QMR 17 OCTOBER 2015

How is the NHS performing?

ABOUT THIS REPORT

Our Quarterly Monitoring Report examines the views of finance directors on the productivity challenge they face, as well as some key NHS performance data to see how the NHS is performing.

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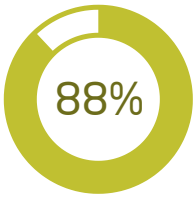
"With winter approaching, the NHS faces a toxic mix of widespread deficits, rising waiting times and low staff morale."

John Appleby, Chief Economist



88% of acute trusts are forecasting a deficit by the end of 2015/16.

9 in 10

9 in 10 NHS trust finance directors feel that cuts in local authority social care budgets are adversely affecting NHS services.

1.7%

Compared to June 2014, there has been an increase in NHS staff of more than 18,305 full-time equivalent posts (1.7%).

27%

27% of NHS trust finance directors say caps on agency spending will affect their ability to ensure safe staffing levels.

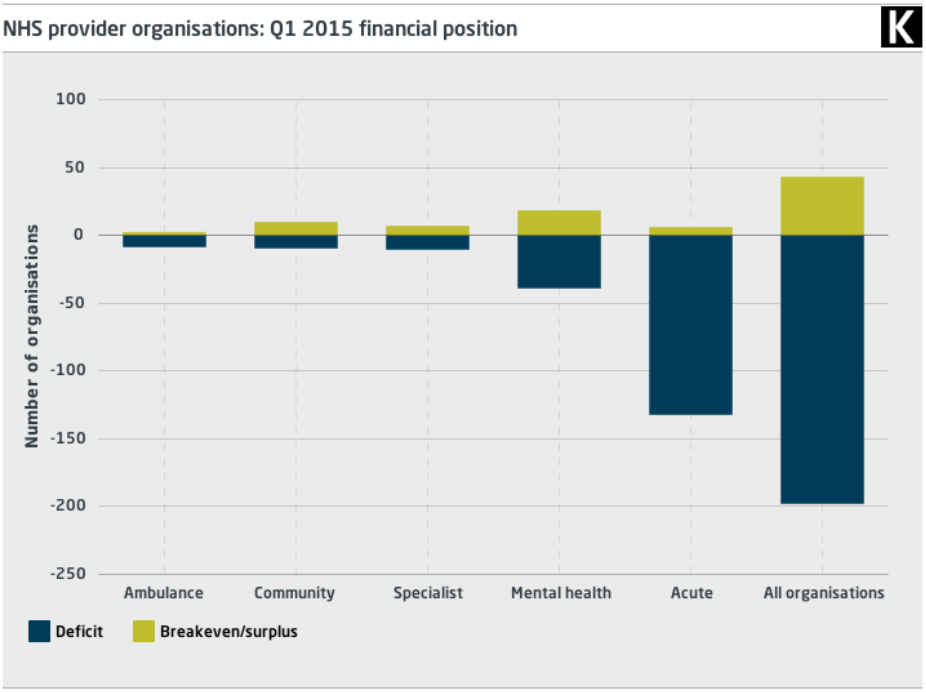
5,000

More than 5,000 patients experienced delays in being discharged from hospital at the end of August – the highest level at this time of year since 2007.

Headlines

How is the NHS performing?

- Halfway through the new financial year and our latest survey of finance directors provides an even gloomier picture of the financial and service performance of the NHS than our June poll.
- With predictions that the Department of Health may break its spending limit this year, providers have been under enormous pressure to recover projected overspends. However, as the NHS Trust Development Authority and Monitor report, net overspending in the first quarter of this year amounted to £930 million, with 82 per cent of all NHS provider organisations overspent (NHS Trust Development Authority 2015, Monitor 2015). On this basis, the overspend at the end of the year could well exceed £2 billion – more than twice the overspend for last year. The NHS is now entering seriously dangerous financial territory which will have ramifications for patients and for all levels of NHS management.



- Our latest survey of finance directors shows that 64 per cent expect to overspend by the end of this year – including 88 per cent of acute trusts. Although this is a slightly better picture of the number of organisations forecasting a deficit compared to Monitor and the NHS Trust Development Authority's first quarter figures, overspending on this scale is a symptom of more systemic problems – not least a service struggling to meet patient demands with inadequate funding to do so.

The national funding context

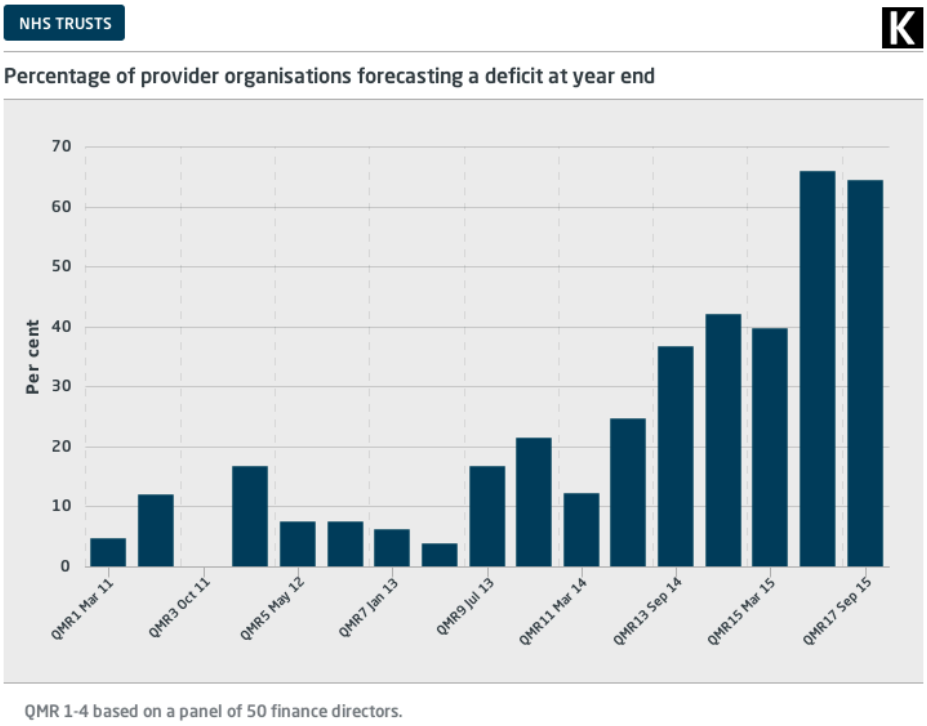
- Although the NHS received some additional funding this year over and above that planned, as we noted in QMR16 the entire cash increase of around £3.3 billion will be wholly absorbed by the Better Care Fund. The Better Care Fund could improve care for patients, but finance directors remain somewhat sceptical of the impact it will have this year. More than 80 per cent of trust finance directors felt fairly or very concerned about achieving the planned reductions in emergency activity agreed in their Better Care Fund plans, and 66 per cent of CCGs are either fairly or very concerned about being able to deliver their planned Better Care Fund savings this year.
- Concern about the Better Care Fund is reinforced by the fact that nearly 90 per cent of trust finance directors think that financial pressures on local authorities are adversely affecting health care services in their local area.

Indeed, this pressure is evident from the number of delayed transfers of care attributable to social care; these increased by more than 21 per cent over the 12 months to August 2015/16.

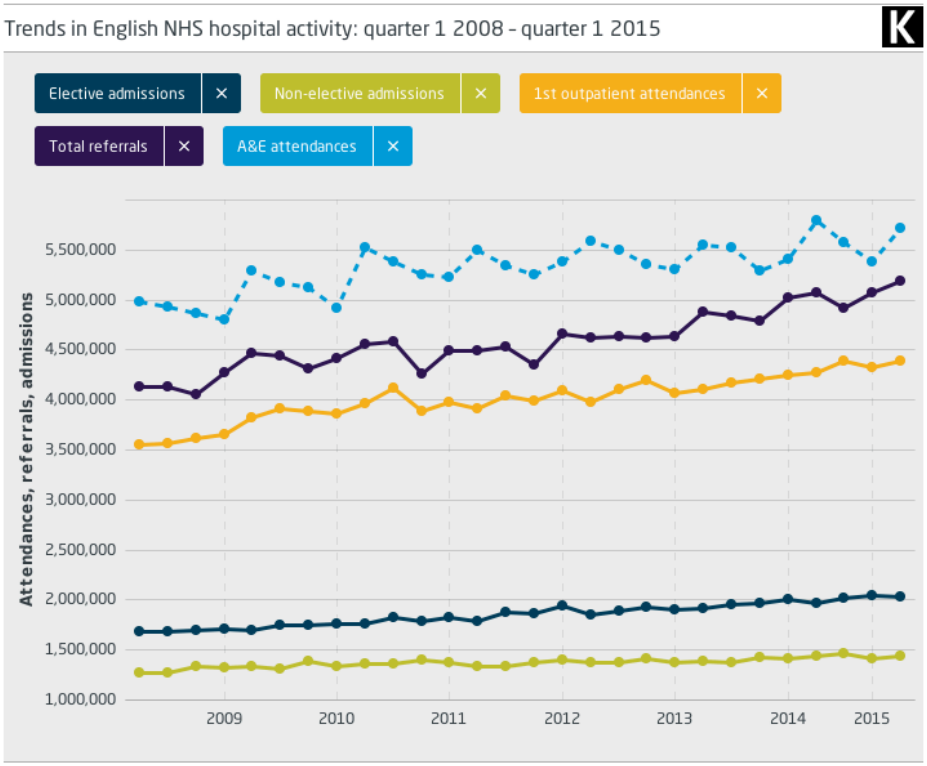
- For the rest of the parliament, the government's pledge of a real increase of £8 billion by 2020/21 represents an average annual real increase of just 1.3 per cent compared to a real increase of 1.9 per cent this year. Next month's Spending Review will set out how this total will be reached over the next four years. Whatever the decision, the total increase leaves little room for manoeuvre.

Financial prospects for 2015/16

- As the figure below shows, the proportion of trusts forecasting a deficit at the end of this year is similar to the proportion in the June survey for this year – representing the worst end-of-year forecast since our surveys started.

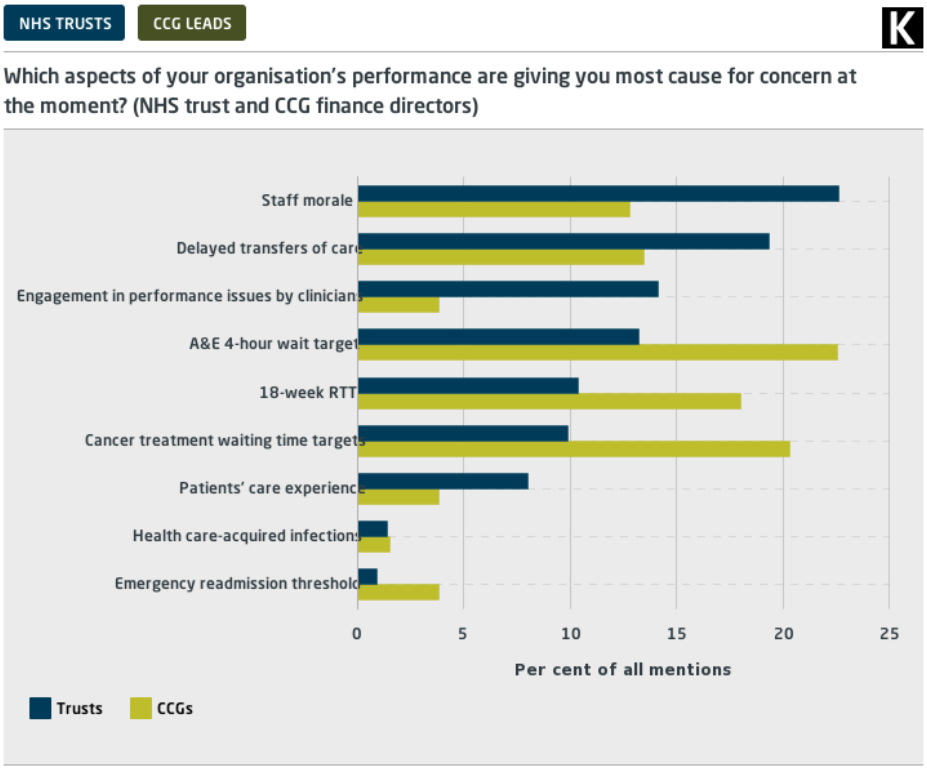


- The continued downward pressure on prices and income leaves providers with the bulk of the financial risk in most health economies. However, while only 18 per cent of CCGs forecast an overspend this year, this is nearly twice the proportion reporting possible deficits in our June survey (and very similar to the proportion reported by NHS England (2015) to be in deficit by month 4).
- Moreover, with around 70 per cent of providers in our survey reporting that their end-of-year forecast includes the use of reserves, it is clear that tactics to contain spending are not sustainable.
- Continuing demand pressures are evident from increasing trends in hospital activity – from referrals to outpatient and A&E attendances as well as elective and, to a lesser extent, emergency admissions (see figure below). While more work can mean more income for providers, year-on-year real reductions in the tariff have attenuated income growth.

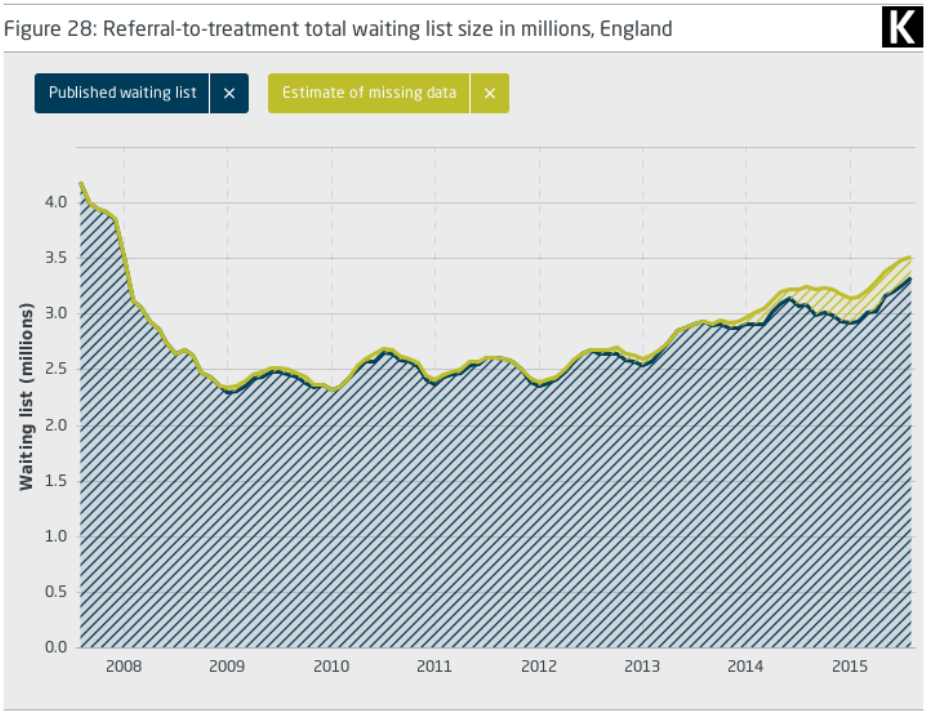


Data source: Monthly hospital activity data, provider based www.england.nhs.uk

- The cost of providing services remains a crucial issue. In particular, rising staffing costs continue to be one of the main drivers behind increases in deficits. Agency costs continue to increase as trusts struggle to fill nursing and other clinical posts. The restrictions and caps on agency spending will come into force this month, and the Department of Health suggests the new controls will save the equivalent of around £0.3 billion a year over the next three years (Department of Health 2015). But it remains to be seen whether this will be achieved – and certainly savings this year, if they materialise at all, will be somewhat smaller.
- Moreover, as our survey indicates, for around 27 per cent of finance directors, the squeeze on agency costs could hamper their organisations' ability to guarantee safe levels of staffing – just as the NHS enters the winter period with its highest demand for staff.
- Making ends meet through cost improvement programmes also remains very difficult; 55 per cent of trust finance directors are either fairly or very concerned about meeting their CIP targets this year – one of the highest proportions since our survey began in 2011. This also chimes with deep scepticism about the possibility of the NHS as a whole meeting the challenge to generate £22 billion in productivity gains by 2020/21: 84 per cent of finance directors think there is a high or very high risk of failure to achieve this goal.
- While it is clear that the state of finances is deeply concerning to most finance directors, other aspects of their organisation's performance are also of concern to them. As the figure below shows, staff morale remains a serious concern, along with delayed transfers of care. However, concern is increasing about senior clinicians' level of engagement with performance issues and about cancer waiting time targets – reflecting continuing poor performance on this target. CCG finance directors, on the other hand, remain primarily concerned about waiting times targets for A&E, elective and cancer care.



- The dropping of two elective waiting times targets – but continuation of the targets for those still waiting and for diagnostic tests – may make sense to avoid potential disincentives to treat long waits, but finance directors see neither benefits to patients nor to their trusts from these changes. Meanwhile, the total number on waiting lists continues to rise and now, at nearly 3.5 million, is at its highest for more than seven years (see figure below).



- The four-hour target for A&E remains a challenge for the NHS. Now measured on a monthly rather than weekly basis, the target has been met across the NHS only once in the past 12 months. And the number of patients waiting more than four hours for admission to a bed from emergency departments – so-called 'trolley waits' – at

around 20,000 for August are 25 per cent higher than for this month in the past four years. This does not augur well for winter and early spring, when demand pressures will mount.

- So, while the NHS has overspent by £930 million in the first quarter of this year, key performance targets remain under pressure. If trusts had not overspent, performance would undoubtedly have been worse. For the remainder of this year, finance directors are very pessimistic. Around 95 per cent (and 90 per cent of CCG finance leads) are either fairly or very pessimistic about the finances in their local health economies over the next year – the most dismal view we have recorded since our survey began.

Beyond 2015/16

- Looking beyond this financial year, nearly 90 per cent of trust and more than 80 per cent of CCG finance directors say they are either uncertain or concerned about achieving financial balance in 2016/17.
- While there is scope for the NHS to deliver increases in productivity and better value for patients – as set out in our recent review (Alderwick *et al* 2015) – this will take time and will not deliver sufficient improvements soon enough to cover forecast deficits. Moreover, the vast majority of trust finance directors and CCG finance leads remain sceptical that the NHS will be able to generate the £22 billion productivity improvements outlined by the *NHS five year forward view*.
- The immediate and pressing concern is the state of the NHS's finances now, and into next year. The figures for the first quarter reported by the NHS Trust Development Authority and Monitor underline the growing concerns that finance directors have been expressing in our quarterly reports for more than a year. While NHS organisations will undoubtedly try to recover their financial position as much as possible, the strong likelihood is that the Department of Health will end up breaking its expenditure limit this year as it will be unable to offset the growing provider deficit.
- As our submission to next month's Spending Review made clear (The King's Fund 2015), it now seems unavoidable that emergency funding will be needed sooner rather than later and that front-loading the promised additional £8 billion by 2020/21 is necessary. It seems increasingly unlikely, however, that this will prove sufficient.

References

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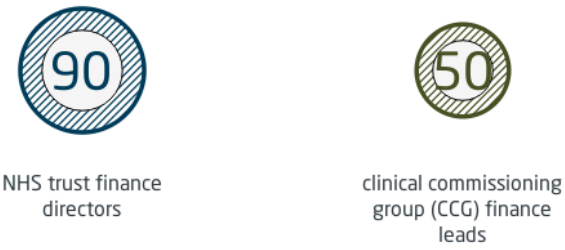
1. Health care surveys

This quarter's report is based on an online survey of the following groups.



This report details the results of an online survey of NHS trust finance directors carried out between 10 September 2015 and 28 September 2015. We contacted 240 NHS trust finance directors to take part and 90 responded (37 per cent response rate). The sample included 41 acute trusts; 33 community and mental health trusts; 5 specialist trusts; 1 ambulance trust and 10 unknown. This sample broadly reflects the composition of NHS providers in England.

In addition, we contacted 186 clinical commissioning group (CCG) finance leads and 50 responded (27 per cent response rate). Between them these finance leads covered 56 CCGs (27 per cent of CCGs).

Respondents were asked about their organisation's financial situation and the financial outlook for their local health economy over the past financial year; the state of patient care in their area; the financial situation looking ahead to 2016/17; the key organisational challenges facing trusts and CCGs; and workforce issues following recent announcements regarding proposed new controls on agency staff.

2. Projected end-of-year financial balance: 2015/16

These figures confirm that NHS providers are heading towards an unprecedented end-of-year deficit. At the end of the first quarter 2015/16, NHS trusts and foundation trusts reported overspend of £930 million, which is more than the deficit for the whole of the previous year (Monitor 2015; NHS Trust Development Authority 2015). This reflects a very sharp deterioration in financial performance among all types of providers, with 96 per cent of acute trusts and more than 50 per cent of mental health trusts now reporting overspends.

Our second survey of 2015/6 shows a similar picture, with 64 per cent of all providers forecasting a deficit for the end of year (2015/16) and 88 per cent of acute trusts expecting to overspend (Figure 1). The situation seems to be worsening for CCGs: around 18 per cent of CCGs forecast an overspend by the end of 2015/16 (Figure 2). This is the worst forecast since we started surveying CCGs.

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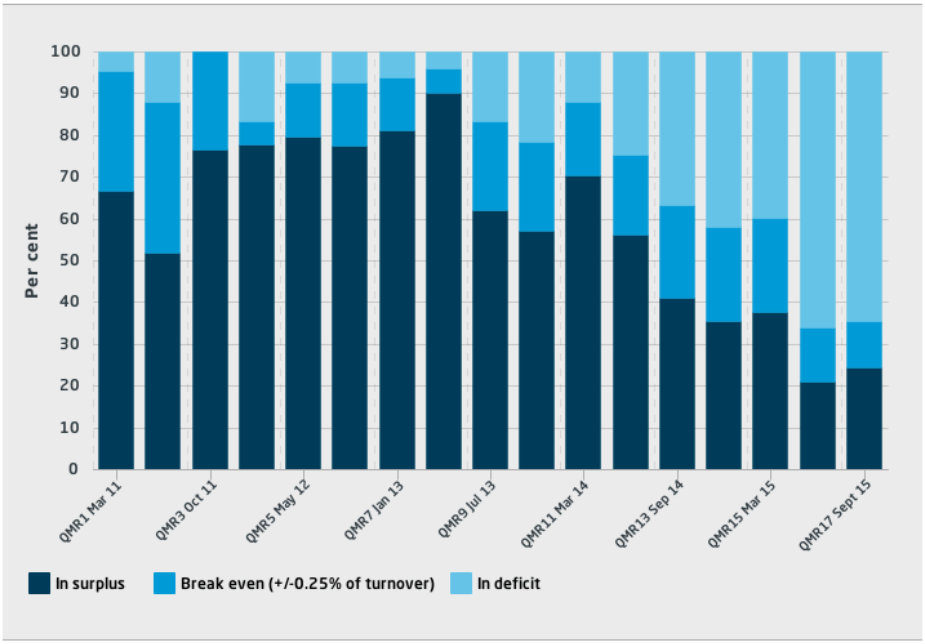
Figure 1: Trends: What is your organisation's forecast end-of-year financial situation



QMR 1-4 based on a panel of 50 trust finance directors

Respondent comments

"Original plan - £16.7 million. Revised plan end July - £37 million. Monitor figure - £23 million!!!"

– Acute trust

"However, this is a planned deficit as per our strategic and operational plans both of which were rated green by Monitor, and we do not require cash support and are not in breach of our licence."

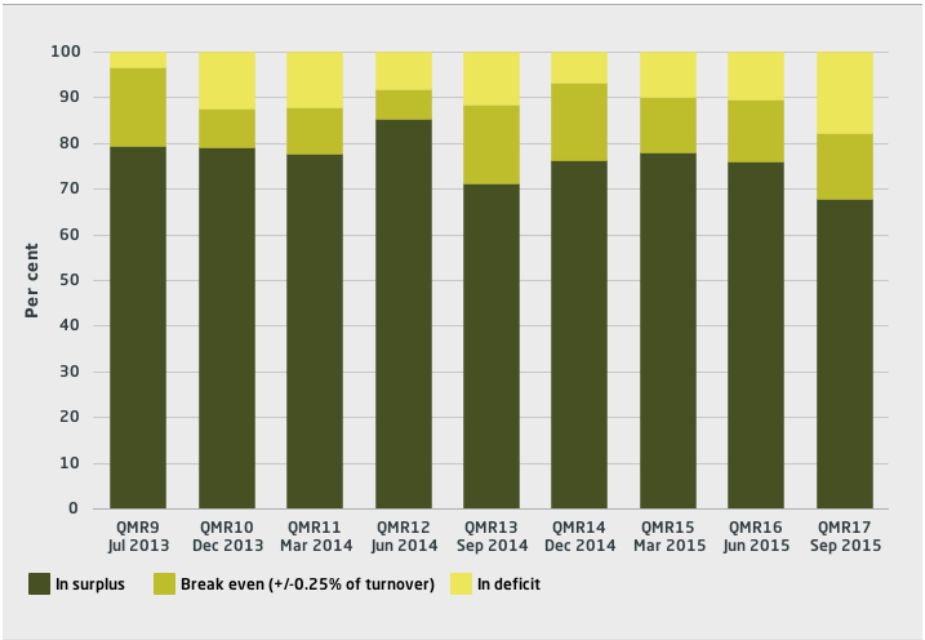
– Acute trust

"Breaking even only due to £8 million profit on property disposal otherwise this would be the deficit."

– Community and mental health provider

CCG LEADS

Figure 2: Trends: What is your organisation's forecast end-of-year financial situation?



50 CCG finance leads answered this question for the 56 CCGs they cover collectively.
CCGs only surveyed since their establishment in April 2013.

Respondent comments

"The CCG has had to change the forecast (breakeven) in month 5 as activity trends have been much higher than planned."

"We are predicting a surplus position (in line with our required surplus position). However, this year is very challenging and tight financial management is imperative so we respond very quickly to any deterioration."

"The CCG is under immense pressure from additional elective activity due to RTT pressure and the public health campaigns driving greater demand."

"Under review monthly and some potentially significant risks to delivery."

3. In-year financial support

Just under 75 per cent of finance directors reported that their forecast position this year would include additional financial support, either loans, additions to their Public Dividend Capital (PDC) from the Department of Health, or drawing on their own reserves (Figure 3). For acute trusts the situation is worse, with 88 per cent reporting the need to rely on additional in-year financial support. The number of trusts dependent on additional financial support has increased from our previous QMR, when just 59 per cent of trust finance directors reported the need for additional financial support.

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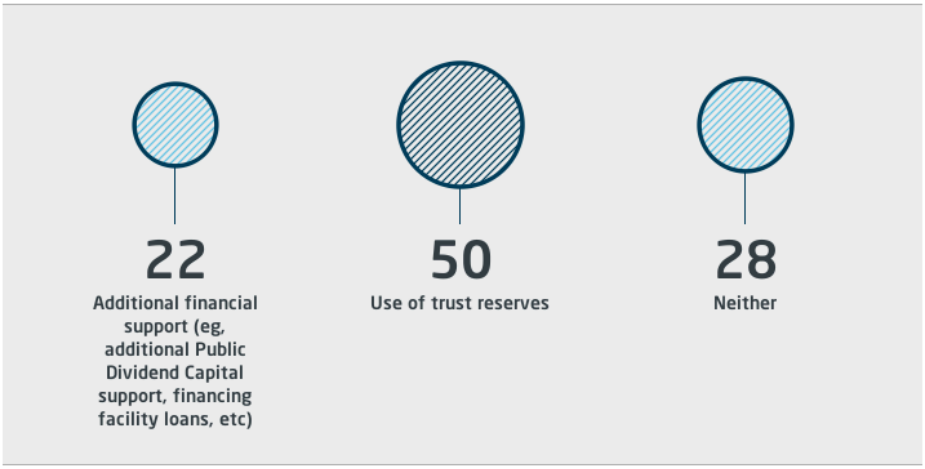
Figure 3: What is your forecast end-of-year outturn likely to depend on?



Only foundation trusts are allowed to draw down on trust reserves. Respondents were allowed to select more than one form of additional financial support.

Respondent comments

"We are needing to borrow cash to support service provision and to ensure that we meet our payroll obligations."

– Acute foundation trust

"Balance sheet flexibilities all gone."

– Community trust

"The trust has a number of cost pressures this year which include recruitment problems for senior medical staff and nursing staff. This has resulted in high agency costs."

– Mental health and community foundation trust

"The trust will require more than £40 million cash support in 2015/16 for the income and expenditure deficit, capital programme (excess over depreciation), existing loan commitments and any adverse working capital movements. It has no cash or other reserves to call upon."

– Acute foundation trust

4. Cost improvement and QIPP programmes (2015/16)

The average cost improvement programme (CIP) target for trusts for 2015/16 is 4.5 per cent, ranging from 1 per cent to 15 per cent of turnover. The average quality, innovation, productivity and prevention (QIPP) target for CCGs for 2015/16 is 2.6 per cent, ranging from 1 per cent to 5.5 per cent of allocation (Figure 4).

Confidence in achieving planned CIPs/QIPPs has been reducing each year since 2011. Around 54 per cent of all NHS trust finance directors now feel fairly or very concerned about achieving their CIP plans this year (Figure 5).

Similarly, around 44 per cent of all CCG finance leads were fairly or very concerned about achieving their QIPP plans this year (Figure 6).

NHS TRUSTS CCG LEADS

Figure 4: What is your organisation's CIP/QIPP target for this financial year (2015/16) as a percentage of turnover/allocation?

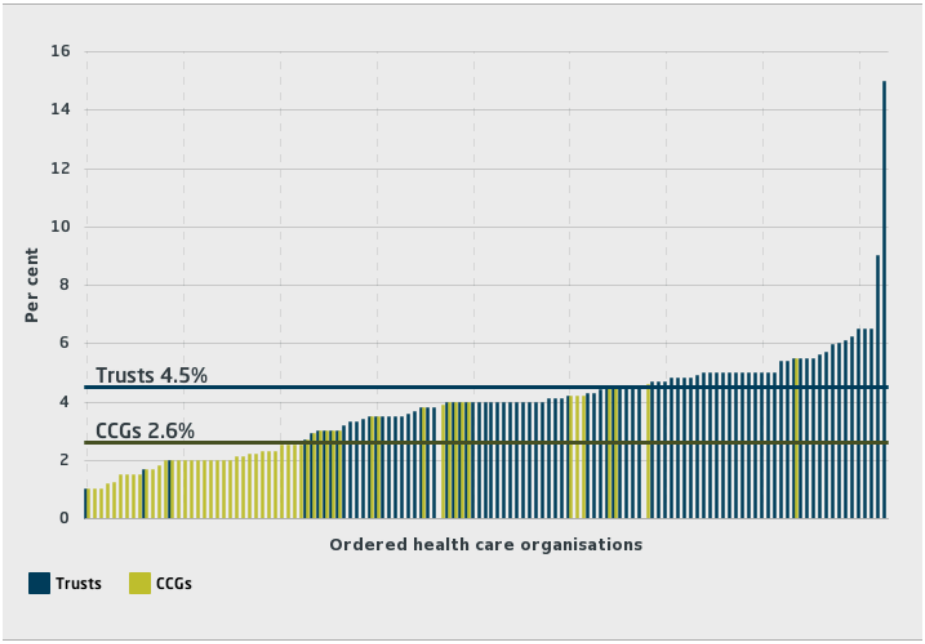


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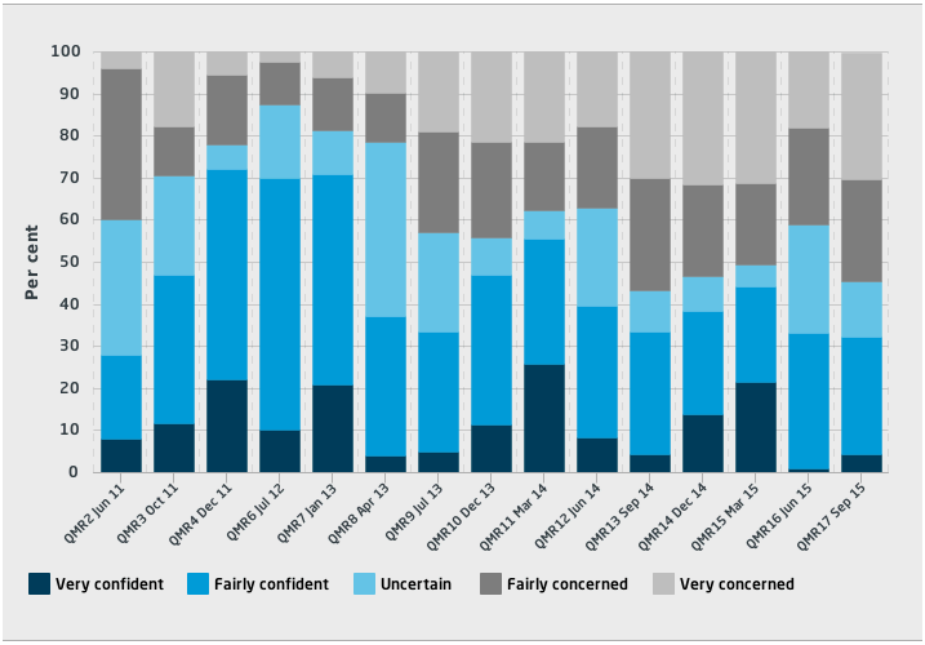
Figure 5: Trends: How confident are you of achieving your cost improvement programme (CIP) target?



QMR1-4 based on a panel of 50 finance directors. QMR1 and QMR5 excluded as wording of responses not compatible with other quarters' data.

Respondent comments

"Shortfall expected on recurring delivery of £3 million being carried into next year."

– Mental health trust

"There is fatigue around cost control, not helped by a devastating tariff topline outcome (why work harder on this if the slope just gets steeper even before the national efficiency deflator?) and the news of a minimal pay settlement for our staff."

– Specialist trust

"The number may be achieved but only through non-recurrent measures for 18 per cent of the target, resulting in further pressures for next year."

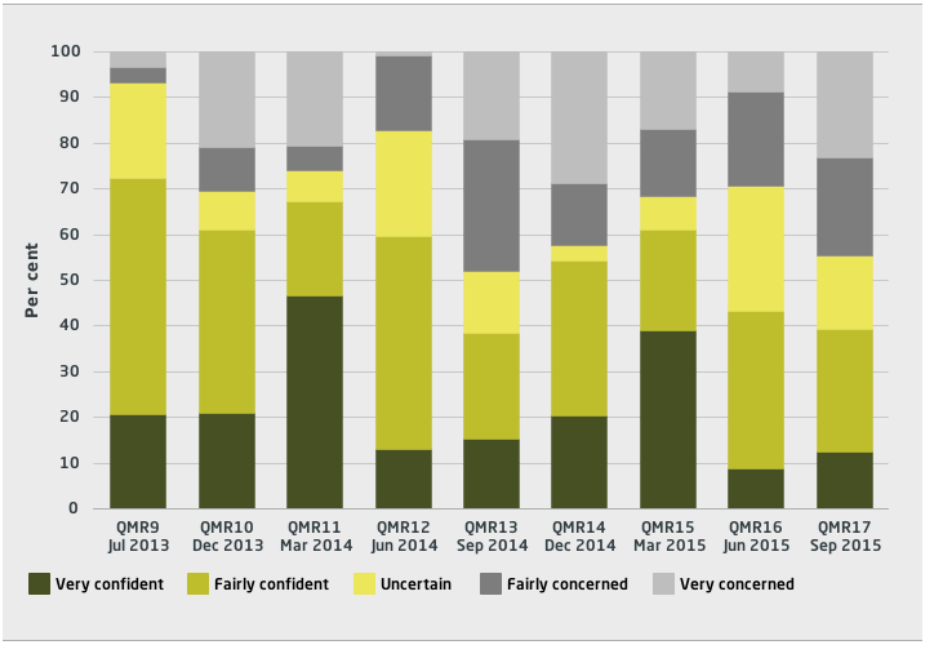
– Acute trust

"Significant slippage in recruitment programmes (visa delays/caps, general skills shortages) in nursing, radiology and therapy staff groups."

– Acute teaching foundation trust

CCG LEADS

Figure 6: Trends: How confident are you of achieving your quality, innovation, productivity and prevention (QIPP) target?



50 CCG finance leads answered this question for the 56 CCGs they cover collectively.
CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Likely to make no more than 60 per cent of the target set. QIPP schemes are delivering activity reductions that are being outweighed by case-mix increases."

"It is getting increasingly difficult to meet efficiency targets. Much of our savings is embedded in transformation change which will take some time to deliver."

"Although the schemes are up and running and achieving some of their objectives it is not reducing activity due to increased demand in other areas."

5. The state of patient care

Thirty-seven per cent of all NHS trust finance directors feel that care in their local area had worsened over the past year (Figures 7 and 8). However, 58 per cent of all CCG finance leads think care has worsened – the highest proportion since we started surveying CCGs.

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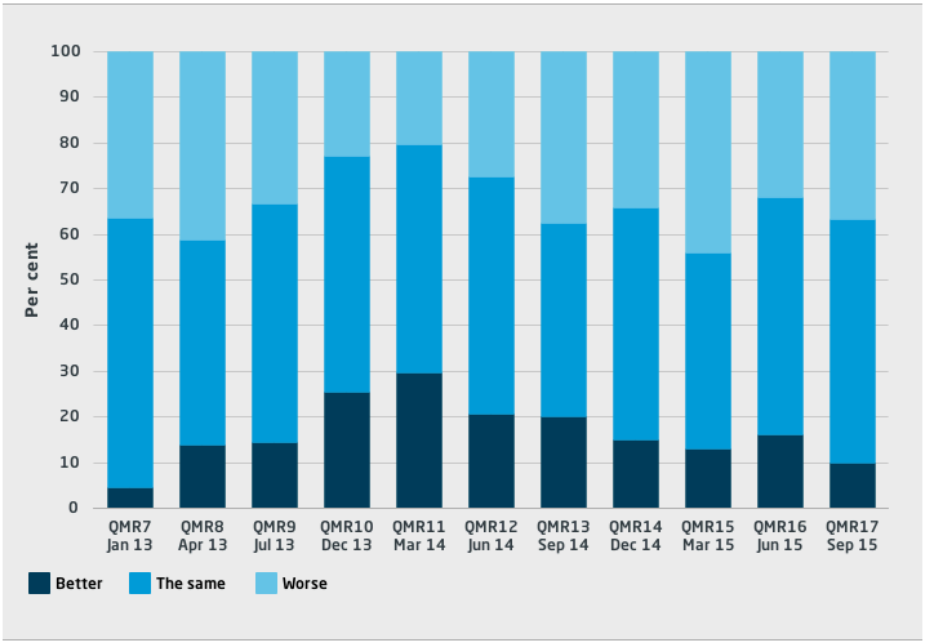
Figure 7: Trends: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



Question not asked before QMR6.

Respondent comments

"Very challenging winter, acute trusts moving into deficit – huge impact of reductions in social care impacting on ability to manage acute activity. System just about coping but crisis developing."

– Mental health trust

"Discharge delays, placements for community and social service care can't compete with market rates. Staff turnover, high agency usage, critical shortfalls in staff."

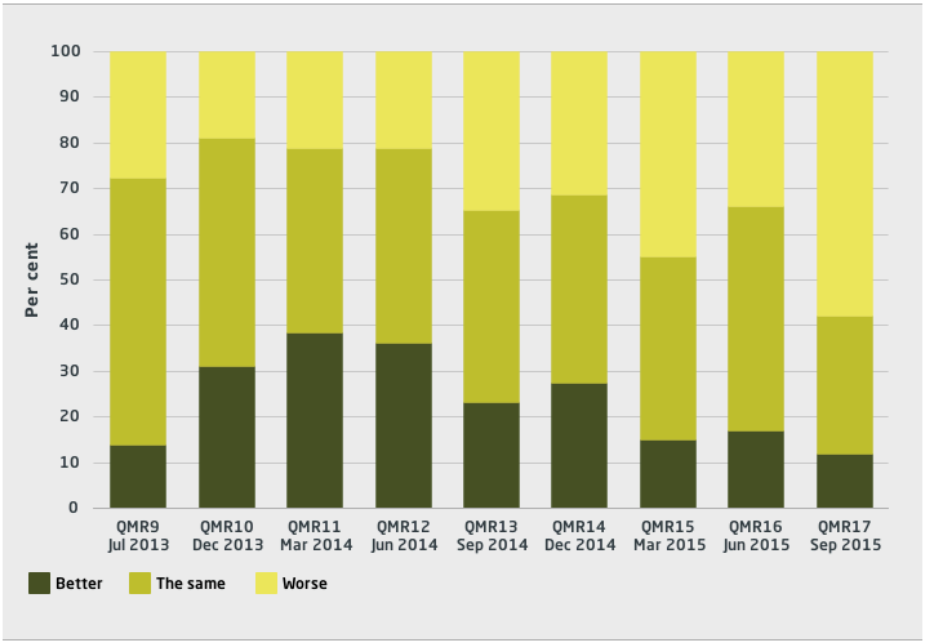
– Acute trust

"The local acute provider's deficit tripled this year compared to last. As a community provider the cuts to local authority are having a direct impact on our contracts with them. They are re-tendering and slashing the financial envelope."

– Community provider

CCG LEADS

Figure 8: Trends: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"The rate of progress toward better, more patient-focused systems is being delayed by organisational self-interest."

"All our partners are experiencing challenging financial times."

"Financial constraints seem to have driven decision-making to reduce capacity to below what has been required and this has caused a series of constitution targets to be missed."

6. Organisational challenges

For trust finance directors, staff morale remains at the top of the list of concerns (for the fifth quarterly survey in a row), delayed transfers of care also continue to dominate the list of concerns for the third survey in a row. Engagement in performance issues by clinicians has moved up the list of concerns for trust finance directors (Figure 9).

CCG finance leads continue to be most concerned about A&E and 18-week referral-to-treatment (RTT) waiting time targets and cancer treatment waiting times (Figure 10).

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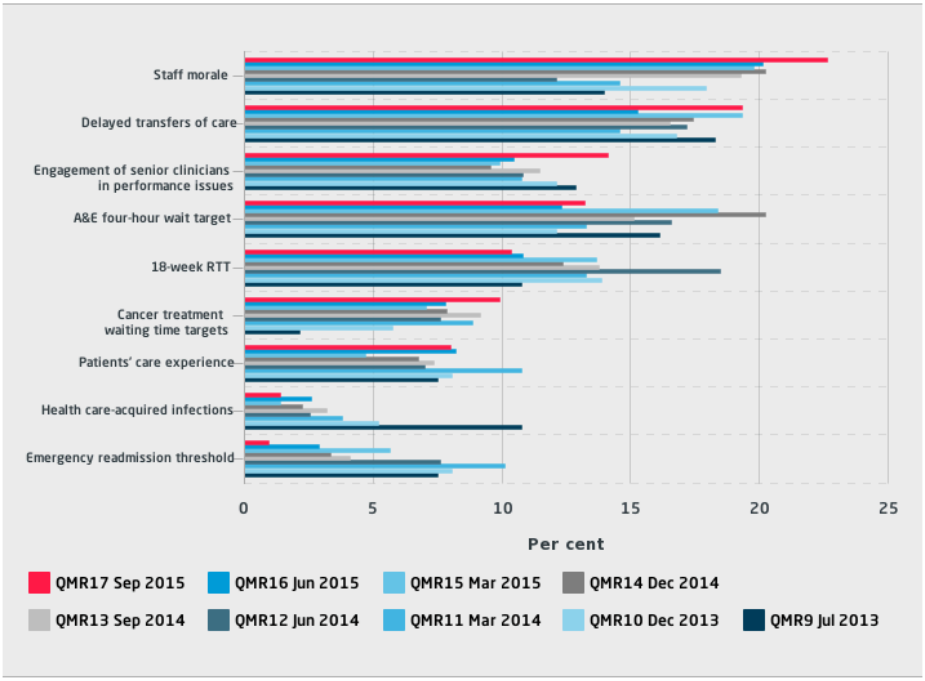
Figure 9: Trends: Which aspects of your organisation's performance are giving you most cause for concern at the moment? Please select top three



Respondents asked to choose their top three concerns. Figures expressed as a percentage of the total number of concerns in each survey.

Respondent comments

"Standard of services is good. Staff morale impacted by service redesign and change. Speed and nature of commissioning response to resolve financial pressures at a system and individual level lags some way behind the commercial reality of what needs to change and be delivered differently."

– Social enterprise community services provider

"All are an issue - but can't be dealt with without staff motivation, etc, and ownership/contribution. Hard to maintain when no end in sight."

– Unknown

"High levels of unplanned activity resulting in unfunded beds being open and continued use of high-cost agency staff."

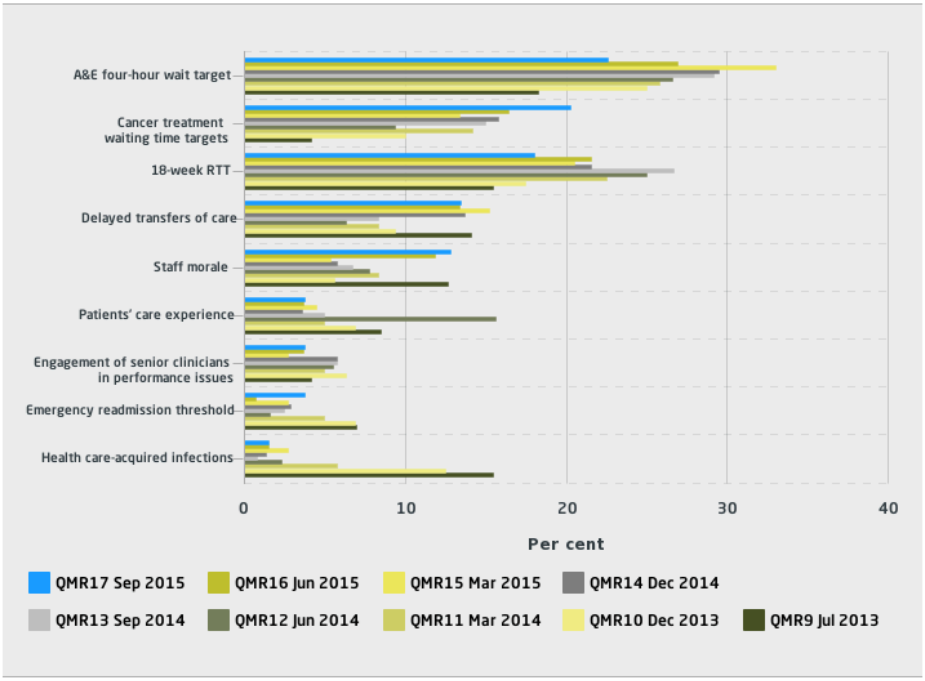
– Acute foundation trust

"Patients' care experience is limited to one or two areas of severe pressure and out-dated practices that are being tackled. Attracting and retaining suitable staff is a major cause for concern. It's not just about qualified staff, it's having the right attitude and abilities to perform the job. Staff moral with all this, pay restraint and - being mainly in London - real pressures on rents, etc, is of concern."

– Community and mental health trust

CCG LEADS

Figure 10: Trends: Which aspects of your organisation's performance are giving you most cause for concern at the moment? Please select top three



Respondents asked to choose their top concerns. Figures expressed as a percentage of the total number of concerns in each survey.

Respondent comments

"Our RTT backlog is INCREASING not reducing, we are nowhere near compliant."

"I think there needs to be a national debate around A&E – the cost of taking the target from 90 per cent to 95 per cent has become disproportionate compared to the clinical benefits it realised. My crude sums suggests that a reduction of 3 per cent in performance terms could release £2 billion of expenditure across England."

"Concern around sufficient capacity to meet contracted non-elective demand (which has not increased over last year's levels)."

"Workforce recruitment and reliance on agency/locum (cost and quality of care concerns)."

7. Workforce

In June 2015, the government announced controls for spending on agency staff. These plans included setting a maximum hourly rate for agency doctors and nurses and putting a cap on total agency staff spending for each NHS trust.

When asked whether the proposed controls would affect their ability to ensure safe staffing levels, 27 per cent of NHS trust finance directors think the proposed controls would affect their ability to ensure safe staffing levels, a further 23 per cent are not sure of the impact on safe staffing levels (Figure 11).

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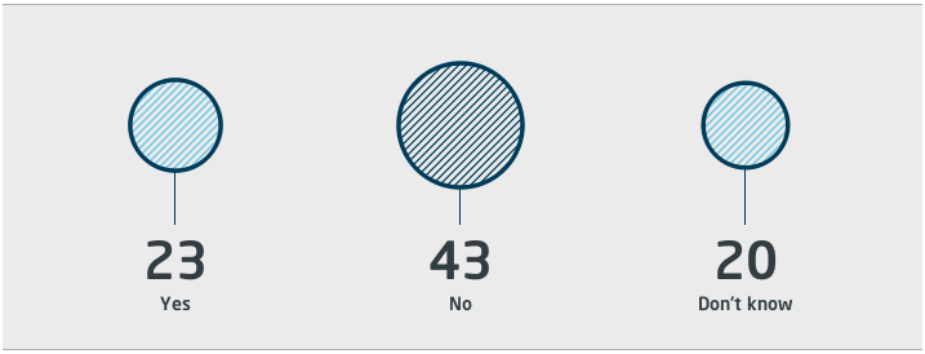
Figure 11: Do you think the recently announced annual ceiling for total agency spend for your organisation will affect its ability to ensure safe staffing levels?



86 respondents (for whom the question was applicable).

Respondent comments

"We will not compromise patient safety to achieve the agency cap."

– Mental health and learning disabilities trust

"Although strictly the cap does not apply to this trust, a central agency should not be, in effect, making clinical decisions from a position of absolute ignorance about frontline demands for patient care."

– Specialist foundation trust

"Not at this stage but if vacancy/turnover increases in a high-risk area then the option of closing down critical patient services capacity is not viable and agency cap would have to be breached in the interests of maintaining patient care and patient safety."

– Specialist/acute trust

"We will always keep wards safe. Safety trumps cost. I may lose my job, but I won't go to jail for breaking the agency cap."

– Acute foundation trust

"We will have to continue to use off-framework agencies in a number of specialties. Trust board will want to maintain safe care. Medical agency control will be much bigger issue than nursing."

– Acute trust

"Potentially but 'safe staffing levels' is probably a misnomer - it may affect achieving 1:8."

– District general hospital/specialist

"Hoping the market will adjust, but not confident."

– Specialist trust

"But at the end of the day we are likely to have to exceed the ceiling to provide safe care and hence have to deal with the regulatory issues that may in turn lead to."

– Acute teaching hospital

8. NHS five year forward view - one year on

Previous surveys have revealed a high degree of scepticism about the achievability of the productivity challenge as set out by the NHS five year forward view (Forward View), and this survey shows that around 85 per cent of finance directors think there is a high or very high risk of failing to achieve the productivity gains suggested by the Forward View (Figure 12).

CCG finance leads also feel fairly pessimistic, with the majority – nearly 90 per cent – assessing the risk of failure as fairly or very high (Figure 13). The last time we asked this question in April 2015, around 66 per cent of CCGs assessed the risk of failure as high or very high.

NHS TRUSTS

Figure 12: The NHS five year forward view sets out a challenge to the NHS to achieve an average of 2 to 3 per cent of productivity gains per year from 2015/16 to 2020/21. What is your estimate of the risk involved in achieving these productivity gains?

Respondent comments

"I feel strongly that the low-hanging fruit has been taken. The modus operandi needs to change fundamentally within the NHS to achieve this level of savings, there simply isn't room for a 'quasi-market' multi-provider model in this landscape."

– Social enterprise service provider

"When plans are not credible then it is impossible to enthuse people towards achievement."

– Acute foundation trust

"Increased national pressures/tying of hands (eg, agency spend, safe staffing, political inability to take difficult public decisions to close services/hospitals) make it difficult to achieve big savings through service redesign."

– Mental health trust

"High risk if above 2 per cent. The impact of year-after-year delivery on scale of remaining opportunities and timescales for delivery has not been grasped at national level, especially in tariff setting. Transformative new service models will be increasingly important to delivery but are long-haul not quick-fix!"

– Major multispecialty teaching centre

CCG LEADS

Figure 13: The NHS five year forward view sets out a challenge to the NHS to achieve an average of 2 to 3 per cent productivity gains per year from 2015/16 to 2020/21. What is your estimate of the risk involved in achieving these productivity gains?

Respondent comments

"The £22 billion challenge requires productivity gains significantly over what has been achieved over the past few years – it is unrealistic and unachievable. The additional pressures since the 5YFV [Forward View] exacerbate this, eg, seven-day access and training extra GPs."

"Current transactional contracting system mitigates against genuine service reform. Regulators need to offer transparent and committed and integrated support to change not adopt traditional performance management responses to financial stress."

"Only if all organisations (not just vanguards) are given additional financial support for transformation and there are no further, undeliverable cuts in relation to social care."

"Unless there is a national debate about what the NHS can provide then there is no way that the NHS can deliver within the financial envelope it will have. Public health has to have more impact and local authorities have to receive more money over and above the Better Care Fund."

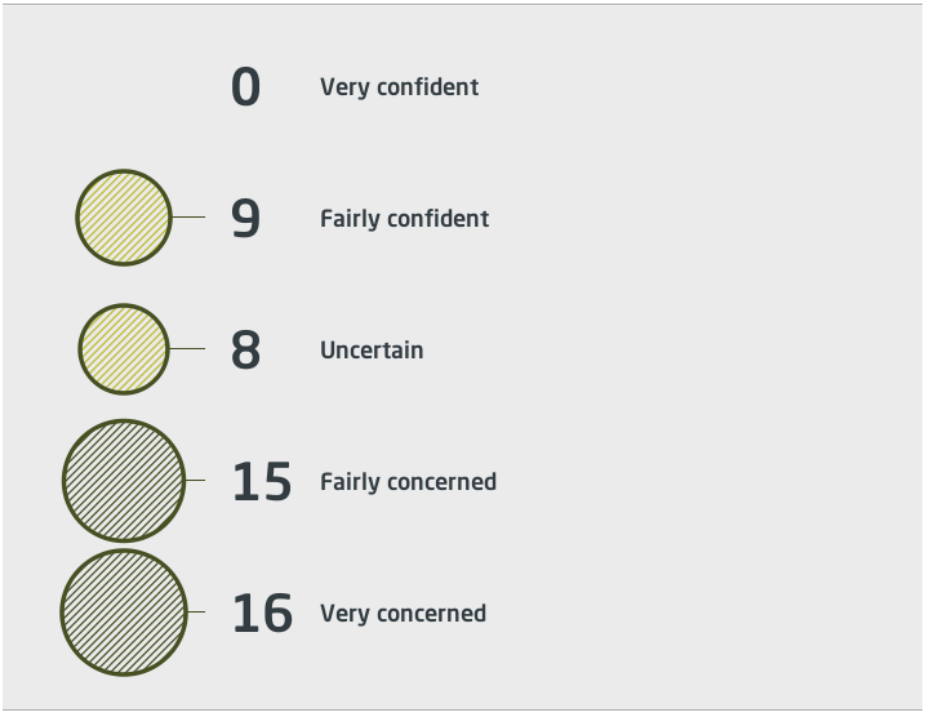
9. Better Care Fund

66 per cent of CCGs are either fairly or very concerned about being able to deliver their planned Better Care Fund savings in 2015/16 (Figure 14). Slightly more than 80 per cent of NHS finance directors feel fairly or very concerned about achieving planned reductions in emergency activity agreed in Better Care Fund plans (Figure 15).

At the same time, just 68 per cent of CCG finance leads feel fairly or very concerned about reductions in emergency activity as agreed in Better Care Fund plans being achieved (Figure 16).

CCG LEADS

Figure 14: How confident are you that your organisation will deliver its planned Better Care Fund savings this year (2015/16)?



Respondent comments

"The Better Care Fund savings will not be delivered and the performance fund element of the Better Care Fund will be/is being used to offset the resultant urgent care pressure."

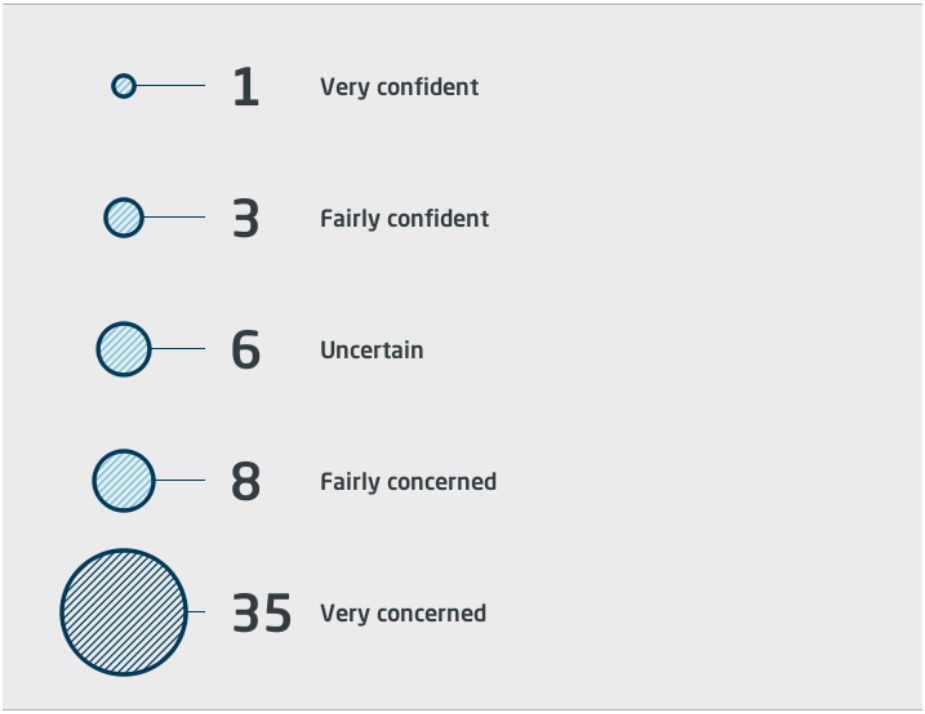
"The Better Care Fund planning process was far too rushed, with insufficient capacity to properly engage with health providers and conflicting guidance/messages from NHS England/Department of Health and the Local Government Association. Giving authority to the health and wellbeing boards was a bad move. Local authorities are hiding behind the Care Act requirements and are using Better Care Fund monies to fund their savings requirements – if that was the intention – mission accomplished!"

"Non-elective admissions have increased by 2.9 per cent year-to-date, whereas the plan was to reduce by 3.5 per cent. I feel this proves what was very obvious to most people in the service; 3.5 per cent reduction in non-electives was never achievable in the short term, and will not release savings to support social care cuts."

"National savings from this were always a politically driven pipedream."

NHS TRUSTS

Figure 15: How confident are you that your organisation will achieve planned reductions in emergency activity agreed in its Better Care Fund plans?



53 respondents (for whom the question was applicable)

Respondent comments

"There needs to be a major reality check on this as no reductions will be delivered in practice!"

– Acute trust

"Even though £5 million was transferred from the CCG to the local councils, the emergency activity has increased this year. The Better Care Fund plans have had no effect."

– Acute trust

"The Better Care Fund is a total red herring – it is not creating new investment – it is just replacing funding for existing services provided by local authorities. It is a way of taking NHS investment and propping up the reduced funding for local authority services – it enables ministers to say NHS funding is protected while transferring NHS funding to the gap that has emerged in social care funding."

– Community, mental health, children's trust

"Emergency activity rose 12 per cent in 2014/15 and the CCG plan is for a 6 per cent increase in 2015/16. They have no QIPPs in place."

– Acute foundation trust

CCG LEADS

Figure 16: How confident are you that the organisations from which you commission services will achieve planned reductions in emergency activity as agreed in Better Care Fund plans?

Respondent comments

"CCGs that have a low level of non-elective admissions were expected to reduce by the same percentage as health economies with high levels of non-elective admissions. NHS England needs to realise that one size doesn't fit all!"

"So far so good in terms of activity – but not in terms of price – and winter is coming!"

"This is a commissioner risk, and providers will respond to demand. There is little incentive for them to deliver savings for the Better Care Fund."

"So far things are not looking good."

"This year surprisingly looks OK – but that is because 2014/15 was so bad."

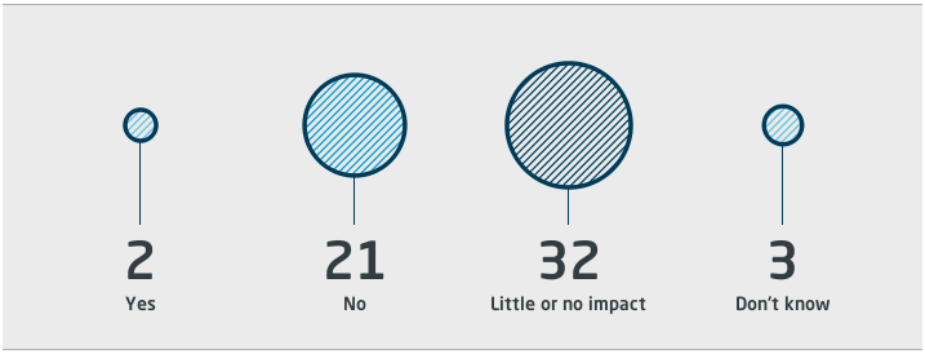
10. Waiting time targets

Around 91 per cent of NHS trust finance directors feel that the recent changes to elective times would not improve their organisation's financial position, or would have little or no impact (Figure 17).

Just under 80 per cent NHS trust finance directors feel that the changes would not improve or would have little or no impact on patients' care or experience (Figure 18).

NHS TRUSTS

Figure 17: Will the recent changes to elective waiting times targets improve your organisation's financial position?



58 respondents (for whom the question was applicable)

Respondent comments

"We were working round the perverse incentive problems already."

– Acute and community foundation trust

"Less pressure to pay premium rates to deliver additional activity."

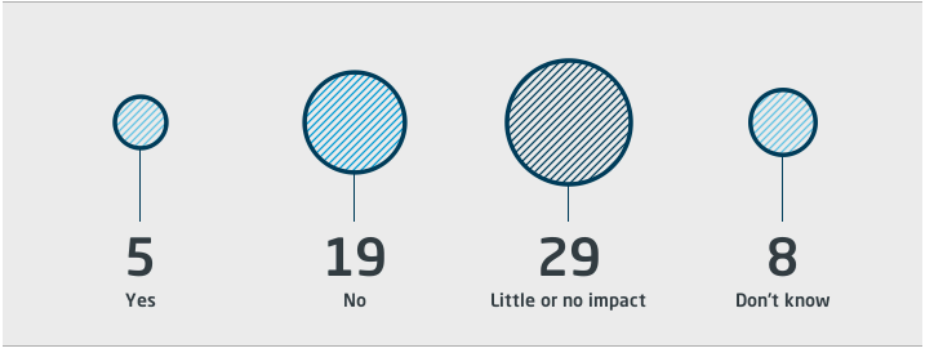
– Teaching acute trust

"But they do simplify tracking. This is a rare example of a good common-sense measure."

– Specialist trust

NHS TRUSTS

Figure 18: Will the recent changes to elective waiting times targets improve patient care/experience?



61 respondents (for whom the question was applicable)

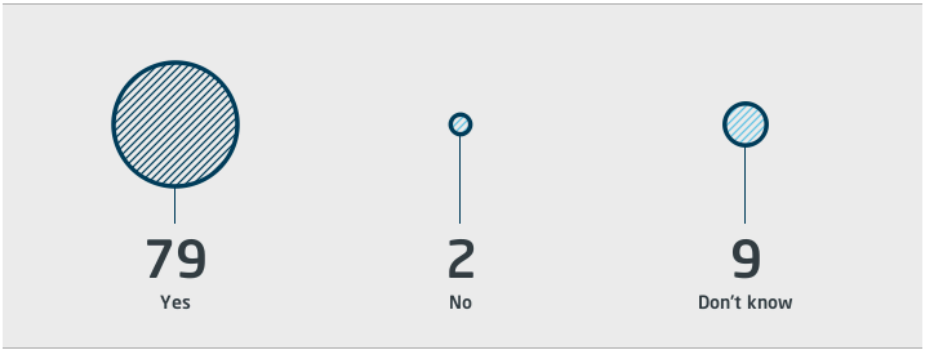
11. Funding pressures on local authorities

The majority of NHS trust finance directors (88 per cent) and CCG finance leads (80 per cent) feel that funding pressures on local authorities have had a negative impact on the performance of health services in their local health

economies (Figures 19 and 20).

NHS TRUSTS

Figure 19: Are funding pressures on local authorities adversely affecting the performance of health services in your local health economy?



Respondent comments

"Financial pressures are arguably forcing a market-testing approach, threatening the possibility of collaboration and partnership across the system. Short-term strategy is impacting on the development of the long-term strategy. Progress is slow."

– Mental health and social care trust

"A significant part of the trust's adverse performance against plan is due to issues with local authority contracts, managing divestment and the pressures on health budgets due to social care cuts. These are currently been offset by reserves (health funded)."

– Mental health and social care trust

"Biggest unspoken risk and not fully acknowledged at local or national level across commissioners."

– Acute hospital trust

"Our delayed transfers of care have never been so high."

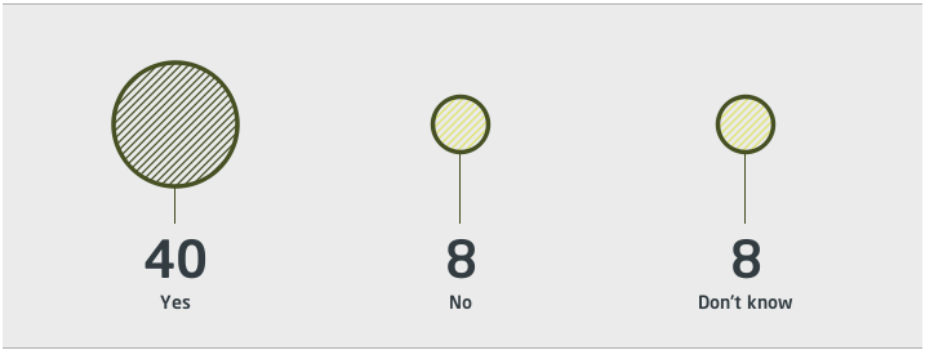
– Community, mental health, children's trust

"Availability of supported housing for mental health patients on discharge has recently become more pressing and is contributing towards longer lengths of stay."

– Mental health foundation trust

CCG LEADS

Figure 20: Are funding pressures on local authorities adversely affecting the performance of health services in your local health economy?



Respondent comments

"Delayed transfers of care are now almost always down to restrictions in social care placements and packages of care, not hand-offs between NHS organisations locally."

"Public health disinvestment. Increased pressure on NHS-funded continuing health care. No real partnership working in evidence – local authorities free to close services with no threat of scrutiny – but intense scrutiny by local authorities of any disinvestment plans by health."

"The local council is faced with massive cuts and is unable to deliver improvements in social care seven-day working as originally envisaged."

"It is leading to some very concerning financially driven decision-making, which is against the strategic direction of the health and social care system."

12. The financial state of local health and care economies over the next year

As for views about the financial state of their wider local health and care economy over this financial year, 94 per cent of trust finance directors are fairly or very pessimistic (Figure 21). Similarly, 90 per cent of CCG finance leads feel fairly or very pessimistic (Figure 22). Both are the worst forecasts since we started surveying the two groups, and represent a sharp increase in pessimism among CCG finance leads.

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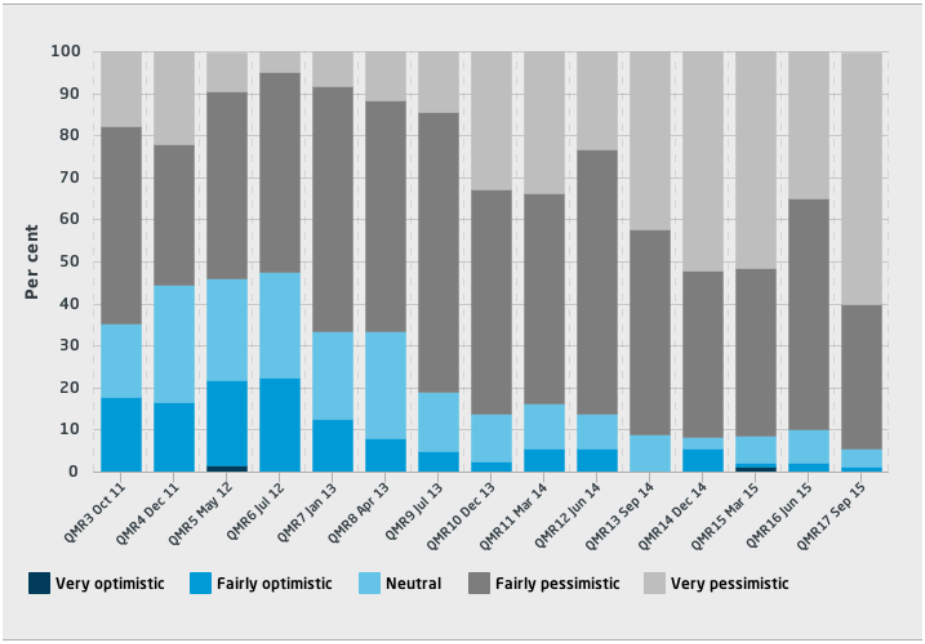
Figure 21: Overall, what do you feel about the financial state of the wider health (and care) economy in your area over the next year?



Question not asked before QMR3. QMR 1-4 based on a panel of 50 trust finance directors.

Respondent comments

"I believe we can return the organisation back to balance within 18 months but the wider health local economy requires attention and I am concerned that NHS London will impose something that is unhelpful on the local CCGs without provider input."

– Acute trust

"The level of demand in the local health economy is simply unaffordable by the system as a whole and schemes to manage demand are unlikely to be effective."

– Acute trust

"All provider and commissioner organisations will be in deficit. The problems are no longer organisationally specific but are systemic in nature."

– Acute trust

"System is overheating with a lack of genuine intent to integrate health and care at pace. Commissioners of health and care ill-equipped to lead the required transition."

– Social enterprise community services provider

"CCGs are extremely transactional and unconcerned about the longer term. I don't believe that GPs think the sustainability of the system is their concern."

– Acute teaching foundation trust

"Both acute partners have planned deficits and we expect that in-year pressures and further social care cuts will impact financial performance in-year making achievement of planned positions more challenging."

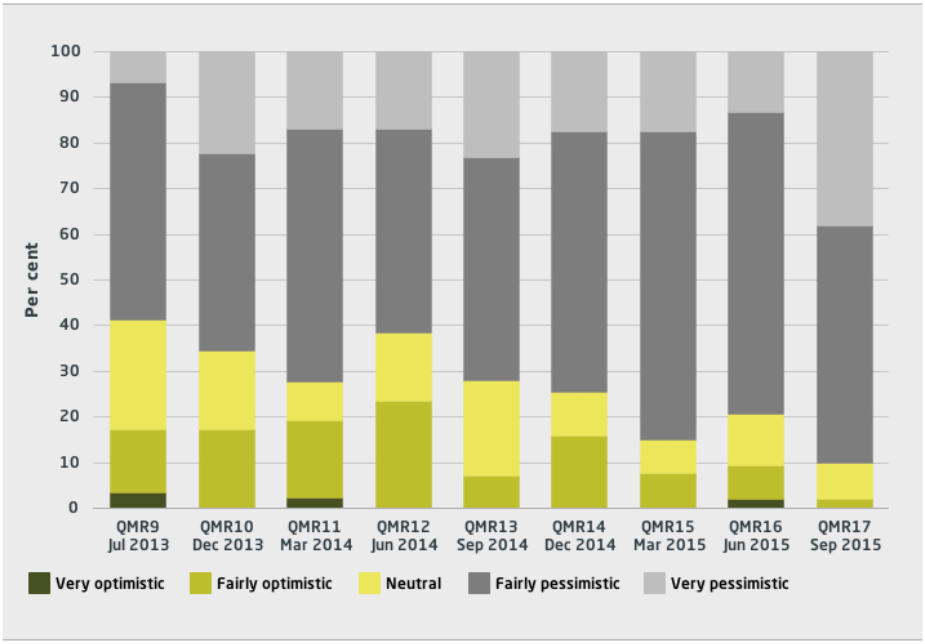
– Community and mental health trust

"The Better Care Fund has stripped our CCG of any investment capacity so it has revised downwards its investment plans. Tariff modifications have also drained our health economy in an unplanned way leading to significant under-investment in 'out-of-hospital' services."

— Community, mental health and children's trust

CCG LEADS

Figure 22: Overall, what do you feel about the financial state of the wider health (and care) economy in your area over the next year?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"The local health economy is largely in deficit. Transformation programme now underway to begin to tackle the financial challenge."

"The CCG is leading a piece of work to develop a longer-term, 5-10 year, strategy. While providers have bought into this intellectually and the 'case for change' sets out the financial gap between demands and likely allocations that could occur, there is a huge risk that prioritising putting their own houses in order will lose the collective approach."

"The pressures are significant – Department of Health/NHS England keep adding pressures, eg, seven-day working, primary care commissioning with no resource, Payment by Results isn't working – all providers forecasting deficits despite being paid for what they do. Guidance is conflicting, eg, Secretary of State priority re prevention but budget cuts in public health – doesn't make sense."

"A significant acute trust deficit results in a net deficit in the local health economy. Continuing efficiency requirements, increasing demands and expectations and expected public sector financial squeeze are not expected to improve the position!"

"Main acute trust has run out of ideas in terms of CIPs; local council facing greater cuts; CCG already deemed to be over-target in terms of funding. Need to do more collective work around clinical variation but demands on clinical time mean that support is not readily available"

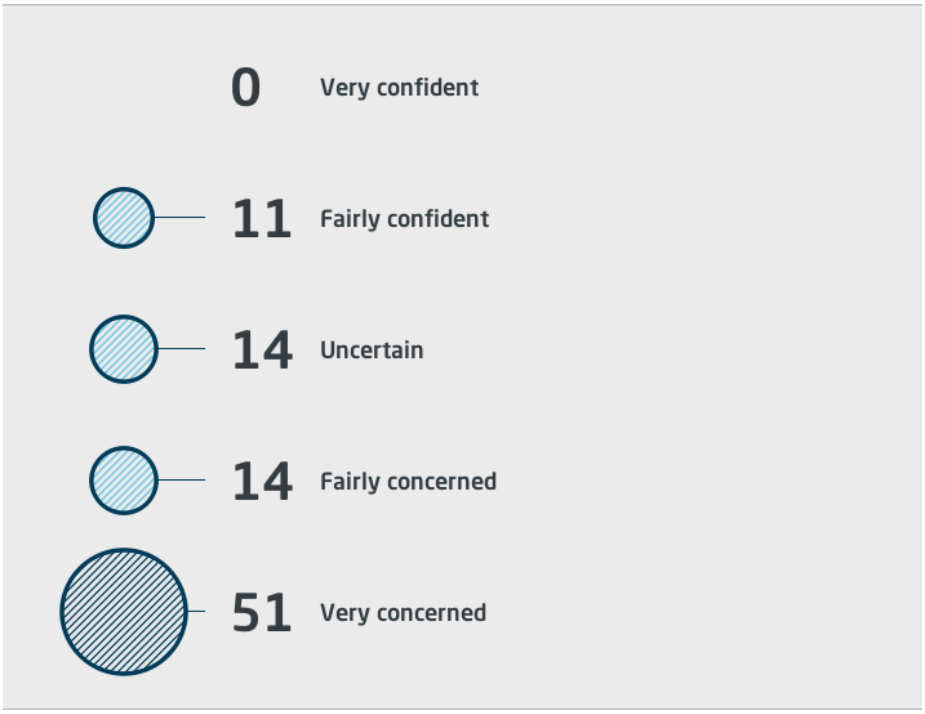
"The planned deficit of our main provider was over-optimistic and they are now being required to improve their plan, despite being unable to deliver the plan."

13. Looking ahead to 2016/17

With 64 per cent of trusts forecasting an end-of-year deficit for 2015/16, the situation looks even worse for 2016/17. Seventy-two per cent of NHS trust finance directors, and thirty-nine per cent of CCG leads are pessimistic about balancing their books in 2016/17 (Figures 23 and 24).

NHS TRUSTS

Figure 23: Looking ahead, how confident are you that your organisation will achieve financial balance in 2016/17?



Respondent comments

"It may be a year too far."

– Specialist trust

"This won't happen without reversal of the main adverse impacts of the 15/16 tariff proposals, so it's looking very unlikely..."

– Major multispecialty teaching centre

"Organisation in deficit for past two financial years and further deficit planned next year, despite significant CIP assumptions. Cash balances become fully expended by January 2017 so currently working to secure a liquidity solution."

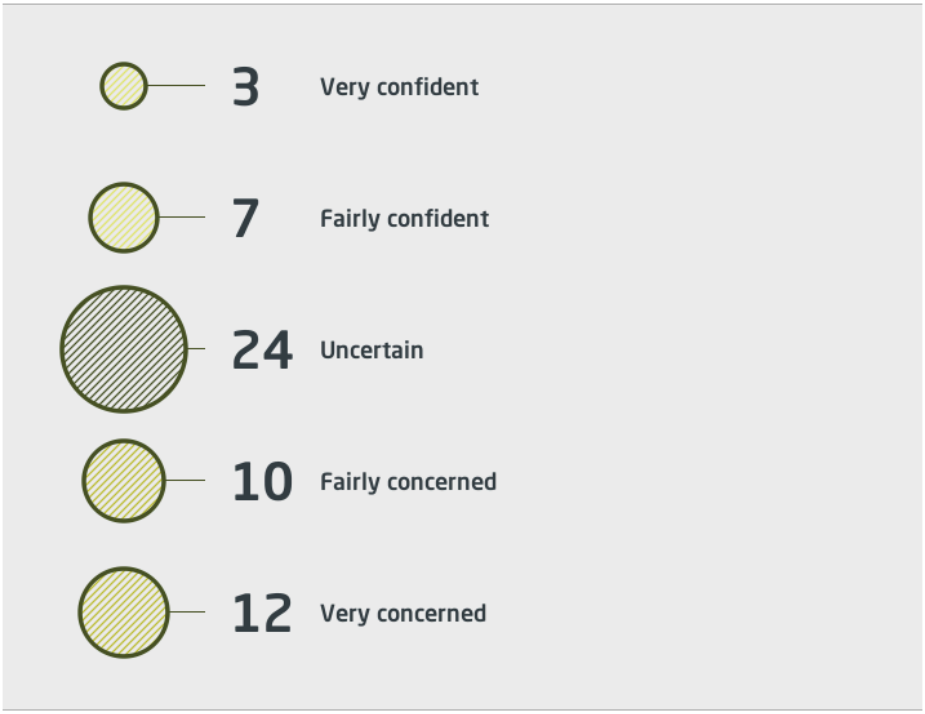
– Acute trust

"It is impossible for the trust to achieve financial balance next year due to the size of the current year's deficit and the tariff implications for 2016/17."

– Acute trust

CCG LEADS

Figure 24: Looking ahead, how confident are you that your organisation will achieve financial balance in 2016/17?



Respondent comments

"QIPP schemes in place but still too much clinical variation in primary care and no real levers for change. Activity reductions outweighed by case-mix increases that we (frankly) struggle to believe."

"No chance."

14. References

- Monitor (2015). *Performance of the foundation trust sector: 3 months ended 30 June 2015.* Available at: www.gov.uk (accessed on 14 October 2015)
- NHS Trust Development Authority (2015). *Overarching position of NHS trusts for the first quarter of 2015/16.* Available at: www.ntda.nhs.uk (accessed on 14 October 2015)

1. NHS performance dashboard

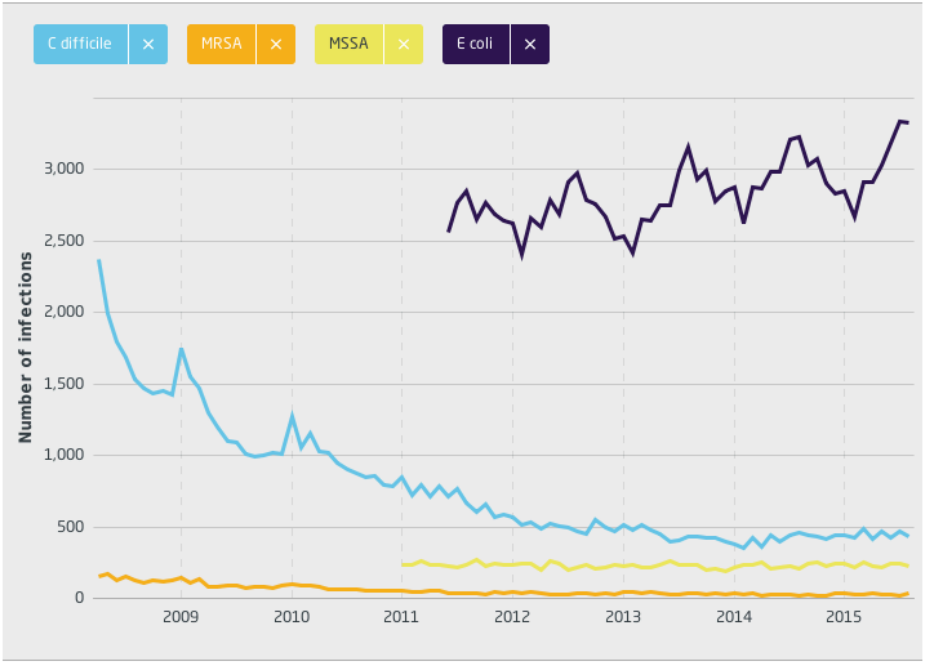
There are thousands of possible statistics available to measure the performance of the NHS. Here, we have selected a small group that reflect key issues of concern to the public and patients as well as providing some indicative measures of the impact of tackling the productivity and reform challenges confronting the NHS.

2. Health care-acquired infections

C difficile infections continue to remain under 500 cases a month, a trend seen since the first quarter of 2013, while there continue to be low numbers of MRSA infections – a total of 35 in August (Figure 25).

The number of reported *E coli* infections continues to be subject to large seasonal variations. In the latest quarter, numbers increased – an expected seasonal pattern.

Figure 25: Monthly counts of selected health care-acquired infections



Data source: Clostridium difficile infection: monthly data by NHS acute trust http://www.gov.uk

Monthly counts of methicillin resistant Staphylococcus aureus (MRSA) bacteraemia by post infection review (PIR) assignment http://www.gov.uk

Monthly counts of trust apportioned methicillin susceptible Staphylococcus aureus (MSSA) bacteraemia by NHS acute trust http://www.gov.uk

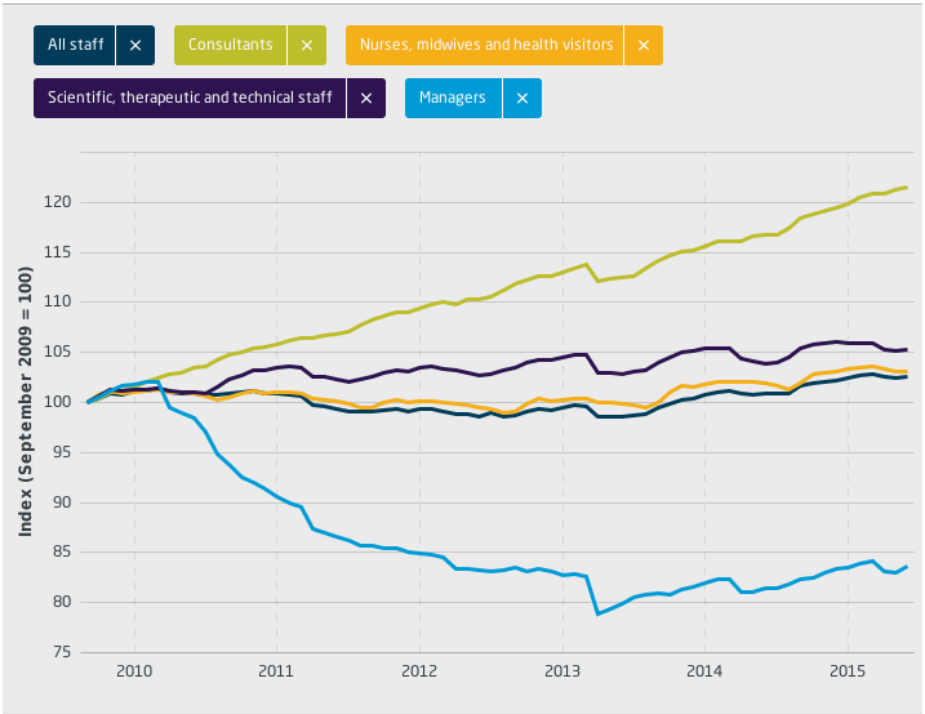
Monthly counts of Escherichia coli (E coli) bacteraemia by NHS acute trust http://www.gov.uk

3. Workforce

The total full-time equivalent (FTE) number of staff working in hospital and community health services (excluding, for example, general practitioners) was more than 1.075 million in June 2015.

Compared to June 2014, there has been an increase in all staff of more than 18,305 FTE posts (1.7 per cent) (Figure 26). This increase has been across all staff groups: consultant numbers have increased by 4.1 per cent; total managers by 2.7 per cent; scientific, therapeutic and technical staff by 1.3 per cent and nurses, midwives and health visitors by 1.1 per cent.

Figure 26: Index change in NHS full-time equivalent staff: September 2009 - June 2015



Data source: Monthly NHS Hospital and Community Health Service (HCHS) Workforce Statistics in England - June 2015, Provisional statistics www.hscic.gov.uk

4. Waiting times

Following Sir Bruce Keogh's review of waiting time measures in June 2015 (NHS England 2015) there are now just two official waiting times targets, though the data is still collected for the old targets allowing us to estimate performance against all previous targets.

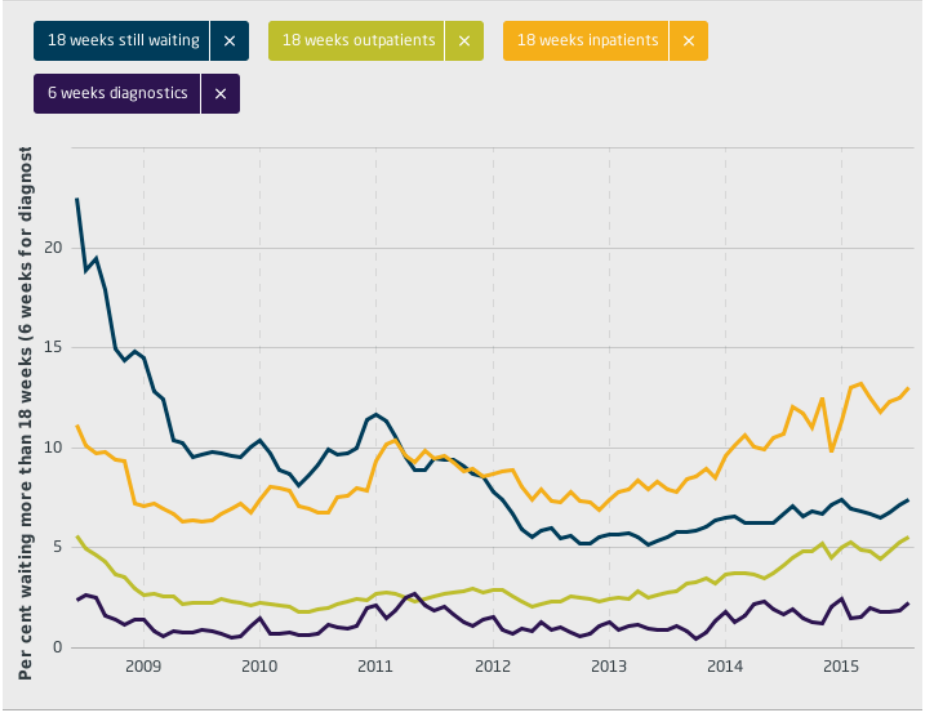
The main target showing the proportion of patients on the waiting list for more than 18 weeks and still waiting to be seen increased to 7.4 per cent in August 2015 (Figure 27). This is the second highest proportion since its introduction and suggests that the early success from the 'managed breach' policy from 2014 might be difficult to sustain.

The proportion of patients waiting more than six weeks for a diagnostic test has now missed its target (1 per cent) for the past 21 months.

For the targets no longer included in the official statistics, estimates show that the proportion of admitted patients treated after having waited more than 18 weeks has increased for the past four months. It now stands at 12.9 per cent – higher than the same month last year and one of the highest proportions over the past seven years.

The proportion of non-admitted patients waiting more than 18 weeks has also increased for the past four months in a row and is now at 5.5 per cent, the worst performance against this (now abolished) target for seven years.

Figure 27: Percentage still waiting/having waited more than 18 weeks (more than six weeks for diagnostics)

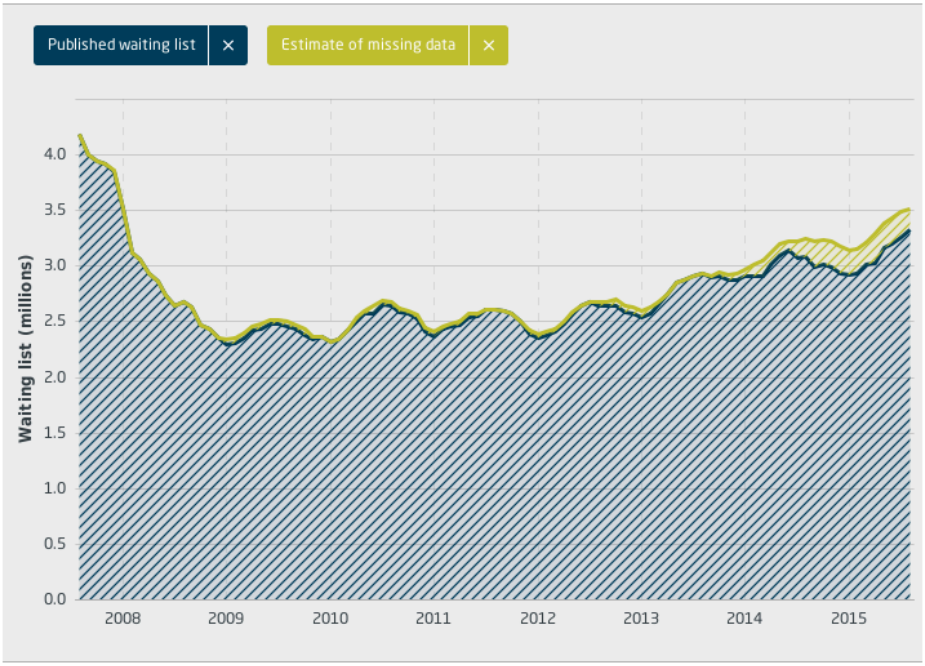


Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

Diagnostic waiting times statistics www.england.nhs.uk

The total elective waiting list has now increased for eight consecutive months – from January to August 2015 – and at 3.33 million patients, is now at its highest level since January 2008. However, this still does not include several trusts that have not been reporting their waiting lists. Including these, NHS England estimates that the true waiting list in August 2015 is around 3.5 million patients (Figure 28). This is the longest waiting list since January 2008.

Figure 28: Referral-to-treatment total waiting list size in millions, England

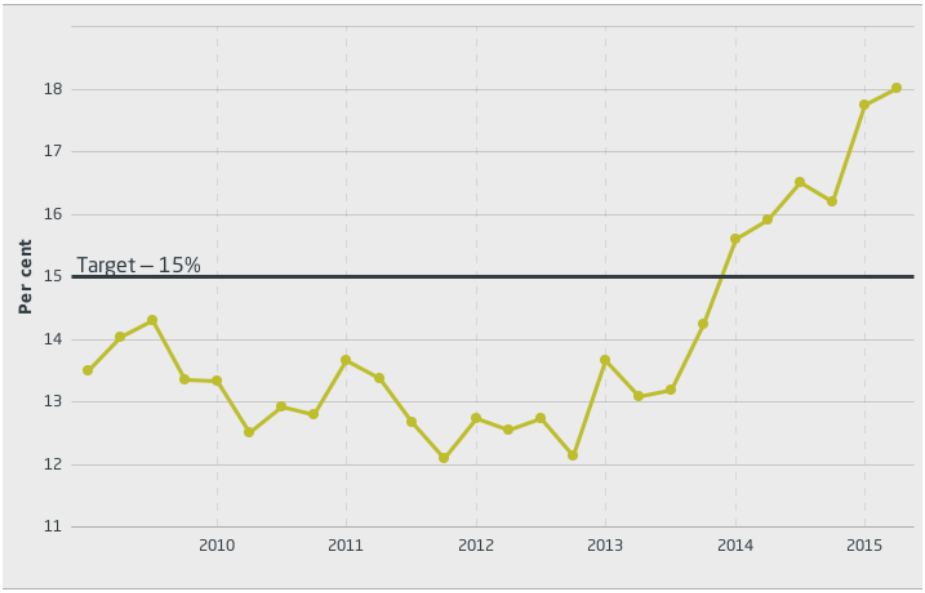


Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

The overall waiting times target for cancer treatment is that no more than 15 per cent of patients should wait more than 62 days from an urgent referral from their GP to receiving treatment for their cancer. This target was met from quarter 4 2008/9 until quarter 4 2013/14, when it was missed. In the latest quarter (quarter 1 2015/16 – from April to June 2015) performance increased to 18 per cent, the highest on record (Figure 29).

It is not known how the recent change in cancer guidelines from National Institute for Health and Care Excellence will affect these waiting times. Under the new guidance GPs can send patients directly for some diagnostic tests where previously they had to be sent to see a specialist first (National Institute for Health and Care Excellence 2015). The new rules mean that more patients will receive a diagnosis more quickly, but the impact these additional tests will have on the queue of patients needing diagnostic tests and total referral-to-treatment times is uncertain.

Figure 29: Maximum 62-day wait for first treatment: all cancers (urgent GP referral to treatment)

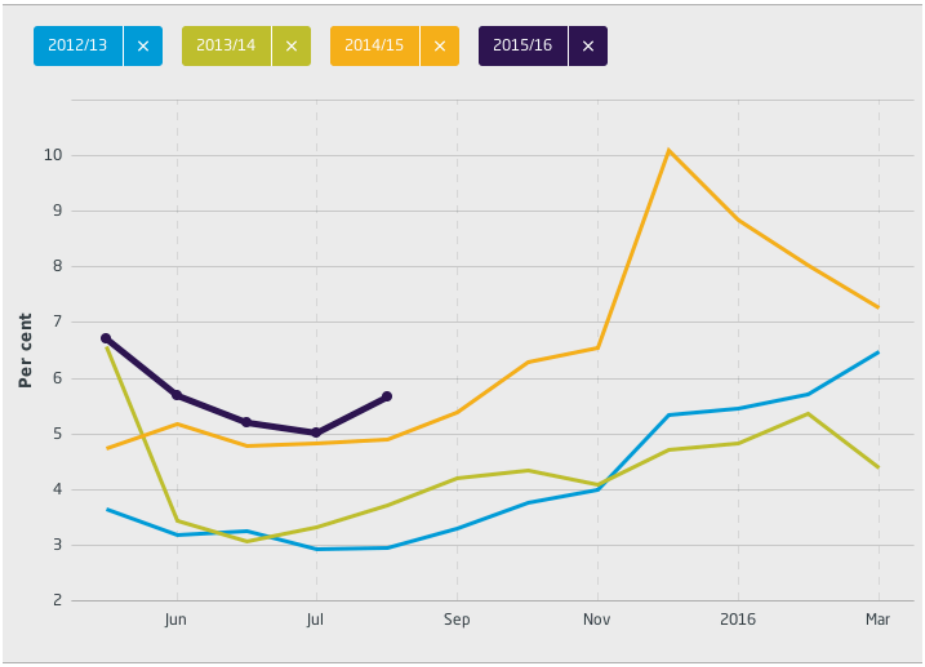


Data source: Provider-based cancer waiting times www.england.nhs.uk

5. Accident and emergency

As reported in the previous QMR, in quarter 1 2015/16 the proportion of patients waiting more than four hours from arrival to discharge, admission or transfer in all A&E departments was 5.9 per cent. Since then monthly performance has been mixed, in July 2015 the NHS met the waiting times target, almost one full year since it had met the target previously. But performance deteriorated again in August 2015 when, at 5.7 per cent, performance was once again below target (Figure 30).

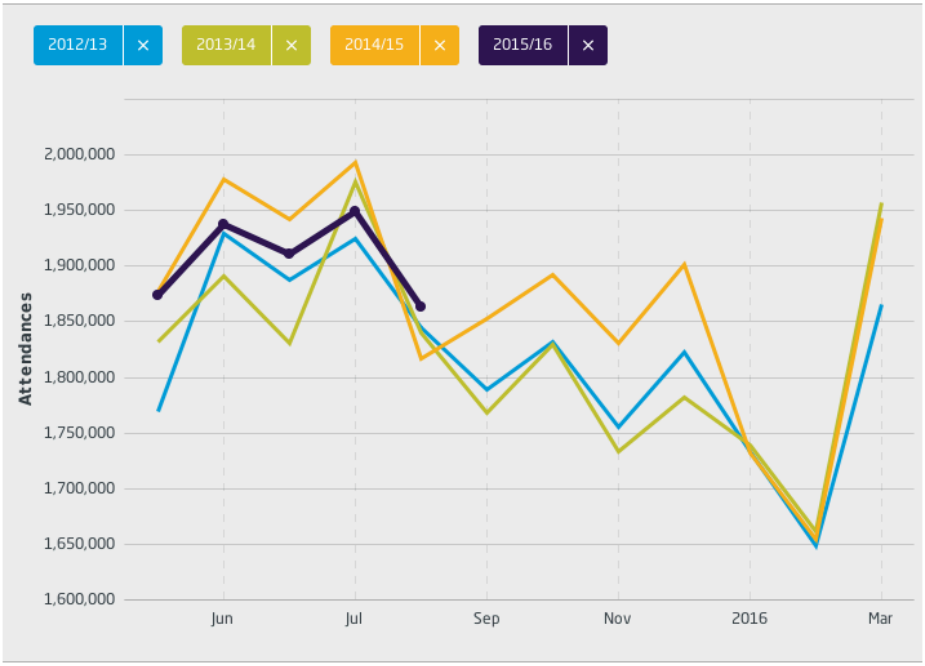
Figure 30: Percentage spent more than four hours in A&E from arrival to admission, transfer or discharge; monthly data



Data source: A&E attendances and emergency admissions www.england.nhs.uk

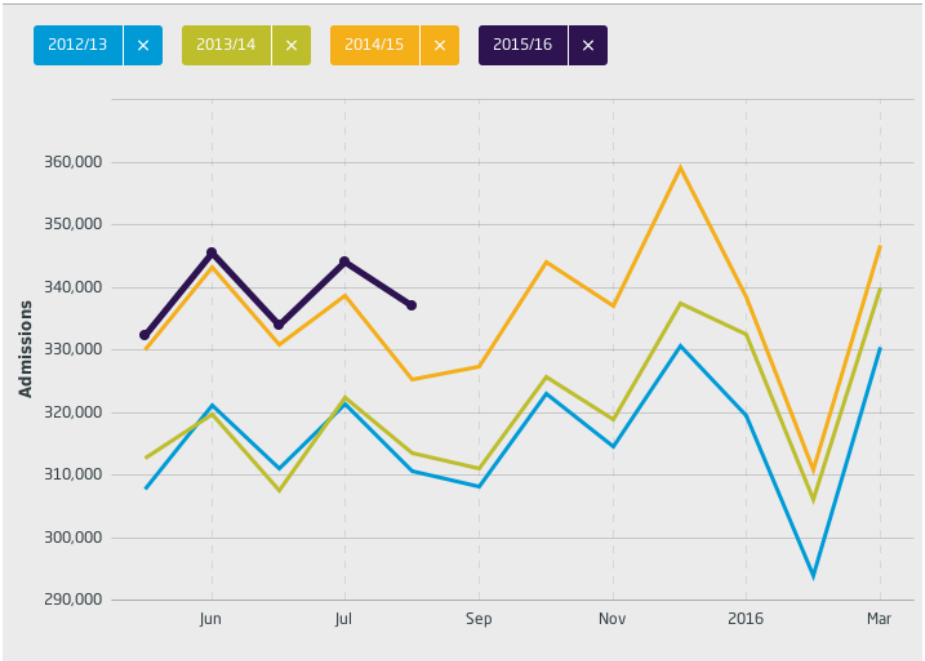
Performance against the four-hour target fell in August despite reductions in both the number of attendances and admissions (Figures 31 and 32). So far this year A&E attendances are 1 per cent down on the previous year and hospital admissions from A&E are up by 1 per cent. This represents an additional 4,925 hospital admissions from A&E each month in 2015/16. Compared to 2013/14, admissions to hospital from A&E this year are 7 per cent higher.

Figure 31: Total attendances at accident and emergency departments, monthly data



Data source: A&E attendances and emergency admissions www.england.nhs.uk

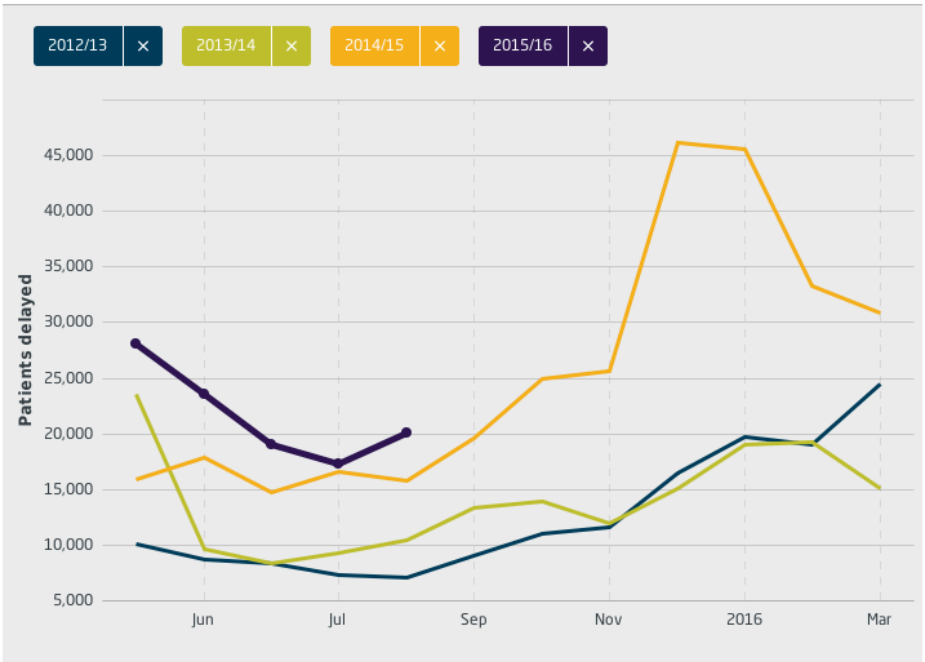
Figure 32: Emergency admissions from accident and emergency departments, monthly data



Data source: A&E attendances and emergency admissions www.england.nhs.uk

There is an increasing number of patients waiting to be admitted to a hospital bed from A&E ('trolley waits'). There have been more than 108,000 patients in 2015/16 who spent more than four hours from decision to admit from A&E to admission to a hospital bed on a ward. This is more than 27,300 patients, or 34 per cent more than the same period last year (Figure 33). Compared to 2013/14, trolley waits are 76 per cent higher in 2015/16.

Figure 33: Patients waiting more than four hours in A&E from decision to admit to admission, monthly data



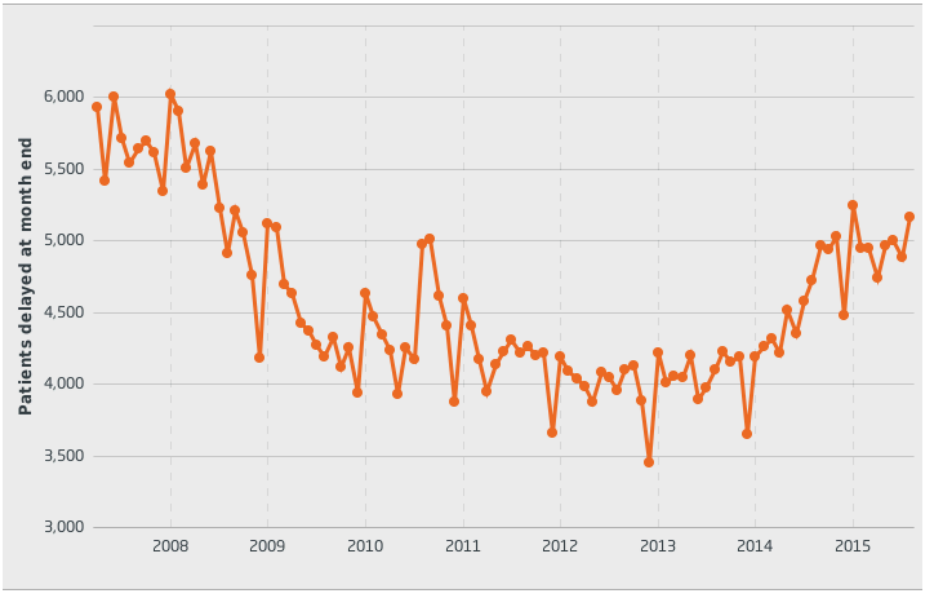
Data source: A&E attendances and emergency admissions www.england.nhs.uk

6. Delayed transfers of care

At the end of August 2015 there were 5,169 patients delayed in hospitals. The last time the number of patients delayed breached 5,000 in one month was in January 2015, which is typically one of the worst performing months of the year. The last time there were more than 5,000 patient delays in August was in 2007 (Figure 34).

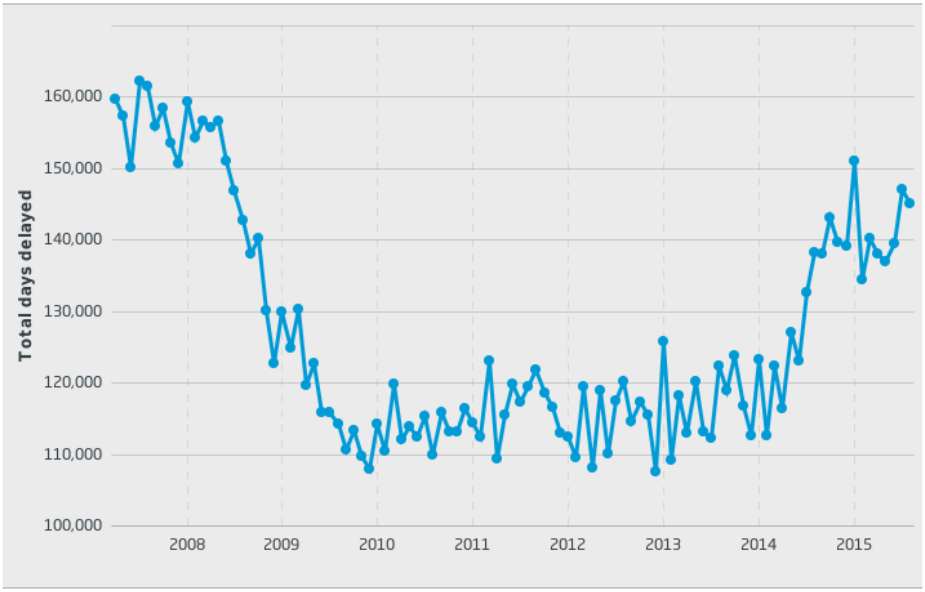
The number of total days delayed decreased to 145,065 in August 2015, a reduction on the previous month but an increase of more than 6,865 (5 per cent) compared to the same month last year (Figure 35). Since April 2015 the number of delayed days is running approximately 11 per cent higher each month in 2015/16 compared to the same month last year.

Figure 34: Delayed transfers of care: number of patients delayed on last day of month



Data source: Acute and non-acute delayed transfers of care, patient snapshot, 2015/16 www.england.nhs.uk

Figure 35: Delayed transfers of care: total number of days delayed each month



Data source: Acute and non-acute delayed transfers of care, total days delayed, 2015/16 www.england.nhs.uk

7. References

- National Institute for Health and Care Excellence (2015). *Suspected cancer: recognition and referral.* NICE guideline 12. Available at: www.nice.org.uk (accessed on 8 July 2015)
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About the QMR

What is The King's Fund's quarterly monitoring report?

Our quarterly monitoring report (QMR) reveals the views of NHS trust finance directors and clinical commissioning group finance leads on the productivity challenges they face, and examines some key performance data for the NHS in England.

It provides a regular update on how the NHS is coping as it grapples with the evolving reform agenda and the more significant challenge of making radical improvements in productivity.

What is different about the digital QMR?

Our first nine issues were produced as longer PDF documents and can be found on The King's Fund website at kingsfund.org.uk/qmrproject. The new QMR features digital versions of the survey results and interactive performance data charts showing the key findings for this quarter.

Where does the data come from?

The quarterly monitoring report combines publicly available data on selected NHS performance measures with views from NHS trust finance directors and clinical commissioning group finance leads. These views are collated through a survey run by The King's Fund data team.

Making the most of the digital QMR

- **Filtering the survey by respondents**

  Filter the survey results by respondent group (financial directors of NHS trusts, financial directors of clinical commissioning groups, and financial directors in social care in applicable quarters) by clicking them on or off at the top of the survey page.

- **Comments from survey respondents**

  Read selected comments from the survey respondents by clicking on the speech bubble

- **Survey charts**

  The area of the bubble in the survey charts represents the value shown. The sizes of the bubbles are comparable between the charts.

- **Sharing and saving charts**

  Share charts on social media sites by clicking on the share logo
  You can also download the charts as images by clicking on the save logo

- **Changing the date range of the NHS performance data charts**

  See the data in a different date range by moving the sliders on the x-axis.

- **Printing the QMR**

  Print the report by clicking on the print icon