

Commentary on the PwC report

1. FY15 was a difficult year for the NHS and for St George's in particular. The NHS as a whole overspent by £822m and we ended the year with a £16m deficit instead of the £5m surplus originally planned. The board of St George's commissioned PricewaterhouseCoopers (PwC) to undertake an independent review of our finances to confirm how and why the deficit materialised.
2. The trust board has now received the final report from PwC. The report contains 75 recommendations for improved systems and financial management. A third of the recommendations have already been implemented in full. Action is in progress to implement all of the other recommendations
3. The report acknowledges that operational pressures last year drove increases in costs and reductions in income for hospitals like St George's. These pressures included: increased demand for complex care from the sickest patients; the cost of delivering national standards for emergency departments and planned waiting lists; the requirements of national 'safe staffing' guidance; and a tightening labour market.
4. These pressures don't just affect St George's and what is more, they have increased in the current year. That is why more than three quarters of provider trusts are planning a deficit in the current year: NHS trusts in aggregate were £930m in deficit in the first quarter of this financial year and are forecasting a net deficit of £2bn at the end of March 2016.
5. That said, the report also identifies weaknesses in financial and management systems at St George's such as budget setting, reporting, forecasting and training for budget holders. Actions being taken in response to PwC's recommendations will ensure that St George's is better sighted on financial pressures in the future and able to respond more promptly to issues that are within its control.
6. The board of St George's is taking decisive action to address the recommendations of PwC for strengthening financial systems and management. We are also working with our staff, partner organisations and NHS regulators to make radical changes to the way that we deliver care to our patients in order to address the profound challenges facing the NHS overall.
7. PwC have identified all of the issues that played into the deficit at St George's in FY15. The report's authors, (who were forensic accountants), were asked to comment on financial and management systems in particular and have done so at length. We agree

that improvements in these areas are required to make the organisation better prepared to deal with financial pressures across the NHS. However, improved systems and better management alone will not reverse the deficit. We, along with our Partners, Stakeholders and Regulator, have to address the underlying reasons for costs increasing faster than income across the sector.