



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

Report to: Leeds Health and Wellbeing Board

Date: 19th February 2018

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 at quarter 3:

- 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 final quarter of the year.
- Within the City Council the Adults and Health and Children’s and Families directorates continue to forecast that their expenditure can be contained within budget. Significant pressure is being felt due to the necessary increase in Care Home fees and the increasing number of Children Looked After.
- There is significant financial risk associated with the plans of all partners, not all of which are fully mitigated.

Recommendations:

The Health and Wellbeing Board is asked to:

- Note 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 3 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 not fully mitigated. This particularly relates to the identification and delivery of local savings schemes that are planned to provide significant benefits in the final quarter of the year.

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.

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

Leeds Health and Care Partnership Executive Group
Forecast end of year financial position as at 31st December 2017

1. Section 1 - City Summary

Sign convention – negative numbers = ADVERSE variances

Forecast for 12 months ended 31st March 2018	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	623.9	8.6	142.8	142.4	0.4	472.5	481.5	- 9.0	615.3	623.9	- 8.6	-	-	-
Leeds Community Healthcare Trust	146.7	146.0	- 0.7	103.4	103.7	- 0.3	40.3	39.3	1.0	143.7	143.0	0.7	3.0	3.0	-
Leeds Teaching Hospitals NHS Trust	1,206.6	1,208.1	1.5	682.2	695.6	- 13.4	515.3	501.0	14.3	1,197.5	1,196.6	0.9	9.1	11.4	2.3
Leeds & York Partnership Foundation Trust	150.5	153.0	2.5	109.6	109.6	-	37.3	39.8	- 2.5	146.9	149.4	- 2.5	3.6	3.6	-
Leeds CCGs Partnership	1,194.6	1,194.6	-	9.3	9.3	-	1,185.3	1,185.3	-	1,194.6	1,194.6	-	-	-	-

At the end of quarter 3, each of the partner organisations in the city are forecasting that they will meet or exceed their control total or achieve a break-even position. This is a further improvement over the quarter 2 position. Identified risks relate mainly to the identification and delivery of local savings plans with a significant proportion of these being planned in the final quarter; the impact of winter pressures 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 & 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 directorate has been adjusted for the additional monies allocated by the Chancellor in the Spring budget. Outside of this additional funding, there are pressures of £2.1m on demand led budgets (primarily due to significant increases in care home fees) and projected shortfalls in income, including client contributions to community support services. These are offset by savings elsewhere including projected saving of £1.5m on staffing.

The budget for Children and Families remains challenging although now projected to balance overall. The 2017/18 budget has been amended and now includes additional support of £8.1m compared to 2016/17 to recognise the increase in the numbers of Children Looked After. This results in a budget change of £1.4m against the quarter 2 forecast. Current level of children placed with Independent Fostering Agencies (IFA) is 192, whilst the level of External Residential (ER) placements is 61 children. There is a risk that these numbers continue to rise. The budget for staffing is currently forecast to overspend by £1.0m. A shortfall in income to Children's Centres of £0.9m is forecast and is expected to be partly offset by grants being higher than budgeted. In order to offset these increased pressures the directorate is looking to utilise earned income through the DfE Partners in Practice funding.

b. Leeds Community Healthcare Trust

At the end of quarter 3 the Trust's financial performance remains strong overall; the surplus is £0.3m ahead of the plan. A small overspending on pay has been mitigated by underspending on non-pay. Recurrent CIP delivery continues to be a concern. The forecast outturn position demonstrates that the Trust will achieve the control total surplus of £3.034m. However there are financial risks such as the non-delivery of CQUINS, winter pressures, contract changes and redundancy costs that may have a negative impact in the final quarter.

c. Leeds Teaching Hospitals Trust

The overall forecast has improved by £2.3m since quarter 2; this is due to the receipt of additional winter monies. Progress against the required financial trajectory needed to deliver the best-case year end forecast is positive but there remains a material risk that the Trust will not achieve its financial plan. However, a set of mitigating actions have been put in place and if all of these are successful, the delivery risk will be fully mitigated.

At the end of December the Trust reported an adjusted deficit of £7.2m including STF monies. This year to date deficit was £11.9m better than the quarter 2 position and £13.1m better than plan. Contract income is now £8.8m behind plan. Activity related income is £3.5m ahead of plan offset by an under-recovery on income of £12.3m relating to drugs, blood and devices that are contracted for on a 'pass through' basis which has an offsetting favourable variance included in the expenditure position. Other favourable variances on income reduce the total income adverse variance to £6.3m.

Operating expenditure is £8.5m ahead of plan but this is mainly due to 'pass through' costs mentioned above. Under-delivery on waste reduction has been partly offset by underspending on central reserves; when taken together these are £3.4m behind plan. With the exception of these factors, pay and non-pay budgets are broadly in line with plan. Favourable variances of £4.5m on non-operating expenditure and a lower than expected technical adjustment relating to donated asset income of £6.3m make up the rest of the financial position.

d. Leeds and York Partnership Trust

The Trust remains on plan to achieve its financial forecast. The in-year pressure is linked predominantly to our Out of Area placements (OAPs) and a level of unidentified CIPs. Non-recurrent revenue support for the OAPs has been secured and other run-rate variances are also supporting the underlying position.

e. Leeds CCGs

The Leeds CCG's 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 CCG's 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.