

**Cover Sheet
Strategic Planning Group
09 May 2018**

Agenda Item: PAPER C: SEL Finance Update
Lead Director: Tony Read
Report Author: Charlie Carpenter
Summary This paper provides an update on the current status of SEL organisations' 17/18 outturn results and 18/19 financial plans
Action Required The Strategic Planning Group is asked to: note the contents of the update paper and the fact that a more detailed update will be available for the next meeting.
Date Report submitted: 4 th May 2018

SEL Finance Update for SPG on 9th May 2018 – 1/2

Context

- Since the previous meeting there has been a delay in the national planning timetable
- As such this SPG meeting falls at a time when the SEL organisations are in the process of finalising their 17/18 accounts and submitting their 18/19 plans to regulators. Specifically:
- Draft 17/18 outturn figures have been submitted to regulators. These results are currently subject to audit and have yet to be finalised
- The latest version of the operating plans for 18/19 were submitted to regulators on 30 April. We have yet to receive feedback on these plans from regulators
- In the case of KCH, as it is in Financial Special Measures the trust is in a process, in conjunction with regulators, of reviewing the reasons behind its current financial position and the options for financial recovery. As such the trust's timeframe for finalising its 17/18 figures and preparing its 18/19 plan is different. There remain a number of significant matters to resolve before this process can be concluded
- Necessarily, at this point in time we are unable to share details of either the 17/18 outturn or 18/19 plans for the SEL organisations. However, we will be in a position to share a summary of these in the near future once the underlying positions have been finalised. In addition, each organisation will publish details of its financial results and plans in due course
- We have provided below some brief headlines for your information

Headlines 17/18 outturn

- With the exception of Bexley, 5 of our CCGs are reporting balanced or small surplus outturns for 17/18
- Bexley is anticipated to report a deficit equivalent to less than 2% of its total expenditure
- Three of our providers (GSTT, Oxleas and SLAM) are anticipated to report results showing surpluses which deliver against the control totals set by NHSI
- LGT is anticipated to report a deficit in line with year end expectations, which falls significantly short of the control total set by NHSI
- KCH will be reporting a very significant deficit adverse to its plan and the regulator set control total

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Headlines 18/19 plans

- All the SEL CCGs have plans which will either break even or deliver a small surplus, which combined meet the system control total set by NHSE
- These plans require QIPP efficiencies of approximately 4% on average to be delivered
- Four of our providers have plans to deliver against regulator set control totals which combined are anticipated to result in a close to break even position. Within this LGT have a deficit plan but one which is significantly improved on the 17/18 outturn
- These plans will require the delivery of savings averaging 4.4%
- None of the above plans for 18/19 assume the closure or significant downsizing of any of its patient services
- As explained above we await the outcome of the ongoing process at Kings in order to clarify its plan

Other matters

- All organisations continue to review and de-risk their plans and seek to identify opportunities for additional savings and risk mitigation without compromising the quality of the services provided
- The STP will continue to support the 11 organisations in pursuing and identifying the transformation of service delivery and efficiency savings
- The situation and current uncertainty at KCH will be closely monitored to assess and mitigate any potential impact on the wider SEL system
- As previously reported, the STP's intention is to refresh SEL wide longer term projections to reflect the actual outcome in 17/18 and on the back of the 18/19 individual organisation plans. Given the delayed national planning time, whilst we have initiated this work it will not be completed until later. We will share the outcome of this work at future meetings as and when it has been completed
- In light of the 17/18 financial performance and the 18/19 investments in NHS Constitutional Standard priorities, there is a case to reassess the timescales and plans to return to financial balance across the STP