

Impact of the Current Financial Climate on Providers of Mental Health and Associated Services

**Briefing for the Cheshire and Wirral
Council's Joint Scrutiny Committee**

November 2009

Care • Well-being • Partnership



Context: Efficiency Agenda

- NHS requires ongoing efficiency – An in-house management issue for CWP.
- Levels range between 3.5% and 5%+ over the next 3 years.
- Same volume of service, less cost – options align to service redesign, finding different ways to manage our costs etc

Progress on Efficiency Targets

- Deadline for comprehensive plans for current year to deliver end of Sept '09 which has not been met.
- Balance still outstanding for 09/10 circa £1.5 m – a shortfall seriously impacts on the Trust's financial performance which then has knock on impact on its financial risk rating, ability to borrow and long term financial strategy
- Areas of shortfall are in AOPS and Estates and Facilities – some further assurance needed for Drugs and Alcohol Services.

Context : Local Health Economy Positions

- CWP has three main commissioners (PCT's);
 - **NHS Wirral** = current balanced financial position but projections are deficit unless serious system changes are brought about
 - **NHS Western Cheshire** = dealing with legacy issues re previous financial deficits and their projections are the same as NHS Wirral, and
 - **Central and Eastern Cheshire PCT** = forecasting a £18m deficit in 09/10 and a £30m deficit in 10/11 with this projected to get worse unless serious system changes are brought about

CONCLUSION : SERIOUS SYSTEM CHANGE IS REQUIRED ACROSS THE PIECE OVER THE NEXT 2 – 3 YEARS !!!!

Impact of Local Economy Positions on CWP

- **NHS Wirral** = working with stakeholders on Mental Health Services work stream. PCT have indicated they do not want to reduce spend on MH services.
- **NHS Western Cheshire** = working with stakeholders on a few work streams including dementia and alcohol services. No indication of reduction in spend on MH services.
- **Central and Eastern Cheshire** = indicated in September they wish to reduce payment to the Trust by the year end by £1m. Half of this may be found through technical adjustments. Circa £500,000 is under discussion and could have a service impact, yet to be defined.
- This PCT have also indicated that they will be looking to reduce its spend on MH services on a recurrent basis and this is likely to be a figure greater than £1m.

Conclusion . . .

- CWP's efficiency targets mean service change via re-design.
- Local Economy Agenda will mean further additional service re-design but will have the scope to streamline and improve service user experience etc across health sectors.
- Local Economy Deficits will mean service reductions – and is a tangible reality in Central and Eastern Cheshire PCT's economy.