

NHS Financial Crisis Warning

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According to the latest quarterly monitoring report from The Kings Fund, increasing deficits, worsening performance and declining staff morale leave the NHS facing its biggest challenges for many years.

The Kings Fund reports that certain hospitals and other NHS providers in England overspent their budgets in 2014/15 by more than £800 million, and two thirds of hospitals are concerned about staying within budget over the next year. 40 per cent of finance leads from clinical commissioning groups are also concerned about whether the NHS will be able to balance the books in 2015/16.

Other key findings from this report include:

- For the third consecutive quarter, staff morale tops the list of concerns raised by trust finance directors
- fewer than half (45 per cent) of trusts feel confident that they will achieve the productivity targets for 2015/16
- 90 per cent of trust financial directors and 85 per cent of commissioners are concerned about the financial state of their local health economies
- There is a mismatch in expectations about demand for services between providers and commissioners; for example, 80 per cent of trusts expect emergency admissions to rise this year, while 60 per cent of CCGs expect them to fall
- Around three quarters (75 per cent) of trusts and two thirds (68 per cent) of CCGs think there is a high or very high risk of failing to achieve the productivity gains over the next five years outlined by the *NHS five year forward view*.

George McNamara, Head of Policy and Public Affairs at Alzheimer's Society said:

'This is a massive wake-up call. We cannot avoid the fact that the finances of the NHS need urgent attention.

'The persistent failure to recognise the funding link between health and social care has ultimately compounded this situation resulting in a false economy. Care and support in the community has been limited or withdrawn putting additional pressures on the NHS. This situation will only get worse unless we once and for all grasp the nettle and put both health and social care on a long-term sustainable footing.'

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