

Financial Progress at Risk if Sustainability Funding is not Protected

News Article



Funding for sustainability and transformation must be protected beyond 2018-19 to ensure that progress being made by providers to reduce financial deficits is continued in the future.

Currently, providers are allocated a share of the £1.8bn sustainability and transformation funding (STF) in local areas, but a new report by NHS Providers has warned that cash must go further than 2018-19 to ensure objectives are reached by sustainability and transformation partnerships (STPs).

The report looked into survey responses from 109 trust chief executives and finance directors, which amounts to 47% of the sector.

It found that the use of control totals and STF has played a key role in helping providers stabilise their financial position, reducing sector deficit from £2.45bn in 2015-16 to £791m in 2016-17.

But NHS Providers also called on the government to confirm that the £1.8bn STF will be directly allocated to providers beyond 2018-19, when current commitments on the fund runs out.

Concern was also raised by leaders in a number of areas that the level of savings required of trusts was unsustainable, meaning they are being forced to rely on non-recurrent measures like land sales.

They argued that requirements to meet control totals in order to secure STF support could discourage full frankness in reporting underlying financial challenges, and that the regime, including the allocation of bonus and incentive payments at the year-end, risks polarising the sector, widening the financial gap between trusts and exacerbating the financial problems of challenged trusts.

Chief executive of NHS Providers, Chris Hopson, commented: “Last financial year, trusts worked incredibly hard to reduce the provider sector deficit from its 2015-16 high watermark of £2.45bn to £791m. The STF and control totals regime played a key part in this turnaround.

“But it means that the STF £1.8bn is now an integral part of provider funding. If the STF is taken away from trusts in 2019-20 when current commitments on the use of the fund end, the provider deficit will simply balloon again.”

Hopson added that the STF and control totals are hiding the underlying financial problems the sector faced, and that, as the Nuffield Trust has recently shown, the real underlying provider sector deficit is closer to £3.7bn.

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“We shouldn’t pretend that providers can keep on realising levels of recurrent savings that no other Western health economy has ever consistently realised,” he explained. “We can’t keep on raiding the capital budget and selling the family silver to make the annual budget add up.

“As the NAO has pointed out, the NHS at a local level remains under considerable financial pressure and the NHS still has a long way to go before we can regard it as being on a sustainable footing again.”

Source: [National Health Executive](#)

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