



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

**Report to:** Leeds Health and Wellbeing Board

**Date:** 05 September 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 are:

- At the end of quarter 1 (Apr to June) 2018/19, the system is reporting an overall deficit position against plan of £0.9m with a forecast year end deficit position of £4.3m.
- £3.4m of the forecast year end deficit is reported against Leeds Teaching Hospitals NHS Trust (LTHT) as a result of non-achievement of the first two quarters of the Emergency Care Standard Performance.
- Children and Families is currently forecasting a year end overspend of £0.9m. The overspend is significantly lower at this stage than in recent years and reflects the increases made to the Children and Families' budget, particularly demand-led budgets, over the last two years.
- Leeds and York Partnership Foundation Trust (LYPFT), Leeds Community Healthcare (LCH) and Leeds Clinical Commissioning Group (CCG) are forecasting at plan however there are a number of challenges and risks to these positions.

## **Recommendations**

The Health and Wellbeing Board is asked to:

- Note the 2018/19 Quarter 1 (Apr to June) partner organisation financial positions and the forecast end of year positions for 2018/19.

## **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). This report is for the 2018/19 first quarter ending 30<sup>th</sup> June, 2018.
- 1.2 Together, this financial information and associated narrative aims to provide a greater understanding of the collective and individual financial performance of the health and care organisations in Leeds. 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 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 (LCC), Leeds Community Healthcare Trust (LCH), Leeds Teaching Hospital Trust (LTHT), Leeds and York Partnership Trust (LYPFT) and NHS Leeds Clinical Commissioning Group (CCG)

## **3. Main issues**

- 3.1 At the end of quarter 1 (Apr to June) 2018/19, the system is reporting an overall deficit position against plan of £0.9m with a forecast year end deficit position of £4.3m.
- 3.2 £3.4m of the forecast year end deficit is reported against Leeds Teaching Hospitals NHS Trust (LTHT) as a result of non-achievement of the first two quarters of the Emergency Care Standard (ECS) Performance.
- 3.3 The Trusts plan for the year is to achieve an underlying deficit of £24.8m. If this is achieved and the Trust achieves its ECS performance trajectory for the year, £32.4m PSF will be received meaning the Trust would meet its control total. However, the Trust is currently forecasting non-achievement of ECS for the first 2 quarters resulting in a shortfall in Provider Sustainability Funding (PSF) and therefore an overall forecast surplus of £4.2m against a control total of £7.6m surplus.
- 3.4 A fundamental review of the plans was undertaken in June which has been refreshed based on the forecasts following month 3 performance. The mid-case (or most likely) forecast continues to show that there is a material risk that the Trust will not achieve its financial plan. However, a set of mitigating actions have already been identified and are being put in place by the Executive, and if all of these actions are successful the delivery risk will be fully mitigated. On this basis the Trust continues to forecast it will deliver its financial plan with the exception of PSF for Emergency Care Standard for April to September.

3.5 Children and Families is currently forecasting a year end overspend of £0.9m. The overspend is significantly lower at this stage than in recent years and reflects the increases made to the Children and Families' budget, particularly demand-led budgets, over the last two years.

3.6 LYPFT, LCH and Leeds CCG are forecasting at plan however there are a number of challenges and risks to these positions.

#### **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 Group.

4.1.2 Individual organisation engage with citizens through their own internal process and spending priorities are aligned to the Leeds Health and 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 are no legal, 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 Programme

Executive Group (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. At the end of quarter 1 (Apr-June 2018) partner organisations are predicting that there will be significant challenges in delivering against the financial plan, with particular pressures at LTHT and LCC (Childrens and Families Social Care). Further the other partner organisations, although at this stage predicting achievement of financial plan, have significant risks and challenges to overcome to successfully achieve this position.

## **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.

<b>Priorities of the Leeds Health and Wellbeing Strategy 2016-21</b>	
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. Quarter 1 (Apr-June) financial position for 2018/19

##### A1 - City Summary

At the end of quarter 1 (Apr to June) 2018/19, the system is reporting an overall deficit position against plan of £0.9m with forecast year end deficit position of £4.3m.

- £3.4m of the forecast year end deficit is reported against Leeds Teaching Hospitals NHS Trust (LTHT) as a result of non-achievement of the first two quarters of the Emergency Care Standard Performance.
- Children and Families Social Care is currently forecasting a year end overspend of £0.9m. Whilst still early in the financial year there are a number of budget pressures that mean it will be challenging for the directorate to contain spend within the approved budget without additional saving proposals being identified, agreed and implemented. The overspend is significantly lower at this stage than in recent years and reflects the increases made to the Children and Families budget, particularly demand-led budgets, over the last two years.
- LYPFT, LCH and Leeds CCG are forecasting at plan however there are a number of challenges and risks to these positions.

Outturn for 3 months ended 30th June 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	158.1	158.1	-	35.6	35.3	0.3	122.6	123.0	-0.4	158.1	158.3	-0.2	0	-0.2	-0.2
Leeds Community Healthcare NHS Trust	36.3	36.7	0.4	25.7	25.9	-0.2	10.0	10.1	-0.1	35.7	36.0	-0.3	0.6	0.7	0.1
Leeds Teaching Hospitals NHS Trust	300.5	299.3	-1.2	177.3	179.6	-2.3	129.5	127.5	2.0	306.8	307.1	-0.3	-6.3	-7.8	-1.5
Leeds & York Partnership Foundation Trust	39.9	40.0	0.2	28.2	27.8	0.5	11.1	11.1	0.0	39.3	38.8	0.5	0.6	1.2	0.7
NHS Leeds CCG	310.5	310.5	-	3.6	3.6	-	306.9	306.9	-	310.5	310.5	-	-	-	-

Forecast Outturn for 12 months ending 31st March 2019	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	632.5	632.3	-0.2	142.3	141.2	1.1	490.2	492.0	-1.8	632.5	633.2	-0.7	0	-0.9	-0.9
Leeds Community Healthcare NHS Trust	145.0	146.4	1.4	102.9	103.2	-0.3	39.6	40.7	-1.1	142.5	143.9	-1.4	2.5	2.5	-
Leeds Teaching Hospitals NHS Trust	1232.4	1240.1	7.7	709.3	721.2	-11.9	515.5	514.7	0.8	1224.8	1235.9	-11.1	7.6	4.2	-3.4
Leeds & York Partnership Foundation Trust	160.7	160.7	-	113.3	113.3	-	44.8	44.8	-	158.1	158.1	-	2.5	2.5	-
NHS Leeds CCG	1221.9	1221.9	-	15	15	-	1206.9	1206.9	-	1221.9	1221.9	-	-	-	-

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 (Adult Social Care and Public Health) and Children and Families directorate (Children's Social Care).

Adults and Health are currently projecting a balanced position. At this stage it is anticipated that all Budget Action Plans will be delivered successfully. Other significant variations include £1.0m of anticipated cost pressures relating to Community Care Packages and £0.1m of reduced income primarily related to delays in setting up the Leeds Care Plan Team, offset by £1.1m of projected savings relating to staff turnover and slippage in employing new staff.

Children and Families is currently forecasting a year end overspend of £0.9m. Whilst still early in the financial year there are a number of budget pressures that mean it will be challenging for the directorate to contain spend within the approved budget without additional saving proposals being identified, agreed and implemented. The overspend is significantly lower at this stage than in recent years and reflects the increases made to the Children and Families budget, particularly demand-led budgets, over the last two years.

### **b. Leeds Community Healthcare Trust**

At the end of quarter 1 the Trust is slightly underspent for the year to date; the cost of temporary staff is marginally less than the underspend on substantive staff; this position is not expected to continue. Cost Improvement Programme delivery has been good so far. The forecast outturn is to meet the agreed control total. The major financial risks include any pay-award underfunding (detail being assessed at the time of writing), ensuring that the loss of income from decommissioning is fully mitigated and continued delivery of the planned cost savings.

### **c. Leeds Teaching Hospitals Trust**

Prior to the Provider Support Fund (PSF), the Trust ended Q1 £11.2m in deficit, which was in line with the updated plan submitted to NHS Improvement (NHSI) in June. The position meant the Trust was eligible to receive the financial element of PSF, but it was behind where it needed to be with regards to the Emergency Care Standard (ECS), the Trust has not reported that proportion of income; after PSF the Trust was £7.8m in deficit against a deficit plan of £6.3m. It has, however, submitted a mitigation appeal case to NHSI and if this is successful, the £1.5m ECS element will then be recognised. Overall the trust is £1.3m ahead of plan for income (excluding PSF, and driven by non-contract income), and £1.3m behind plan on expenditure – that is predominantly due to pass through costs being higher than planned (against a largely fixed Aligned Incentive Contract income value) and slippage on the delivery of some waste reduction schemes.

The Trusts plan for the year is to achieve an underlying deficit of £24.8m. If this is achieved and the Trust achieves its Emergency Care Standard performance trajectory for the year, £32.4m PSF will be received meaning the Trust would meet its control total. However, the Trust is currently forecasting non achievement of ECS for the first 2 quarters resulting in a shortfall in PSF and therefore an overall forecast surplus of £4.2m against a control total of £7.6m surplus.

A fundamental review of the plans was undertaken in June which has been refreshed based on the forecasts following month 3 performance. The mid-case (or most likely) forecast continues to show that there is a material risk that the Trust will not achieve its financial plan. However, a set of mitigating actions have already been identified and are being put in place by the Executive, and if all of these actions are successful the delivery risk will be fully mitigated. On this basis the Trust continues to forecast it will deliver its financial plan with the exception of PSF for Emergency Care Standard for April to September.

**d. Leeds and York Partnership Trust**

The position at month 3 is stable. It is only ahead of plan due to achievement of a proportion of the sale proceeds earlier than modelled. The current key pressures are linked to escalating Out of Area Placements (OAP) expenditure, specifically locked rehabilitation and male acute which is now consistently above the trajectory agreed with commissioners, and further work is being undertaken to clarify the impact of the agenda for change pay award. At this early stage LYPFT are anticipating hitting the control total.

**e. NHS Leeds CCG**

The CCG is currently forecasting a breakeven position and is on target to achieve financial targets, but a key risk is that Quality Innovation and Prevention (QIPP) targets, totalling £34.3m, are not met. Resources are being directed into the Commissioning for Value programme to ensure that there is a robust process in place to review all commissioning expenditure and monitor QIPP plans. For 2018-19 a risk reserve is held to mitigate this however the CCG's financial position moving forward is untenable without the realisation of this QIPP requirement.

Running costs budgets have been set at £14.6m, against an allocation for running costs of £17.4m. A condition of the merger of the 3 Leeds CCGs was a 20% (£3.5m) reduction in running cost expenditure to support system transformation. The CCG is on a trajectory towards this over the next two years. This is at the same time as agenda for change pay rises have been agreed nationally, and the risk that these will not be funded for CCGs. The CCG is on target to meet the part year savings in 2018-19, but cost improvement programmes will be required from 2019-20 onwards.