



**Health Select Committee
3rd February 2009**

**Report from the Director of
Policy & Regeneration**

Wards Affected:
ALL

North West London NHS Hospitals Trust Finance Update

1.0 Summary

- 1.1 The Health Select Committee has asked the North West London NHS Hospitals Trust to report back on its financial position. This follows an initial discussion with the Chief Executive and Chair of the trust at the committee's meeting in November 2008.
- 1.2 The Committee was informed at that meeting that the trust deficit was £5.1m and that steps were being taken to break even by the end of the financial year (April 2009). The hospital trust is now reporting a deficit of approximately £1.2m, but is forecasting a deficit of £2m by the end of 2008/09. There is also an underlying deficit of £13.1m.
- 1.3 Since the meeting in November 2008, PCTs across London have agreed a medium term financial strategy for the NHS in London. The strategy ensures that NHS trusts in surplus will forgo their top-slice (already held by NHS London), and a percentage of their budget to create a fund to help financially challenged trusts clear their historic debts. Overall, the NHS in London is in surplus, but without this fund debt in challenged trusts could rise to £579m by 2010/11. It is too early to tell what the impact of this strategy will be on the hospital trust.

2.0 Recommendations

- 2.1 The Health Select Committee should consider the update on the financial situation of the North West London NHS Hospitals Trust and its plans to address its financial challenges. Questions and recommendations should be addressed to representatives of the trust.

3.0 Detail

3.1 The Health Select Committee received a report at its meeting in November 2008 on the financial position of the North West London NHS Hospitals Trust. Among the key issues to arise from the report and the discussion at the committee were:

- The hospital trust deficit had been reduced from £5.9m (as stated in the written report) to £5.1m (reported verbally to the committee).
- In previous years savings had been made on a non-recurring basis, but the trust was determined to address the underlying causes of the financial difficulties and make recurring savings in the future.
- NHS Brent had given the hospital trust a one off, performance related grant of £6m to address the financial problems in 2008/09.
- Significant financial pressures were likely to continue into 2009/10, even if breakeven position is achieved for 2008/09.
- The trust hoped to host one of the hyper acute stroke units and were waiting for a decision from Healthcare for London as to whether its bid had been successful.

3.2 The latest report from the hospital trust shows that the deficit has been reduced to £1.198m, but that the trust is likely to have a deficit of £2m by the end of 2008/09. It also faces an underlying deficit of £13.1m. In order to balance its income and expenditure in 2009/10, it needs to make savings totalling £32m, or 10% of the trust turnover. This is a considerable challenge and non-recurring savings options are no longer available. The report from the trust contains some early details on how these savings will be made.

3.3 Since the committee met in November 2008, PCTs across London have agreed a medium term financial strategy for the NHS in London. The strategy ensures that NHS trusts in surplus will forgo their top-slice (already held by NHS London), plus a percentage of their budget to create a fund to help financially challenged trusts clear their historic debt. Overall, the NHS in London is in surplus, but without this fund debt in challenged trusts could rise to £579m by 2010/11. NWL NHS Hospitals Trust is currently predicting a deficit of £23m by 2010/11.

3.4 The trust believes it is too early to predict the impact of the fund on their financial position. The committee discussed the proposal to agree the medium term financial strategy with the chair of NHS Brent at their last meeting. The hospital trust has submitted some additional information on the strategy for Health Select Committee to consider. This is included in the appendices to this report.

3.5 The Health Select Committee should spend time at its meeting looking at the current financial position of the hospital trust as well as plans to break even this year and proposals for 2009/10. If the committee has concerns it can make recommendations to the trust and ask for further updates later in the year.

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

Appendix 1 – North West London Hospitals NHS Trust Financial Position
Appendix 2 – Medium Term Financial Strategy NHS London covering report
Appendix 3 – Medium Term Financial Strategy for London – report to NHS
Brent board.

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