Leeds Health and Wellbeing Board

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Report of: Leeds Health and Care Partnership Executive Group (PEG)

Report to: Leeds Health and Wellbeing Board

Date: 23rd November 2017

Subject: Leeds Health and Care Quarterly Financial Reporting

Are specific geographical areas affected? If relevant, name(s) of area(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes	☒ No

Summary of main issues:

This report provides the Health and Wellbeing Board with an overview of the financial positions of the health & care organisations in Leeds, brought together to provide a single citywide quarterly financial report (Appendix 1).

Key headlines at quarter 2:

- NHS partners are predicting that they will meet the financial targets set by national regulators. However this is heavily dependent on the identification and delivery of local savings, planned for the latter part of the year.
- Within the City Council the Adults and Health directorate continue to forecast that their expenditure can be contained within budget. There has been a £2.9m improvement in the forecast end of year position for the Children and Families directorate, through the release of resources from elsewhere in the Council.
- There is significant financial risk associated with the plans of all partners.

Recommendations:

The Health and Wellbeing Board is asked to:

- Note the Leeds health & care quarterly financial report the end of year forecast.

1 Purpose of this report

1.1 This report provides the Health and Wellbeing Board with a brief overview of the financial positions of the health and care organisations in Leeds, brought together to provide a single citywide quarterly financial report (Appendix 1).

1.2 This financial 'health check' aims to clarify where the current and expected financial pressures are in the local health and care system. This provides the Health and Wellbeing Board with an opportunity to direct action which will support an appropriate and effective response.

1.3 This paper supports the Board's role in having strategic oversight of and both the financial sustainability of the Leeds health and care system and of the executive function carried out by the Leeds Health and Care Partnership Executive Group.

2 Background information

2.1 In September 2016, the Leeds Health and Wellbeing Board considered a paper entitled 'Towards Better Joint Health and Care Working – A Governance Update'. The Health and Wellbeing Board endorsed a number of proposals within this paper, which included that:

- The Board has a principal role in the oversight of the financial sustainability of the Leeds system
- The Board oversee the Leeds Health and Care Partnership Executive Group (PEG) which exists as a meeting of the executive functions for the partnership in relation to the direct health and care system and therefore task it with implementing the Leeds STP
- The Board receive a quarterly report from the PEG, providing a financial health check for Leeds health and care provision.

2.2 The financial information contained within this report has been contributed by Directors of Finance from Leeds City Council, Leeds Community Healthcare Trust, Leeds Teaching Hospital Trust, Leeds and York Partnership Trust and the Leeds Clinical Commissioning Groups.

3 Main issues

3.1 At quarter 2 the collective health and care system in Leeds is predicting that NHS control totals will be met and break-even achieved on health and care budgets in the Council.

3.2 The plans of all partners include significant risks, some of which are currently un-mitigated. This particularly relates to the identification and delivery of local savings schemes that are planned to provide significant benefits in the latter part of the year.

3.3 The programmes within the Leeds Plan are at different stages of development both in terms of their governance and the identification of any financial benefits for the system and any investment upon which it relies.

4 Health and Wellbeing Board governance

4.1 Consultation, engagement and hearing citizen voice

4.1.1 Development of the Leeds health & care quarterly financial report is overseen by the Directors of Finance from Leeds City Council, Leeds Community Healthcare Trust, Leeds Teaching Hospital Trust, Leeds and York Partnership Trust and the Leeds Clinical Commissioning Groups.

4.1.2 Individual organisation engage with citizens through their own internal process and spending priorities are aligned to the Leeds Health & Wellbeing Strategy 2016-2021, which was developed through significant engagement activity.

4.2 Equality and diversity / cohesion and integration

4.2.1 Through the Leeds health & care quarterly financial report we are better able to understand a citywide position and identify challenges and opportunities across the health and care system to contribute to the delivery of the vision that 'Leeds will be a healthy and caring city for all ages, where people who are the poorest improve their health the fastest', which underpins the Leeds Health and Wellbeing Strategy 2016- 2021.

4.3 Resources and value for money

4.3.1 Whilst the Health and Wellbeing Board has oversight of the financial stability of the Leeds system, the PEG has committed to use the 'Leeds £', our money and other resources, wisely for the good of the people we serve in a way in which also balances the books for the city. Bringing together financial updates from health and care organisations in a single place has multiple benefits; we are better able to understand a citywide position, identify challenges and opportunities across the health and care system and ensure that people of Leeds are getting good value for the collective Leeds £.

4.4 Legal Implications, access to information and call In

4.4.1 There is no access to information and call-in implications arising from this report.

4.5 Risk management

4.5.1 The Leeds health & care quarterly financial report outlines the extent of the financial challenge facing the Leeds health and care system. These risks are actively monitored and mitigated against, through regular partnership meetings including the Citywide Director of Finance group and reporting to the PEG and other partnership groups as needed. Furthermore, each individual organisation has financial risk management processes and reporting mechanisms in place.

5 Conclusions

5.1 Whilst in 2016/17 all health and care partners in the city met the required financial targets this was due to non-recurrent benefits rather than sustainable changes to operational delivery. In 2017/18 partner organisations are predicting that they will again successfully discharge their financial responsibilities but are similarly relying on a range of non-recurrent measures.

6 Recommendations

The Health and Wellbeing Board is asked to:

- Note the Leeds health & care quarterly financial report the end of year forecast.

7 Background documents

7.1 None

How does this help reduce health inequalities in Leeds?

An efficient health and care system in financial balance enables us to use resources more effectively and target these in areas of greatest need.

How does this help create a high quality health and care system?

Driving up quality depends on having the resources to meet the health and care needs of the people of Leeds. Spending every penny wisely on evidence based interventions and ensuring we have an appropriate workforce and can manage our workforce effectively promotes system-wide sustainability.

How does this help to have a financially sustainable health and care system?

It maintains visibility of the financial position of the statutory partners in the city

Future challenges or opportunities

Future updates will be brought to the Health and Wellbeing Board as requested and should be factored into the work plan of the Board.

Priorities of the Leeds Health and Wellbeing Strategy 2016-21	
A Child Friendly City and the best start in life	X
An Age Friendly City where people age well	X
Strong, engaged and well-connected communities	X
Housing and the environment enable all people of Leeds to be healthy	X
A strong economy with quality, local jobs	X
Get more people, more physically active, more often	X
Maximise the benefits of information and technology	X
A stronger focus on prevention	X
Support self-care, with more people managing their own conditions	X
Promote mental and physical health equally	X
A valued, well trained and supported workforce	X
The best care, in the right place, at the right time	X

Appendix 1: Leeds Health and Care Partnership Executive Group - Forecast end of year financial position as at 30th September 2017

1. Section 1 - City Summary

Sign convention – negative numbers = ADVERSE variances

End of year forecast	Total Income/Funding			Pay Costs			Other Costs			Total Costs			Net surplus/(deficit)		
	Plan	Forecast	Var	Plan	Forecast	Var	Plan	Forecast	Var	Plan	Forecast	Var	Plan	Forecast	Var
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Leeds City Council	615.3	622.7	7.4	142.8	141.8	1.0	472.5	480.9	- 8.4	615.3	622.7	- 7.4	-	-	-
Leeds Community Healthcare Trust	144.0	143.0	- 1.0	102.7	102.9	- 0.2	38.3	37.1	1.2	141.0	140.0	1.0	3.0	3.0	-
Leeds Teaching Hospitals NHS Trust	1,206.6	1,203.4	- 3.2	682.2	694.6	- 12.4	515.3	499.7	15.6	1,197.5	1,194.3	3.2	9.1	9.1	-
Leeds & York Partnership Foundation Trust	150.5	150.5	-	109.6	109.6	-	37.3	37.3	-	146.9	146.9	-	3.6	3.6	-
Leeds CCG Partnership	1,188.3	1,188.3	-	9.3	9.3	-	1,179.0	1,179.0	-	1,188.3	1,188.3	-	-	-	-

At the end of quarter 2, each of the partner organisations in the city are now forecasting that they will meet their control total or achieve a break-even position. This is an improvement over the quarter 1 position when at that time the City Council were predicting an adverse variance of £2.9m in the Children and Families directorate. Identified risks relate to the identification and delivery of local savings plans with a significant proportion of these being planned towards the latter part of the year; the management and risk share in respect of mental health out of area referrals; and potential stranded costs relating to competitive tendering.

2. Section 2 – local variances, risks and mitigation

a. Leeds City Council

The numbers quoted above relate solely to the Adults and Health directorate (which now includes Public Health) and the Children and Families directorate. Both directorates are now forecasting balancing to their budget. In the case of Children and Families this reflects the decision of the Council to provide additional funding to the directorate of £3.7m from reserves outside of the directorate.

The budget for the Adult Social Care has been adjusted for the additional monies allocated by the Chancellor in the Spring budget. Outside of this additional funding, there are pressures of £1m on demand led budgets and projected shortfalls in income, including client contributions to community support services. These are offset by savings elsewhere including projected saving of £0.8m on staffing. A small underspend is projected for Public Health.

The budget for Children and Families although now projected to balance overall remains challenging. The 2017/18 budget now includes an increase to the budget for Children Looked After of £6.7m compared to 2016/17. Current level of Independent Fostering Agents (IFA) is 188 children whilst the level of External Residential (ER) is 54 children. The period 6 projection assumes there will be a further reduction in numbers of children to achieve a saving of

£1m. There is a risk that numbers continue to rise. The budget for transport is currently forecast to underspend by £0.2m. A shortfall in income in children's centres of £0.9m is forecast and is expected to be partly offset by grants being higher than budgeted.

b. Leeds Community Healthcare Trust

At the end of quarter 2 pay costs are marginally higher than planned indicating that substantive vacancies have been covered by use of agency staff to ensure service delivery. Cost savings plans are 24% below expected levels year to date; any shortfall has been included in the reported forecast expenditure outturn position. £250k of planned CIP in 2017/18 will not be achieved as a result of an agreement with the Leeds CCGs not to pursue that particular saving this year.

The Trust continues to forecast that it will meet the £3.034m control total. However, that excludes a £260k CQUIN risk and the Trust has no budgeted contingency for any winter funding requirements or redundancies arising from competitive tenders and service decommissioning.

c. Leeds Teaching Hospitals Trust

At the end of September, the Trust reported an adjusted deficit of £19.1m, which was £7.5m better than plan. Income is now £13.5m behind plan due to a combination of lower than planned activity(£4.0m) and an under-recovery on income relating to drugs, blood and devices that are contracted for on a 'pass through' basis (£9.5m) that has an offsetting favourable variance included in the expenditure position. This adverse variance on income is offset by a favourable expenditure variance of £20.3m (including technical adjustments). Pay expenditure is almost in-line with plan with the favourable expenditure position being mainly driven by non-pay including the £9.5m favourable offset to the adverse variance on 'pass through' income previously mentioned. Since reporting the quarter 1 position the Trust has implemented its new financial performance framework and undertaken a fundamental review of the underlying financial position in readiness for the submission of the quarter 2 forecast. This work concluded that the Trust can still deliver its planned financial surplus of £9.1m subject to a number of mitigating factors which carry varying degrees of risk. A further fundamental review will be undertaken in the coming months to re-evaluate those risks and any impact on the forecast resulting from that analysis.

d. Leeds and York Partnership Trust

At quarter 2, a number of non-recurrent measures contributed to the £1m reported surplus (pre STF) position which was £87k better than plan. Cost improvement programme performance against identified recurrent schemes was 13% below plan at the end of quarter 2 and the level of unidentified non-recurrent CIP schemes remains a key risk.

Work continues internally to manage cost pressures (primarily out of area placements) and identify mitigations to support achievement of the control total target. The forecast financial position as reported at quarter 2 is within plan tolerances. However, the static run rate, level of unidentified CIP and out of area cost pressures is flagging the challenge to delivery of the overall plan and forecast full year £2.664m (pre STF) surplus position.

e. Leeds CCGs

The Leeds CCGs have submitted balanced plans to NHSE for 2017-18, with a citywide QIPP target of 3% (£34.9m) to achieve this position. The forecast is for a breakeven position. Risks remain regarding system resilience and demand. A key risk is that the QIPP targets remain un-mitigated. For 2017-18 a risk reserve is held to cover this however the CCGs' financial position moving forward is untenable without the realisation of this QIPP requirement. The CCG Partnership's Joint Finance and Commissioning for Value Committee and Audit Committee in Common have both requested to oversee a detailed delivery process for the CCG QIPP in the latter half of the year as part of their assurance process.

3. **Section 3 – Stock-take on savings from Leeds Plan programmes**

The programmes within the Leeds Plan are at different stages of development both in terms of their governance and the identification of any financial benefits for the system and any investment upon which it relies. What follows is a brief stocktake for each of the programmes that are directly contributing to system financial sustainability.

Programme	**RAG rating & rationale taken from most recent highlight report**
Optimising Secondary Care Programme level PID developed and signed off with measurable outcomes for most workstreams. Workstreams in scope are: Improving productivity within LTHT; improving productivity in LYPFT; improving the primary care/hospital interface for urgent presentations where patients can be cared for without needing a hospital bed; improving the primary care/consultant interface for advice and outpatient management; improving the acute/mental health interface for ED and inpatients; optimisation of medicines and other prescribed items; and delivery of the Leeds Cancer Strategy. Lack of project resources and overlapping timescales with LTHT's Outline Business case is delaying progress.	Programme PID signed off in October. Some workstream PIDs already in place, others in draft. LYPFT workstream already reports to its Board. Work on benefits (financial and non-financial) in progress.
Urgent Care/Rapid Response Programme PID discussed at Steering Group meeting on 26th October. Workstreams in scope are: Access to services; community based assessment and treatment; non-elective and ambulatory care pathways; and delivering the Urgent Care and Rapid Response vision in Leeds. Benefits both financial and non-financial not yet identified. National and regional must do's, pressure on A&E performance, pace of development of community services to support the reduction of non-electives and contractual deadlines in respect of 111 and GP out of hours services are hampering progress.	Programme PID on agenda for next Board. Workstream leads and some workstream meetings in place. Workstream PIDs in draft. Workstream projects now confirmed. Work on benefits (financial / non-financial) not yet started.
Prevention Programme level PID in development and due to be signed off at the November Steering Group meeting. Clear set of outcomes but further work needed on most to make these measurable. Workstreams are: physical activity; integrated healthy living services; best start; better together; and tobacco and alcohol. Enabling workstreams around workforce are the embedding of Making Every Contact Count and Health Promoting Hospitals.	Workstream PIDs already in place.
Proactive Care and self-management Workstreams in scope are: diabetes; respiratory; frailty and new models of care (NMoC). No risks or issues currently being raised about diabetes and frailty. For respiratory there is a need to ensure that this remains a high priority for the city with senior leadership support maintained. For NMoC, the proposed adoption of locality based MSK service models will necessarily involve significant system change, both for the localities adopting the new approach, and the providers who deliver MSK clinical services to their practice populations. This will include amendments to funding and contractual arrangements; and if new services or products are required, may also involve procurement.	Programme PID in development as workstreams clarified. Workstream PIDs will be drafted thereafter. No commissioner identified for Frailty. NMoC ambitious in scope, requires significant behavioural change and has a wide variety of stakeholders

Programme	RAG rating & rationale taken from most recent highlight report
Estates Workstreams in scope are: locality priorities; the LGI redevelopment; St Mary's Hospital redevelopment and partial disposal; development of WY CAMHs tier 4 unit; development of a new Learning Disability Unit; utilisation of LIFT buildings; and the Health and Social Care hub. Cases for change for proposed developments have been reviewed by PEG in October and approval given to be developed into business cases for the expanded WY CAMHs tier 4 unit and the site of the new Learning Disability Unit. If these business cases are successful, they would contribute to the financial sustainability of the health and care system in Leeds.	Structured programme plan developed and agreed with all partners. Project group working collaboratively towards collective goals and objectives
Procurement Projects in phase 1 are: P-card implementation; printing services; general legal services; confidential waste; property safety and security; IT device standardisation; citywide SIM (voice and data); and hybrid mail. Project timescales are driven by the need for contract alignment and current renewal dates. Phase 2 projects are currently being scoped.	Structured Programme Plan developed and agreed with all partners covering in-scope Non-clinical contracts due to renew during 2017–2023. Project Group working towards collaborative goals and objectives.

Key to RAG rating in highlight reports

Red - highly problematic	Outside direct programme control, needs to be escalated to Leeds Plan Delivery Group or PEG
Amber - problematic	Requires substantial programme attention, some aspects may need urgent action
Green - good/under control	Contained within normal day to day programme management