



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

Report to: Leeds Health and Wellbeing Board

Date: 12 December 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 and care organisations in Leeds, brought together to provide a single citywide financial report (Appendix 1).

Key headlines are:

- The 2018/19 forecast planned surplus for the city has increased from quarter 1 by £42m as follows

	Increased planned surplus	Reason for increase
Leeds Community Healthcare Trust	£1.5m	Additional Provider Sustainability Funding (PSF) from NHS Improvement and release of provision
Leeds Teaching Hospitals NHS Trust	£15.0m	Additional Provider Sustainability Funding (PSF) and other income
Leeds and York Partnership Foundation Trust	£25.5m	Technical adjustment linked to the accounting treatment of a Private Finance Initiative (PFI) refinancing gain and associated additional Provider Sustainability Fund Incentive Scheme

- At the end of September 2018/19, the system is reporting an in year overall deficit position against plan of £3.1m with a forecast year end deficit position of £11.8m.
 - £9.8m of the forecast year end deficit is reported against Leeds Teaching Hospitals NHS Trust (LTHT) as a result of a forecast non-delivery of A&E performance standards, but will still achieve the pre-PSF control total agreed with NHS Improvement.
 - In Leeds City Council (LCC), Children and Families (children's social care) is currently forecasting a year end overspend of £2.0m. The pressure is primarily within Children Looked After (CLA), financially supported non-CLA and the Leeds contribution to One Adoption West Yorkshire.
- 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 April to September 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 6 months ending 30th September, 2018.
- 1.3 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.
- 1.4 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 (PEG).

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 September 2018/19, the system is reporting an overall deficit position against plan of £3.1m with a forecast year end deficit position of £11.8m.
- 3.2 £9.8m of the forecast year end deficit is reported against LTHT as a result of non-achievement of the first two quarters of the Emergency Care Standard Performance.
- 3.3 The Trusts continues to forecast delivery of its pre Provider Sustainability Fund (PSF) £19.8m deficit, despite a number of significant risks that could impact on the position. It continues to identify mitigating actions and will continue to work hard to achieve the full savings programme. Although work is ongoing to deliver the A&E performance standards for the remaining quarters, the year-end forecast currently takes the financially prudent view that it is not achieved, and as such would end the year with a £9.8m adverse variance to the overall plan, but still achieve the pre-PSF control total agreed with NHS Improvement.
- 3.4 Children and Families (children's social care) is currently experiencing a number of pressures. The projected year-end position at quarter 2 is an overspend of £2.0m. The pressure is primarily within Children Looked After (CLA), financially supported non-CLA and the Leeds contribution to One Adoption West Yorkshire.
- 3.5 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 and equivalents 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 organisations 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 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. At the end of September 2018, partner organisations are predicting that there will be challenges in delivering against the in-year financial plan, with particular pressures at LTHT and LCC (Children and Families).

6. Recommendations

6.1 The Health and Wellbeing Board is asked to:

- Note the 2018/19 April to September partner organisation financial positions and the forecast end of year positions for 2018/19.

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. Quarter 2 (Apr-Sept) financial position for 2018/19

A1 - City Summary

At the end of September 2018/19, the system is reporting an overall deficit position against plan of £3.1m with forecast year end deficit position of £11.8m.

- £9.8m 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, but will still achieve the pre-PSF control total agreed with NHS Improvement.
- Children and Families (children's social care) is currently forecasting a year end overspend of £2.0m.
- Leeds and York Partnership Foundation Trust (LYPFT), Leeds Community Healthcare (LCH) and Leeds Clinical Commissioning Group (Leeds CCG) are forecasting at plan.

Section 1 - City Summary

6 months ended 30th September 2018	Total Income/Funding			Pay Costs			Other Costs			Total Costs			Net surplus/(deficit)			Movement from Previous quarter)
	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	316.3	316.4	0.1	71.2	70.8	0.4	245.1	246.6	- 1.5	316.3	317.4	- 1.1	-	- 1.0	- 1.0	- 0.8
Leeds Community Healthcare Trust	72.9	74.9	2.0	51.4	53.1	- 1.7	19.9	19.9	-	71.3	73.0	- 1.7	1.6	1.9	0.3	0.2
Leeds Teaching Hospitals NHS Trust	611.1	614.4	3.3	354.5	364.8	- 10.3	262.2	258.4	3.8	616.7	623.2	- 6.5	- 5.6	- 8.8	- 3.2	- 1.7
Leeds & York Partnership Foundation Trust	85.5	86.6	1.1	56.5	56.2	0.3	22.2	22.8	- 0.6	78.7	79.0	- 0.3	6.8	7.6	0.8	0.1
Leeds CCG	610.3	610.3	-	8.0	7.2	0.8	602.3	603.1	- 0.8	610.3	610.3	-	-	-	-	-

Forecast year end 2018/19	Total Income/Funding			Pay Costs			Other Costs			Total Costs			Net surplus/(deficit)			Movement from Previous quarter)
	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	632.5	632.7	0.2	142.4	141.5	0.9	490.1	493.2	- 3.1	632.5	634.7	- 2.2	-	- 2.0	- 2.0	- 1.1
Leeds Community Healthcare Trust	146.0	149.6	3.6	102.4	105.5	- 3.1	39.6	40.1	- 0.5	142.0	145.6	- 3.6	4.0	4.0	-	1.5
Leeds Teaching Hospitals NHS Trust	1,247.4	1,254.8	7.4	709.3	727.3	- 18.0	515.5	514.7	0.8	1,224.8	1,242.0	-17.2	22.6	12.8	- 9.8	- 1.7
Leeds & York Partnership Foundation Trust	187.6	187.6	-	114.8	114.8	-	44.8	44.8	-	159.6	159.6	-	28.0	28.0	-	25.5
Leeds CCG	1,224.3	1,224.3	-	16.0	14.3	1.7	1,208.3	1,210.0	- 1.7	1,224.3	1,224.3	-	-	-	-	-

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 relate solely to Adults Social Care, Children’s Social Care and Public Health

Adults and Health are currently projecting a balanced position. At this stage it is anticipated that the majority of savings plans will be delivered successfully. Other significant variations include £1.0m of anticipated cost pressures relating to Community Care Packages offset by £1.0m of projected savings relating to staff turnover and slippage in employing new staff.

Children and Families are reporting a number of budget pressures that mean it will be challenging for the directorate to contain spend within the approved budget. The projected year-end position at Quarter 2 is an overspend of £2.0m. The pressure is primarily within Children Looked After (CLA), financially supported non-CLA and the Leeds contribution to One Adoption West Yorkshire.

b. Leeds Community Healthcare Trust

The Trust is £0.35m ahead of plan at the end of September; this is before additional costs to meet winter demand. During Quarter 2 the Trust has received confirmation of the 0 to 19 Children’s Service and Dental service contracts which has enabled the release of a redundancy provision. Following a request from NHS Improvement the Trust has agreed to use this non recurrent resource to increase its planned surplus for the year by £0.5m. NHS Improvement has agreed to provide £1.0m additional funding to the Trust from the Provider Sustainability Fund (PSF). The Trusts planned outturn surplus for the year is now £4.0m including £2.3m PSF. The financial risks are being managed and include ensuring that any loss of income from decommissioning is fully mitigated and the continued delivery of planned cost improvements.

c. Leeds Teaching Hospitals Trust

The Trust is still on track to deliver against its pre-PSF control total, with the year to date adverse variance of £3.2m relating almost entirely to PSF not accounted for due to A&E performance being behind trajectory. The £1.7m deterioration in variance from Quarter 1 all relates to the same issue. Before accounting for PSF the Trust’s Quarter 2 position was a £20.3m deficit against a deficit plan of £20.4m. The deficit plan is a target agreed with NHS England and NHS Improvement that the Trust is on course to achieve.

The Trust continues to forecast delivery of its pre PSF £19.8m deficit, managing risks that could impact on the position. It continues to identify mitigating actions and will continue to work towards achieving the full savings programme. Although work

is ongoing to deliver the A&E performance standards for the remaining quarters, the year-end forecast currently takes the financially prudent view that it is not achieved, and as such would end the year with a £9.8m adverse variance to the overall plan, but still achieve the pre PSF control total agreed with NHS Improvement.

d. Leeds and York Partnership Trust

The position at month 6 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.

The forecast planned surplus position has increased from £2.5m to £28m. This is a consequence of a technical adjustment linked to the accounting treatment of a PFI refinancing gain and associated Provider Sustainability Fund incentive scheme.

e. NHS Leeds CCG

The CCG is on track to achieve its financial targets. The CCG has reviewed its £34.3m QIPP (quality, innovation, productivity and prevention) target against its risk profile at the mid-way point in the year. A number of significant risks have either slipped into future financial years or not crystallised which have reduced the target in year. Although most schemes are due to deliver later in the financial year, around £5m has already been delivered by the mid-way point in the year. 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 henceforth. For 2018-19, a risk reserve plus slippage on some previously anticipated areas of spend will help to mitigate against the non-achievement of in year QIPP. QIPP is reported and monitored through the Commissioning for Value Board to ensure delivery as a key aspect of the CCG's financial position.

The CCG has increased the in-year control total surplus by £5m as part of a national process to close off the NHS 2018/19 financial planning process. This increases the historic surplus held by NHS England on behalf of the CCG from £40.38m to £45.38m, with the understanding that the CCG is able to draw down up to £10m from its surplus in 2019-20 in return for its increased surplus in 2018-19.

The main changes in Month 6 are a reduced forecast outturn for prescribing of £1m, based on the latest data, and a reduction in the continuing care forecast of £0.8m due to a major piece of work reviewing packages, and to decreased activity.