



Health Select Committee

9th June 2009

Report from the Director of Policy & Regeneration

Wards Affected: ALL

North West London Hospitals Financial Update and Cost Improvement Programme

1.0 Summary

- 1.1 The North West London NHS Hospitals Trust has provided the Health Select Committee with two papers. Appendix 1 summarises the financial position for the Trust at the end of 2008/09. The Trust is reporting that it ended the year with a surplus of £100,000, although the accounts are still to be signed off by auditors. Appendix 2 contains information on the Trust's Cost Improvement Programme for 2009/10, which will have to deliver £36m of savings if the Trust is to breakeven in this financial year.

2.0 Recommendations

- 2.1 The Health Select Committee should ask officers from North West London NHS Hospitals Trust about their savings plans for 2009/10 and on the implications for the Trust in terms of clearing historic debt after breaking even in 2008/09.

3.0 Detail

- 3.1 Since November 2008 the Health Select Committee has been receiving regular updates on the financial position of the North West London NHS Hospitals Trust. At its last meeting in March 2009 the committee was told the following:
- £16m of savings had been identified to help breakeven in 2009/10. This equates to around 4.5% of the Trust's total budget.

- There was very limited scope for further savings without compromising patient care, although a further £20m needed to be found in order to break even in 2009/10.
- Services needed to be reorganised in order for the Trust to achieve £36m of savings, for which the outcome of the acute services review was awaited.
- There was an opportunity to have the Trust's historic deficit of £20m written off if it managed to break even in 2008/09, as was predicted at the time of the meeting.

3.2 The Hospital Trust has provided a summary of the year-end financial position for 2008/09. Although the final accounts are still to be audited, the Trust is reporting a year end surplus of £100,000. To achieve this surplus the Trust was reliant on £10.1m made up of non-recurrent savings. Full details are included in appendix 1 of this report.

3.3 The Hospital Trust has also provided a report setting out information on their cost improvement programme (savings and efficiency programme) for 2009/10 (see appendix 2). The main issues identified in the report are:

- The Trust has appointed an interim Transformation Director to assist in the short term in the early stages of the development, implementation and review of the CIP
- The Trust has approved the implementation of a programme management approach to the CIP (this has been reported to NHS London as part of the Trust's submission to the Challenged Trust Board)
- The Trust has appointed an interim to run the Cost Improvement Programme Management Office (PMO)
- A review of the Management Team will be postponed until late 2010/11
- At this stage it is believed that there has been some significant initial delivery as many of the schemes on the CIP relate to deletion of posts which, subject to normal HR processes are fairly easily achieved, especially when redeploying employees to other vacant posts.

3.4 The Health Select Committee should use this opportunity to ask officers from North West London Hospitals Trust on their savings plans for 2009/10 and about the implications for the Trust in terms of clearing historic debt after breaking even in 2008/09.

4.0 Financial Implications

4.1 None

5.0 Legal Implications

5.1 None

6.0 Diversity Implications

6.1 None

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 None

Background Papers

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