



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

Report to: Leeds Health and Wellbeing Board

Date: 20 June 2017

Subject: Leeds Health and Care Quarterly Financial Reporting

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

- Leeds health & care system ended 2016/17 in a more favourable position than that predicted at quarter 3. This was entirely driven by non-recurrent factors.
- The plans for health and care services within Leeds City Council and for the Leeds CCGs demonstrate the delivery of a breakeven position across the future 4-year planning period. This is predicated on the assumed delivery of significant levels of recurrent savings and the CCGs being able to access some of their previously accumulated surpluses.
- The aggregate 4-year plans of the three NHS Trusts do not achieve breakeven across the whole period without receipt of additional national funding or better management of demand. Their plans are also predicated on the delivery of significant levels of savings.
- There is significant financial risk associated with the plans of all partners. Further citywide action is required to mitigate the risks in single organisation plans.

Recommendations:

The Health and Wellbeing Board is asked to:

- Review the Leeds health & care quarterly financial report.
- Note the extent of the financial challenge over the next year and until 2021 and the need to further develop a shared system-wide response and assurance that this challenge will be met.
- Provide clear guidance to the Leeds Health and Care Partnership Executive Group on the possible actions required to achieve financial sustainability.

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 principle 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 In February 2017, it was agreed that this quarterly financial reporting would begin at the next public meeting, scheduled for 20th June 2017.
- 2.3 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 The Leeds health and care system collectively achieved a better end of year position than had been predicted. This was due to non-recurrent factors within the city and the receipt of a national subsidy from NHS regulators.
- 3.2 All organisations in the West Yorkshire and Harrogate Sustainability and Transformation Partnership (STP) have recently refreshed their financial plans for the next 4 financial years, 2017/18 to 2020/21.

- 3.3 For health and care services in Leeds City Council this showed a break-even position for each of those years on the assumption that savings of £66.5m will be delivered over that period.
- 3.4 The aggregate position of the 3 CCGs shows a breakeven position throughout the planning period but assumes the drawdown of £11.5m of previously accumulated surpluses. Again, this assumes that savings of £143.6m is delivered over that same period. CCG allocations including primary care but excluding specialised services will grow from £1.2bn in 17/18 to £1.3bn in 20/21.
- 3.5 For the 3 NHS Trusts, the position excluding the national subsidy provided through Sustainability and Transformation (STF monies) starts with an aggregate deficit of £9.2m in 17/18 and £5.4m in 18/19 and small surpluses of £0.8m and £1.8m in 19/20 and 20/21 respectively. This relies on full delivery of local savings amounting to £185.8m across the 4-year period.
- 3.6 On the most optimistic assumption that all required savings are delivered in full and the CCGs can drawdown some of their previously accumulated surpluses, the NHS partners in the city do not collectively achieve a breakeven position across the period unless some form of further national funding is provided or demand is more effectively managed. After taking into consideration the further financial risks identified by each partner, it is clear that further citywide action is still needed to contribute to the mitigation of these single organisation risks.
- 3.7 There is currently a major programmes of work involving multiple partners being planned or carried out in the city under the auspices of the Leeds Plan (SRO Tom Riordan). This includes a clear estates and workforce strategy. Key parts of this are: *Development of Strategic Commissioning and System Integration (SROs Phil Corrigan and Nigel Gray)*; *New Models of Care/provider network (SRO Thea Stein*. Significant amounts of managerial and clinical leadership capacity is being committed to this work. To date, only the Procurement and Estates programmes within the Leeds Plan have identified any financial benefits that can contribute to mitigating the risks identified above.

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 up until 2021. 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 targets this was due to non-recurrent benefits rather than sustainable changes to operational delivery. For the 4 years 2017/18 to 2020/21, whilst on paper the city comes close to delivering a breakeven position, there is reliance on the successful delivery of a high level of savings in each organisation.

6 Recommendations

The Health and Wellbeing Board is asked to:

- Review the Leeds health & care quarterly financial report.
- Note the extent of the financial challenge over the next year and until 2021 and the need to further develop a shared system-wide response and assurance that this challenge will be met.
- Provide clear guidance to the Leeds Health and Care Partnership Executive Group on the possible actions required to achieve financial sustainability.

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 (please tick all that apply to this report)	
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

Financial position for the 12 months ended 31st March 2017 and assessment of financial risks for 2017/18 to 2020/21

1. Section 1 - City Summary

Sign convention – negative numbers = ADVERSE variances

12 months ended 31st March 2017	Total Income/Funding			Pay Costs			Other Costs			Total Costs			Net surplus/(deficit)			Movement from Q3
	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	629.9	635.4	5.5	155.4	154.6	0.8	474.5	488.7	-14.2	629.9	643.3	-13.4	-	-7.9	-7.9	
Leeds Community Healthcare Trust	148.4	148.7	0.3	105.0	106.5	-1.5	40.5	39.0	1.5	145.5	145.5	-	2.9	3.2	0.3	
Leeds Teaching Hospitals NHS Trust	1,176.8	1,172.9	-3.9	661.5	679.6	-18.1	519.1	495.2	23.9	1,180.6	1,174.8	5.8	-3.8	-1.9	1.9	
Leeds & York Partnership Foundation Trust	149.6	153.5	3.8	106.6	106.6	0.1	39.9	41.7	-1.8	146.6	148.3	-1.7	3.1	5.2	2.1	
Leeds North CCG	282.1	282.1	-	3.1	3.1	-	279.0	276.3	2.7	282.1	279.4	2.7	-	2.7	2.7	
Leeds South and East CCG	408.3	408.3	-	5.5	5.1	0.3	402.8	399.1	3.7	408.3	404.2	4.1	-	4.1	4.1	
Leeds West CCG	465.9	465.9	-	4.3	4.2	0.1	461.6	457.2	4.4	465.9	461.4	4.5	-	4.5	4.5	

This is the updated dashboard for the City. At quarter 3 the health and care system was under significant pressure and the end of year forecasts predicted an aggregate adverse variance of £22.9m. The reported end of year position shows a much-improved position with an aggregate favourable variance of £7.7m the majority of which relates to technical and one-off adjustments rather than improved operational delivery. £11.3m of this improvement is the release of the 1% risk reserve that NHSE required CCGs to keep, contributing to the national financial position. A further £9.6m relates to the unexpected receipt in quarter 4 of Sustainability and Transformation (STF) monies from NHS Improvement (NHSI) to the 3 NHS Trusts. In quarter 4, the control total for Leeds Teaching Hospitals was changed by £5.0m to reflect the exceptional nature of the failure of the Pathology IT system.

2. Level of financial risk in 2017/18 and beyond

All organisations in the West Yorkshire and Harrogate STP have recently refreshed their financial plans for the next 4 financial years.

- For health and care services in the City Council this showed a break-even position for each of those years on the assumption that savings of £66.5m will be delivered over that period.
- The aggregate position of the 3 CCGs shows a breakeven position throughout the planning period but assumes the drawdown of £11.5m of previously accumulated surpluses. Again, this assumes that savings of £143.6m is delivered over that same period. CCG allocations including primary care but excluding specialised services will grow from £1.2bn in 17/18 to £1.3bn in 20/21.
- For the 3 NHS Trusts, the position excluding the national subsidy provided through STF monies starts with an aggregate deficit of £9.2m in 17/18 and £5.4m in 18/19 and small surpluses of £0.8m and £1.8m in 19/20 and 20/21 respectively. This relies on full delivery of local savings amounting to £185.8m across the 4-year period.

Source = refresh of WY&Y financial plans 2017/18 to 2020/21

Organisation	Control total/ drawdown agreed		Planned surplus/(deficit) (NHS Trusts excl STF)		Level of CIP/QIPP/savings included in plan £m		CIP/QIPP/savings as proportion of turnover %		Level of Uncommitted CCG Reserves required by NHSE	
	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19
Leeds City Council					£24.1m	£18.8m	6.0%	4.4%		
Leeds Community Healthcare NHS Trust	Y	N	£2.1m	£1.4m	£3.9m	£3.6m	2.7%	2.5%		
Leeds Teaching Hospitals NHS Trust	Y	Y	(£14.0m)	(£6.8m)	£63.9m	£46.8m	5.4%	3.8%		
Leeds and York Partnership Foundation Trust	Y	N	£2.7m	£0.0m	£6.0m	£3.4m	4.0%	2.3%		
Leeds North CCG	Y	Y	£0.0m	(£0.1m)	£8.6m	£7.4m	2.5%	2.1%	£4.3m	£4.3m
Leeds South and East CCG	Y	Y	(£0.6m)	(£1.6m)	£12.5m	£12.9m	2.4%	2.5%	£4.2m	£4.2m
Leeds West CCG	Y	Y	£0.0m	(£0.2m)	£13.8m	£14.0m	2.5%	2.4%	£4.7m	£4.8m

The table above shows some of the factors contributing to financial risk in the city that affect most partners.

3. Savings from citywide working

On the most optimistic assumption that all required savings are delivered in full and the CCGs can drawdown some of their previously accumulated surpluses, the NHS partners in the city do not collectively achieve a breakeven position across the period unless some further national funding is provided or unless all partners pull together and become more efficient by better managing demand in the system. There is currently significant work involving multiple partners being planned or carried out in the city. Significant amounts of managerial and clinical leadership capacity is being committed to this work. This sits under the umbrella of the **Leeds Plan** (SRO Tom Riordan), itself a major component of the wider **Health and Wellbeing Strategy** and includes the system integration work and better alignment of commissioning as well as provider development and the development of **New Models of Care** and our **Accountable Care System**. Further detail is being worked up via these change initiatives.

4. Conclusions

Partners should be congratulated for achieving significant progress in 2016/17. The challenge remains tough for future years as the population ages and national budgets are reduced in real terms. Plans to meet these challenges will be monitored closely by partners through PEG and through individual governance.