



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

Report to: Leeds Health and Wellbeing Board

Date: 14th June 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). This report provides an overview of each organisation's year end financial position for 2017/18 and their plans for 2018/19,

Key headlines are:

- At the end of the 2017/18, each of the partner organisations in the city met or exceeded their financial plans.
- For 2018/19 each of the health organisations has agreed its financial target with its regulator. The Council is planning a balanced financial position. There are significant challenges in achieving those plans and significant risks.

Recommendations:

The Health and Wellbeing Board is asked to:

- Note the 2017/18 end of year position and the 2018/19 financial plans.

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. The report for this quarter is in two parts; the 2017/18 year end position and the 2018/19 financial plans.
- 1.3. Together, this financial information and associated narrative aims provide greater understanding of the collective and individual financial performance of the health and care organisations in Leeds and, for 2018/19 to signal where the current and expected financial pressures are. This provides the Health and Wellbeing Board with an opportunity to direct action which will support an appropriate and effective response.
- 1.4. 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. 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 NHS Leeds CCG.

3. Main issues

- 3.1. At the end of the 2017/18, each of the partner organisations in the city met or exceeded their financial plans. This represents excellent performance particularly in the light of the continued challenging financial environment in which the local NHS and care system is operating.
- 3.2. For 2018/19 each of the health organisations has agreed its financial target with its regulator. The Council is planning a balanced financial position. There are significant challenges in achieving those plans and, already, significant known risks.

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. The Health and Wellbeing Board has oversight of the financial stability of the Leeds system with PEG committed to using 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 2017/18 all health and care partners in the city met the required financial targets some of this was due to non-recurrent benefits rather than sustainable changes to operational delivery. In 2018/19 partner organisations are predicting that they will again successfully discharge their financial responsibilities but have identified a number of challenges to doing so.

6. Recommendations

- 6.1. 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

Quarterly Finance Report to Leeds Health and Wellbeing Board

A. End of year financial position for 2017/18

A1 - City Summary

At the end of the 2017/18, each of the partner organisations in the city met or exceeded their plans. This represents excellent performance particularly in the light of the continued challenging financial environment in which the local NHS and care system is operating.

Outturn for 12 months ended 31st March 2018	Total Income/Funding			Pay Costs			Other Costs			Total Costs			Net surplus/(deficit)		
	Plan	Outturn	Var	Plan	Outturn	Var	Plan	Outturn	Var	Plan	Outturn	Var	Plan	Outturn	Var
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Leeds City Council	615	618	2	143	143	0	473	475	(3)	615	618	(3)	0	(0)	(0)
Leeds Community Healthcare NHS Trust	148	150	1	104	104	0	41	41	0	145	145	1	3	5	2
Leeds Teaching Hospitals NHS Trust	1,207	1,236	29	682	703	(21)	515	514	1	1,198	1,217	(19)	9	19	10
Leeds & York Partnership Foundation Trust	151	157	6	110	108	2	37	45	(8)	147	153	(6)	4	4	0
NHS Leeds CCGs Partnership	1,195	1,195	0	15	14	0	1,181	1,174	6	1,195	1,189	7	0	7	7

Sign convention: (negative numbers) = adverse variances

Numbers may not sum due to roundings

A2 – Organisational commentary on year end position

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 and are in line with the provisional outturn for 2017/18 reported to the Council's Executive Board on the 18th April 2018. Some further variations can be expected which will be reported in the final outturn to be reported in June 2018.

In summary, Adults and Health are projecting a balanced position after taking account of a contribution to their earmarked reserves. Children and Families are projecting an overspend of £0.4m, but this is after additional in-year funding of £3.7m from reserves outside of the directorate to support the looked after children's budget.

The budget for the Adults and Health directorate has been adjusted for the additional monies allocated by the Chancellor in the Spring Budget. Outside of this additional funding, the directorate's planned actions to reduce costs together with lower than anticipated demand pressures relating to the Learning Disability service and direct payments has resulted in a contribution of £1.4m to earmarked reserves rather than the budgeted contribution from earmarked reserves which will be carried forward to address anticipated pressures in respect of residential placements and increased cost pressures on commissioned care contracts. Staffing is underspent by £0.6m, additional income £0.7m and £0.3m of other costs make up this variance. The grant funded Public Health budget is projecting a small underspend of £122k (principally staffing) which will be carried forward.

Within Children and Families, the increase in the demand for external residential placements and Independent Fostering Agents placements during the autumn has now steadied. Based on current numbers a net variance of around £1.0m is projected for year end. Staffing costs are projected to overspend by around £0.6m. In order to offset these pressures, including a £0.3m pressure on commissioned services, the Directorate is looking to utilise an additional £2.0m of the Department for Education Partners in Practice funding earlier than profiled and will also maximise external income.

b. Leeds Community Healthcare Trust

LCH exceeded its control total by £1.7m having received £1.5m additional Sustainability and Transformation Funding (STF) and underspending by £0.2m a nationally mandated risk reserve released in the final quarter of the year. Other than that, the year broadly turned out as planned.

c. Leeds Teaching Hospitals Trust

The Trust delivered a year-end out-turn surplus of £18.9m, which was £9.8m better than plan. Prior to STF, the Trust planned to deliver a deficit of £14m, and ended the year with a deficit of £11m. The final position included a total of £29.9m STF, which was higher than plan due to the receipt of incentive STF payments following over achievement of the Trust's pre STF control total. Overall the Trust achieved its £63.9m waste reduction plan (CIP target), but the split of actual delivery was different to that planned at the start of the financial year, which explains the majority of the income over-performance and pay over-spend. Non pay spend overall was largely in line with plan.

d. Leeds and York Partnership Trust

LYPFT overachieved the planned surplus position (£0.2m over Control Total) and as a consequence received £1.5m additional STF incentive funding which was broadly offset by an impairment of £1.6m. Out of area placements represented the most significant challenge which was managed in year by a risk share arrangement agreed with NHS Leeds CCGs.

e. NHS Leeds CCGs

The three CCGs had each planned for in year breakeven position. However a small surplus of £6.7m was made, due to release of reserved STF per NHSE guidance, benefit of Category M drugs clawback, and other small non recurrent savings

B. 2018/19 Financial Plans

Each of the health organisations has agreed its financial target with its regulator. The Council is planning a balanced financial position. As the section for each organisation explains below the table, there are significant challenges in achieving those plans and, already, significant known risks. There is additional risk, at the time of writing, from the lack of clarity on the extent to which the NHS pay award will be funded and how the funds are distributed across organisations and the impact on other organisations and their commissioners where pay is heavily influenced by NHS pay rates.

B1 - City Summary

Plan for 12 months ended 31st March 2019	Total Income/Funding £m	Pay Costs £m	Other Costs £m	Total Costs £m	Net surplus/(deficit) £m
Leeds City Council	631.3	140.3	491.0	631.3	-
Leeds Community Healthcare NHS Trust	145.0	102.9	39.6	142.5	2.5
Leeds Teaching Hospitals NHS Trust	1,240.3	708.0	503.4	1,211.4	28.9
Leeds & York Partnership Foundation Trust	161.1	113.8	44.0	157.8	3.3
NHS Leeds CCG	1,218.4	15.5	1,202.9	1,218.4	-

B2 – Organisational commentary 2018/19 Financial Plans

a. Leeds City Council

Adults and Health

Pressures of £14.8m (7.2% of net budget) had been identified; £8.8m related to inflation including support to paying the national living wage for commissioned care; £4.5m due to demand pressures; and £1.5 in respect of client contributions. After taking account of a £2.4m net increase in the directorates funding and increased fees and charges of £1.6m, delivery of the £10.8m balance is through plans for efficiencies within the directorate (£6.6m) and service changes relating to care packages and costs and 'left shift' service models avoiding residential care through supported self-care and community based alternatives. As in previous years the Public Health Grant has been cut by a further £1.2m, or 2.57% compared to 2017/18 which has been mitigated through the use of alternative funding streams £0.7m and £0.5m from contracts and commitments set to expire and other savings.

Children and Families

The directorate identified total pressures of £13.7m: £2.8m due to inflation pressures; £4m due to demand pressures and £4.7m for the fallout of grant. Offsetting savings planned to be delivered through a mixture of increased grant and other income (£2.5m) and efficiency savings and service reviews (£2.1m).

b. Leeds Community Healthcare Trust

LCH accepted a control total surplus of £2.5m requiring efficiencies of 3.4% (£5m) of which £1.2m remained unidentified at the start of the year. The biggest risk to achievement of the control total concerns identification of savings to match CCG decommissioning plans; the Trust and the CCG are working together to mitigate this risk.

c. Leeds Teaching Hospitals Trust

The Trust plans to deliver a surplus of £28.9m in 2018/19, which would represent an increase of £10m compared to 2017/18. The pre-PSF position will be a small deficit of £3.5m (the Trust is eligible to receive up to £32.4m core PSF funding). The waste reduction programme for 2018/19 is £75.8m. There is a material risk to delivery; in particular the Trust needs NHSI and DH support for a number of the initiatives.

Overall income is not expected to grow significantly in 2018/19, predominantly because the Trust has agreed Aligned Incentive Contract figures with Leeds CCGs and NHSE. Towards the end of 2017/18 the Trust was already negotiating transition to the revised contracts, and that was recognised in contractual payments from CCGs. 2017/18 also included other non-recurrent non-contract income.

The pay increase mainly relates to an expected 1% pay award - the ongoing negotiations which may see a settlement in excess of 1% have not yet been included, but they are expected to be funded in year should they arise. Other local cost pressures and non recurrent savings made in 2017/18 are offset by waste reduction schemes identified for 2018/19.

The reduction in non-pay expenditure is driven principally by identified waste reduction schemes, which are expected to more than offset increases due to both inflationary pressures and additional activity expectations.

d. Leeds and York Partnership Trust

LYPFT accepted the Control Total surplus challenge for 2018/19 based on achieving a non-recurrent profit on disposal of assets. To maintain a balanced position we are required to deliver a 2% CIP target, currently £0.8m CIPs need to be identified in year.

Out of area placements remain a key pressure and we have agreed a trajectory for improvement over the year, funding for this trajectory is agreed with Leeds CCG.

e. NHS Leeds CCG

The 2018/19 financial plan for NHS Leeds CCG is prepared on the basis of a breakeven position in relation to the advised allocation. Financial sustainability is reliant on the achievement of a significant QIPP target against which there is significant risk. This system wide plan must focus on commissioning and providing cost effective services and the delivery of QIPP programmes through transformation whilst keeping system wide organisations financially stable at the same time as managing the increasing demands of health and social care needs within the local population