 2018/19, the Trust planned for a £43.1m deficit. The planned deficit was a £20.5m higher than the control total set by NHS Improvement (NHSI) and therefore meant that the Trust was not eligible for £14.2m of central Provider Sustainability Funding. The plan assumed delivery of £18.0m new savings schemes in 2018/19, when combined with the full year effect of 2017/18 savings this represented 5.6% of operating costs.

The Trust has successfully achieved the planned deficit in 2018/19 with a final year end position of £43.0m deficit as agreed with the regulators NHSI (NHS Improvement). The planned £18m savings schemes were delivered in full.

In 2019/20 the Trust is planning for a £9.7m deficit. This comes about following the acceptance of the control total of £38.0m which enables access to central funding of £28.3m (received through a combination of Marginal Rate Emergency Tariff reimbursement, Provider Sustainability Funding and Financial Recovery Funding). Securing this central funding is reliant upon achievement of the control total.

Delivery of this expectation will be stretching from a financial perspective and require implementing transformational change, a focus on budgetary accountability and taking full advantage of efficiency opportunities to deliver CIP (Cost Improvement Programme) of £11.0m (3%). This plan will support the direction and financial position of the overall Integrated Care System and set the baseline for the Trust's plans for reconfiguration.

#### **Actions to Recover / Maintain the Financial Position**

The Trust has a strong track record of Cost Improvement Programme (CIP) delivery supported by embedded governance processes. This includes the Quality Impact Assessment (QIA) process. The purpose of the QIA is to provide assurance that all risks to quality and performance have been considered at the planning stage of any service change.

The focus of efficiency planning for 2019/20 is ongoing transformation of patient pathways, cross divisional working and maximising digital benefits. The savings requirement planned is £11m (3%) to deliver the planned deficit. Opportunities are informed by Model Hospital, Carter, GIRFT (Getting It Right First Time – NHSI benchmarking programme) and NHS benchmarking. An Aligned Incentive Contract (AIC) has been agreed with the Trust's main commissioners, Greater Huddersfield CCG and Calderdale CCG. The AIC is a key enabler of the transformational schemes in particular and this work is supported through the System Recovery Group. The direction of these schemes is very much in line with the ethos of the Trust's longer term reconfiguration plans and the shift of care closer to home.

Alongside this the Trust's more commercial areas are set stretching targets for increasing their financial contribution through efficiency. This forms the CIP for Huddersfield Pharmacy Specials, The Health Informatics Service and the wholly owned subsidiary company, Calderdale and Huddersfield Solutions.