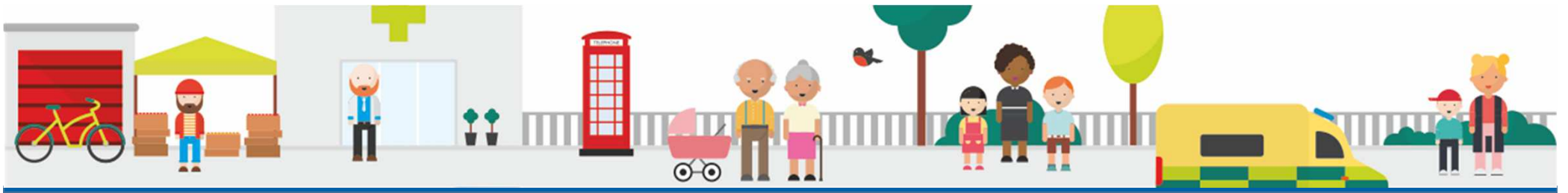


The Financial Challenge In Tower Hamlets



The challenges we face

- Services cost more than the Government gives us to commission them
- How the government allocates money has changes because they apply more weighting to age and less to deprivation
- Year on year the population grows and peoples health needs get more complex. See graphs
 - **Graph 1** - compares our allocation growth with our population growth.
 - **Graph 2** - shows how we compare on our future average allocation per head basis with NEL, London and England.





2017-18

This year the CCG faces an unprecedented shortfall of £18m. The reasons for this shortfall are:

- Demand on services is greater than the money we receive from central government. On average, the pace of growth in hospital spend is greater than the growth in money we receive
- The volume and complexity of patients that Barts Health are treating continues to rise, which costs the CCG more and more each year
- To invest in community health services and the new alliance contract, we made a one off payment of £4.9 million in 2017-18.
- The allocation that we receive from government for primary care services is calculated per person, however the allocation is based on data that doesn't reflect the actual list size of practices, leading to a shortfall in funding. As of July 2017, we are forecasting an overspend of £1.2m.
- CCG savings plans not delivering as expected. As of July 2017, we are reporting a shortfall of £4m against this year's target of £18m.



Our Local Health Partners

Barts Health NHS Trust

- The Trust has been in financial special measures since July 2016
- The reported financial deficit in 2015/16 was £135m,
- The reported position for 2016/17 improved to £70m but this includes both further asset sales and central funding of more than £50m.
- In 2017/18 Barts Health are not achieving their plan as of month 4

East London Foundation Trust (ELFT)

- Traditionally strong financially, with track record of meeting financial surplus targets
- 2016/17 planned to achieve £12m surplus but actually result was £4.5m surplus
- 2017/18 plan has only just been accepted by the Trust following lengthy process of negotiation

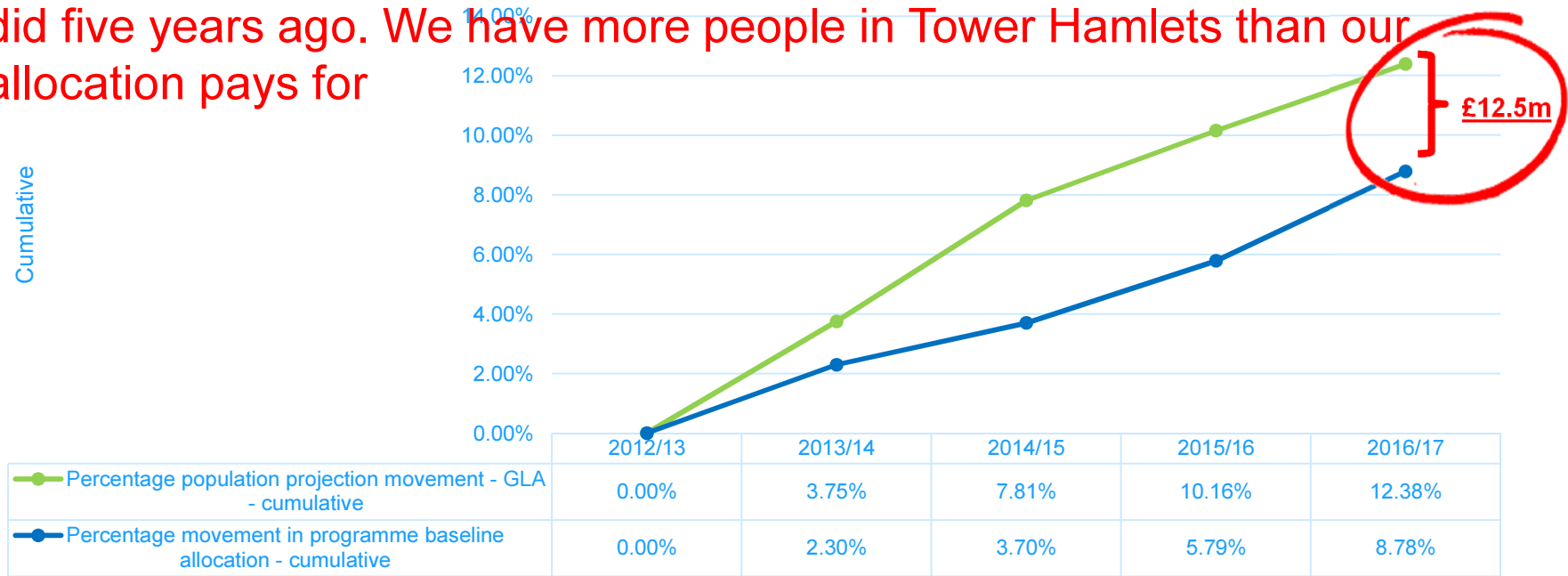


2018-19

- Our savings target for next year is £13.2m.
- So far we have identified £6.5m of savings.
 - Urgent care system redesign – redirecting patients to the appropriate care setting e.g. locality hubs.
 - Reducing unnecessary testing.
 - Prescribing - switching to cost effective products/change in dosage.
 - Providing alternatives to outpatient services in the community e.g. tele-dermatology
- We are working with our members, the public and partners to identify further savings opportunities.

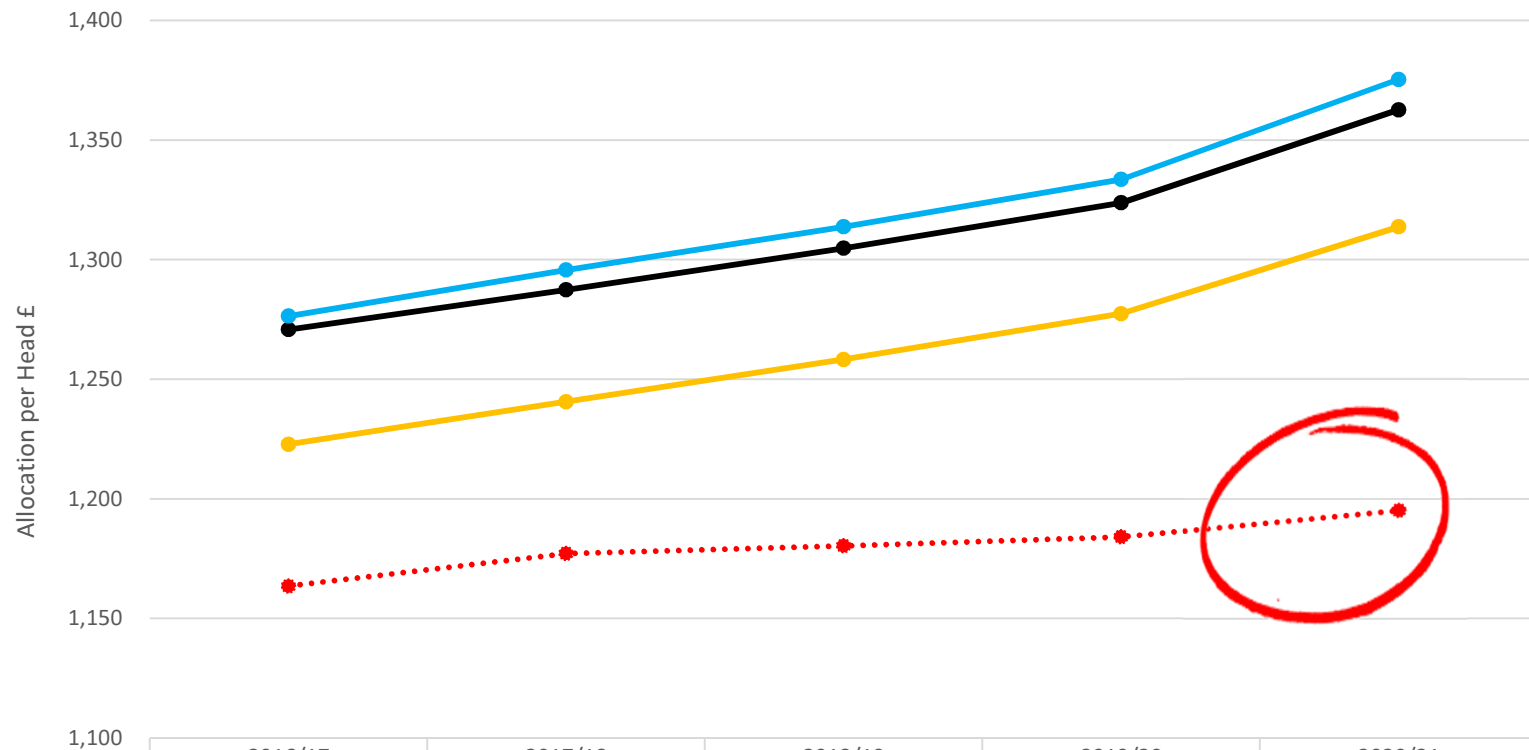
Graph 1: THCCG Allocation growth vs THCCG Population growth - cumulative

This means we are getting the equivalent of £12.5 million less than we did five years ago. We have more people in Tower Hamlets than our allocation pays for



- The population has grown by 12.38% over the four years, with allocation growth failing to keep up at only 8.78%.
- The difference of 3.6% would have been worth £12.5m.

Graph 2: Programme Baseline Allocation per head – THCCG vs NEL vs London vs England - 16/17 to 20/21



	2016/17	2017/18	2018/19	2019/20	2020/21
THCCG Allocation per Head	1,164	1,177	1,180	1,184	1,195
NEL Allocation per Head	1,223	1,241	1,258	1,277	1,314
London wide Allocation per Head	1,271	1,287	1,305	1,324	1,363
England Allocation per Head	1,276	1,296	1,314	1,333	1,375

- This trajectory is set to continue over the next four years, with THCCG continuing to receive a lower and lower allocation per head by comparison to other CCGs.