QMR 21 NOVEMBER 2016

NHS faces difficult winter as demand for care increases

ABOUT THIS REPORT

Big rises in demand for health care mean the NHS is heading into winter with its finances under pressure and performance against key indicators worsening.

REPORT AUTHORS

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An increasing number of NHS organisations are concerned about meeting finance and efficiency targets.

Nearly a third of trusts do not expect to hit their control totals.

The number of NHS providers expecting to miss their control totals – financial targets set for each organisation – has increased from 13 per cent last quarter to nearly a third this time. With more than half of trusts also concerned about whether they will be able to meet efficiency targets, there is a risk that provider deficits may worsen as the year goes on.

The plan is for provider deficits to be offset by a 1 per cent risk reserve held back from CCG budgets. However, 20 per cent of CCGs are relying on their reserve being released to meet financial targets, suggesting that not all of this money will be available to offset provider overspends.

71%

of CCGs are concerned about meeting their efficiency targets.

Performance against waiting time targets and other key performance measures continued to deteriorate during the last quarter as the NHS faced increasing demand for services.

283k

more patients attended A&E departments than in the same quarter last year.

The proportion of patients waiting longer than 18 weeks to begin hospital treatment increased to 9.4 per cent in September 2016, the worst performance since this target was introduced in April 2012.

29%

more bed days lost due to delays in discharging patients from hospital.

The number of patients ready to be discharged but delayed in hospital is at a record level and rising faster than ever before, underlining the impact of cuts in social care on the NHS.

"The most pressing priority for next week's Autumn Statement is to provide more funding for social care."

Chris Ham, Chief Executive

For the first time we are now monitoring general practice, and will be reporting on this every six months.

"GPs must be supported to manage the increasing level of demand and the pressure this causes."

Emily Northern, GP trainee

10%

increase in patient contacts over past two years.

Our new activity tracker shows a 9.9 per cent increase in the number of patient contacts over the two years up to quarter two 2016/17, confirming the huge pressures on general practice.

26%

increase in GP appointments for patients aged over 85.

There has been an increase in the number of patient contacts among all age groups, but the rate of increase among patients aged 85 and over is more than twice as high as for any other age group.

Headlines

The King's Fund published its first quarterly monitoring report (QMR) in April 2011 as part of its work to track, analyse and comment on the changes and challenges the health and care system is facing. This is the 21st report and aims to take stock of what has happened over the past quarter and to assess the state of the health and care system. It provides an update on how the NHS is coping as it continues to grapple with productivity and reform challenges under continued financial pressure. For the first time we have included general practice in the report.

The QMR combines publicly available data on selected NHS performance measures with views from NHS finance directors and clinical commissioning group (CCG) finance leads. For the first time the report includes views from general practitioners and practice managers, and unpublished activity data.

See the box below for further details of our methodology.

Survey of NHS trust finance directors and CCG finance leads

This report details the results of an online survey of NHS trust finance directors carried out between 5 and 24 October 2016. We contacted 254 NHS trust finance directors to take part, and 72 responded (28 per cent response rate). The sample included 35 acute trusts; 26 community and mental health trusts; 2 specialist trusts; and 9 unknown.

In addition, we made contact with 168 clinical commissioning group (CCG) finance leads, and 39 responded (23 per cent response rate). Between them these finance leads covered 48 CCGs (23 per cent of all 211 CCGs).

General practice monitoring

For the first time, this report includes results from our monitoring of general practice. This is based on data from a sample of 202 practices (around 2.5 per cent of all practices in England) held by ResearchOne, a database created using records from TPP's SystmOne, one of the main clinical information systems used in general practice in England. Using this data, we have compared activity in the first two quarters of 2016/17 with the same period in 2014/15. We also conducted a small online survey of GP partners and practice managers in England that received 129 responses (which may include multiple responses from a single practice). This provides a snapshot of opinion in the GP community.

The new approach to NHS finances in 2016/17

After the £2.45 billion overspend by NHS providers in 2015/16, NHS Improvement and the other national NHS bodies have introduced a new approach to managing NHS finances. This approach has a number of key elements.

The Sustainability and Transformation Fund

Additional funding of £1.8 billion has been placed in the new Sustainability and Transformation Fund and is being allocated to trusts to help them manage deficits. This money will be paid out to NHS providers (overwhelmingly to acute providers), but only where they meet a set of finance and performance targets. Sustainability and Transformation Fund payments reduce an organisation's reported deficit. It was hoped that the £1.8 billion Sustainability and Transformation Fund would be sufficient to return the NHS provider sector as a whole to net balance. But this looks unlikely; indeed by July NHS Improvement was aiming to cut the combined provider deficit to around £250 million.

Control totals

Control totals are the financial targets for each organisation – they set the maximum deficit (or minimum surplus) an organisation is allowed to run. Each organisation has its own control total, which is agreed with NHS Improvement depending on its financial strength. At the end of the first quarter, 24 NHS providers had not agreed control totals. Once Sustainability and Transformation Fund payments are included, the combined control totals for all trusts were initially intended to return the provider sector to net balance.

Meeting finance and performance targets

If providers fail to meet the finance and performance requirements that underpin their control totals, access to all or some of their planned payments from the Sustainability and Transformation Fund can be withheld. In the first quarter of 2016/17, 29 providers failed to meet these requirements and had their funding withheld. While this will increase deficits reported by individual providers, it will not alter the net provider position as the Sustainability and Transformation Fund will be underspent by the equivalent amount and NHS Improvement counts this underspend against providers as a whole. This means reported provider overspends will overstate the overall provider deficit as NHS Improvement will have some offsetting, unspent Sustainability and Transformation Fund money. If a provider cannot pay its bills – such as salaries for its staff – without Sustainability and Transformation Fund support it may need to turn instead to the Department of Health for additional cash support usually provided as a loan.

Commissioners

In 2016/17 NHS commissioners have set aside 1 per cent of their total allocations to offset risks to overall financial balance in the NHS. This creates an £800 million central reserve to set against potential overspends. If this is not needed, this funding will be released for investment in local priorities.

Latest forecasts from NHS Improvement and NHS England

Without further action, at the end of the first quarter, NHS Improvement forecast a full-year net provider deficit of £644 million for 2016/17 but by July was aiming to reduce this to a net £250 million deficit. This includes the unspent Sustainability and Transformation Fund money still sitting with NHS Improvement. For commissioners, NHS England reported that CCGs had overspent by £158.7 million, but were forecasting to reduce this to a net £87.9 million overspend by the end of the year. Against this, NHS England expects to underspend its own budgets and retains its 1 per cent reserve (£800 million).

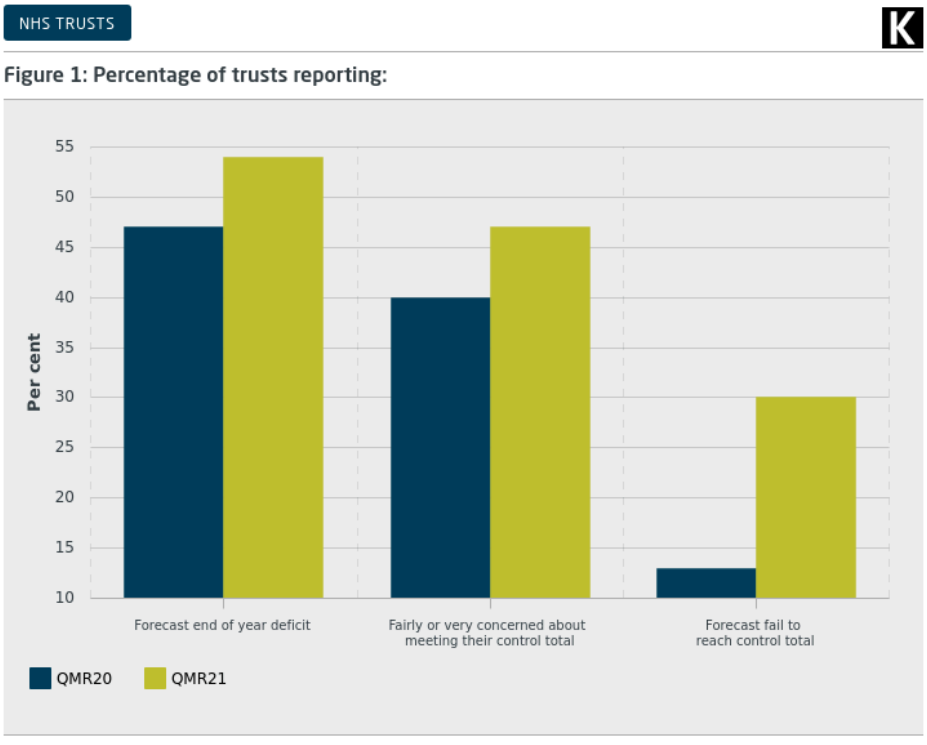
Financial prospects for 2016/17

- 2016/17 was meant to be the year the NHS turned round its performance after an exceptionally difficult 2015/16, thereby laying the foundation for the transformation of services set out in the *NHS five year forward view* (Forward View). However, the evidence from our latest survey of NHS trust finance directors suggests the chances of reaching this goal continue to fade. In addition, we present the first results from our monitoring of general practice. This underlines the depth of stress felt in primary care, setting a difficult starting point for the measures set out in the *General practice forward view* (GP Forward View), which aim to stabilise and transform general practice.
- In our previous survey, while only 13 per cent of providers estimated that they would miss their control totals, many also expressed concerns for the rest of the year. This created a risk that provider performance in the early part of the year might be difficult to sustain, possibly reflecting the upfront efforts providers had made to secure their sustainability and transformation funding in the first quarter. Some of this risk appears to be materialising. The number of trusts forecasting that they will fail to hit their control totals has risen to nearly a third. This suggests that NHS Improvement's aim of reducing the overall deficit to £250 million for this year is already out of reach. With 47 per cent of trusts overall still fairly or very concerned about meeting their control totals by the end of the financial year and more than half concerned about whether they will be able to meet their cost improvement targets, there is a risk that the end-of-year deficit will worsen further and exceed the £644 million forecast at quarter one (Figure 1).

- Any provider deficit was meant to be offset by commissioning organisations' 1 per cent reserve. While just under two-thirds of CCGs now forecast a surplus for the year, more than 20 per cent of CCGs are relying on the release of their reserve to achieve that, suggesting that not all of the £800 million will be available to offset provider overspends. Combined with a rising provider deficit this will increase the risk to the Department of Health's overall financial position. In addition, more than 70 per cent of CCGs are now fairly or very concerned about achieving the savings plans put in place to create this reserve, suggesting a risk of further deterioration.
- Meanwhile in general practice, our new activity-tracker shows a 9.9 per cent increase in total consultations (including telephone consultations) over the two years up to quarter two 2016/17. This is confirmed by the snapshot of opinion among GPs responding to our survey.

How is the NHS performing?

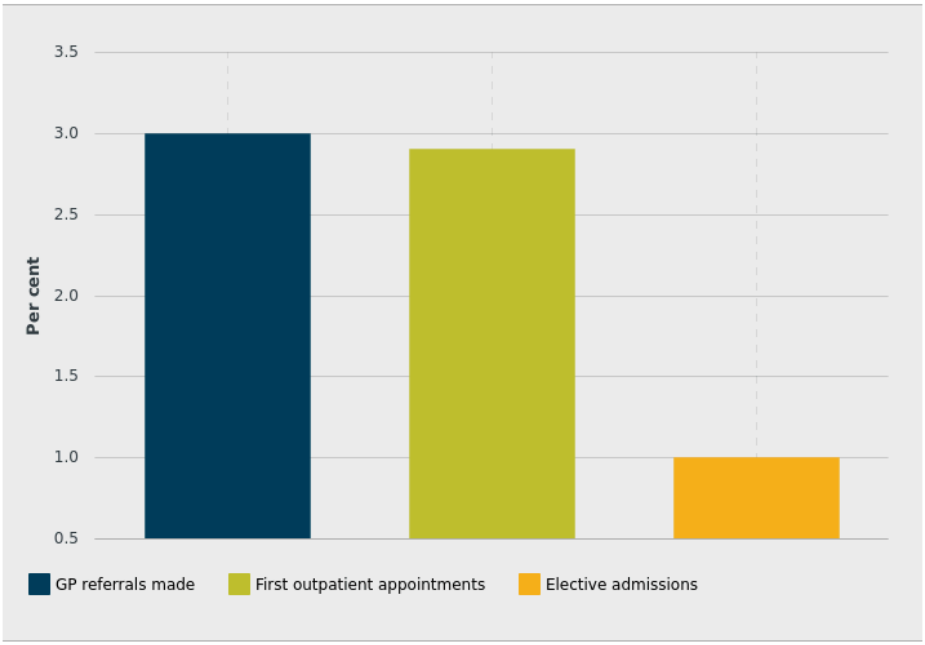
- Despite the introduction of the Sustainability and Transformation Fund, the financial reset and the use of a new financial `special measures' regime, financial performance in providers continues to slide. As a result, reducing the net provider deficit to £250 million from the forecast £644 million at quarter one looks increasingly unlikely and indeed, there are greater risks it will rise rather than fall. This is despite a quarter of all trusts now reporting delays or cancellations of capital spending in order to support their finances.
- Increasing numbers of trusts are also looking to reduce their clinical workforce, with 29 per cent now planning to reduce their headcount. While relatively few acute hospitals plan to reduce the number of staff, more than half of mental health and community health service providers are now planning to do so. This threatens the aspirations to raise the quality of care set out in the *Five year forward view for mental health* as well as long-term goals to improve services in community settings. Alongside cuts to capital spending by trusts, more than half of CCGs are delaying or cancelling spending plans. This underlines the risks that the drive to cut deficits is having on the long-term transformation agenda for the NHS.



- The latest September performance data for the NHS shows an alarming increase in the hospital days lost to delayed transfers of care, with the numbers growing by nearly a third over the year. Performance against the 18-week referral-to-treatment and the four-hour A&E standards also continues to slide, but, for most providers, was supposed to recover by the end of the financial year. However, 73 per cent of NHS organisations for whom these targets are relevant are fairly or very concerned that this will not happen. This pessimism is perhaps easy to understand: for referral-to-treatment while the increase in first outpatient appointments is keeping pace with

rising GP referrals to hospital (at around 3 per cent growth over the past year), the number of admissions is lagging well behind and the number of people on the waiting list has risen by 400,000 since August 2015 (Figure 2). Within the current financial environment it will be difficult for hospitals to reverse this trend by sharply increasing the number of admissions as this would risk raising deficits even further.

Figure 2: Percentage growth, year to September 2016 compared to year to September 2015



- Our report, *Understanding pressures in general practice*, set out the current challenges facing general practice. While NHS England's GP Forward View has outlined a range of measures to stabilise and transform general practice, the absence of routine performance and activity data in primary care makes it difficult to monitor progress. Our new six-monthly monitoring of general practice underlines the difficulties facing the sector as it strives to meet rising demand while struggling to recruit the clinical staff it needs. The activity data reveals that the number of face-to-face appointments is up by 6.1 per cent over the past two years and consultations have risen by 9.9 per cent in total (when other consultations, such as those by telephone, are included). The snapshot of opinion provided by our survey suggests high levels of pessimism about the ability to recruit and retain clinical staff.

Beyond 2016/17

- Over most of the past year, the NHS and its partners have been engaged in a new approach to planning designed to stabilise finances and deliver service transformation until 2020/21. Each of 44 geographical areas across England submitted its five-year sustainability and transformation plan (STP) to the national NHS bodies on 21 October, and a number of STPs have been put into the public domain, mainly by local authorities. In addition to this process, on 22 September the national NHS bodies published more detailed operational planning guidance for 2017/18 to 2018/19. In the light of all this activity, have NHS trust finance directors become more optimistic about the future? Our survey suggests if anything, views have hardened since our last survey. While the proportion of trust finance directors who remain fairly or very concerned that their organisation will achieve financial balance in 2017/18 is stable at 62 per cent, that includes 50 per cent who are 'very concerned', up from 36 per cent in September. In addition, the proportion of trust finance directors who are fairly or very pessimistic about the financial state of their wider health economy over the next 12 months has now reached a new high of 96 per cent, and 90 per cent of CCG finance leads agree with them.
- Looking forward to 2020/21, the STP process has not led to any greater optimism about the prospects for achieving the £22 billion in efficiency savings needed to deliver the Forward View. While some 79 per cent of trust finance directors think there is a high or very high risk of failure, now 90 per cent of CCG finance directors

say the same, sharply more pessimistic than in July before STP plans were submitted or the planning guidance issued.

- With many organisations still expecting to end this year in deficit, no additional transformation funding available, and minimal real-terms growth in 2017/18 and 2018/19, NHS finance directors have found little to be optimistic about.

1. Health care surveys

This quarter's report is based on an online survey of 72 NHS trust finance directors and 39 clinical commissioning group (CCG) finance leads (covering 48 CCGs).

Respondents were asked about their organisation's financial situation and the financial outlook for their local health economy over the past and forthcoming financial year; the state of patient care in their area; the financial situation looking ahead to 2017/18; the key organisational challenges facing trusts and CCGs; workforce issues.

2. Estimated end-of-year financial situation: 2016/17

- Just over half of all trusts (54 per cent) in our recent survey forecast ending 2016/17 in deficit (Figure 3). Around 86 per cent of trust finance directors reported that their forecast position for 2016/17 would depend on significant financial support, including 25 per cent who are delaying or cancelling capital spending (Figure 5). Furthermore, 55 per cent of providers expecting to receive Sustainability and Transformation Fund monies still forecast a deficit by the end of the year.
- The total net deficit forecast for the end of 2016/17 for the 72 provider organisations surveyed amounted to £322 million. For acute providers the net deficit is £266 million. For organisations who have refused to agree control totals, or who have had Sustainability and Transformation Fund payments withheld, some of these deficits will be partially offset by these unspent payments held by NHS Improvement.
- We also asked trusts to provide details of their agreed control totals for 2016/17. Of the 66 trusts that had agreed control totals or were in the process of agreeing control totals, 30 per cent forecast a worse end-of-year position against their control total. Furthermore, 47 per cent of them were either fairly or very concerned about meeting their agreed control totals in 2016/17 (Figure 7). Both represent a deterioration since the July survey.
- 63 per cent of all CCGs forecast a surplus for 2016/17, and 10 per cent are expecting to overspend (Figure 4).
- 71 per cent of CCGs surveyed reported their forecast position for 2016/17 depends on significant financial support (Figure 6). For half of the CCGs surveyed, their end-of-year position depends on delay or cancellation of spending; for a further 21 per cent, end-of-year position depends on draw down of surpluses from previous years, and 21 per cent are relying on having their 1 per cent risk reserve released back to them.
- Across the 48 CCGs covered, there is a net surplus forecast for 2016/17 of around £94 million, although this includes some CCGs carrying forward surpluses from previous years.

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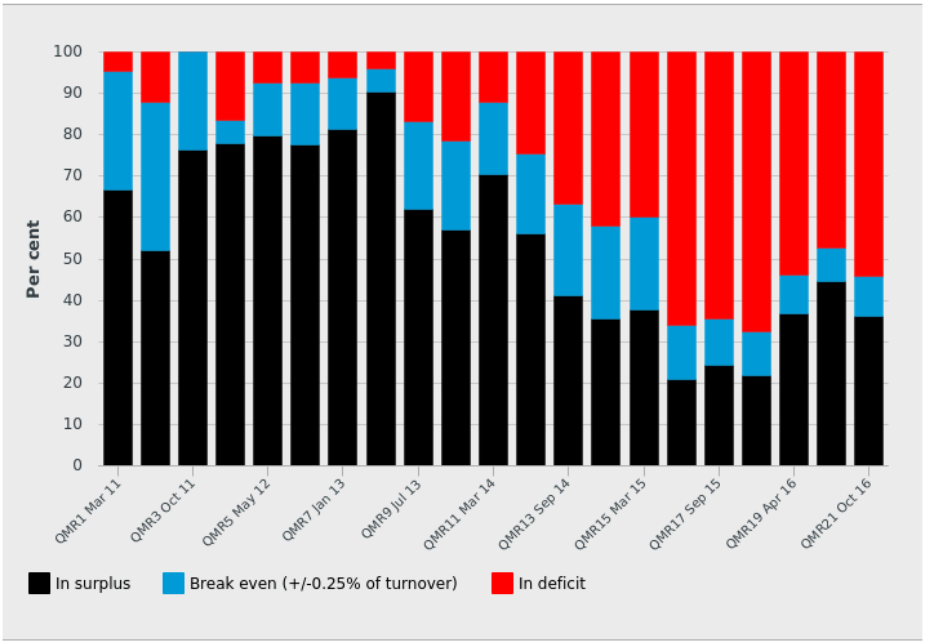
Figure 3: What is your organisation's forecast end-of-year financial situation?



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

Respondent comments

"Loss of elements of STF [Sustainability and Transformation Fund] funding, current commissioner stance attempting to retract income without any impact on costs, elective workload impacted by inability to flow urgent care patients out of hospital."

– Acute trust, in deficit

"We continue to forecast delivery of plan which would deliver a small surplus in accordance with control totals. However, it is high risk and we are £3 million short on our savings plans, which will put us into deficit. You can interpret this however you wish."

– Acute trust (with specialist services) , in surplus

"Still many uncertainties around CQUIN, system resilience funding, social care cuts, activity through winter, etc."

– Teaching hospital (with community services), in surplus

"A deficit if the sustainability and transformation funding is excluded."

– Mental health and community trust, break even

"This is supported wholly by non-recurrent funding and non-recurrent actions – otherwise the position would be a deficit."

– Community and mental health foundation trust, in surplus

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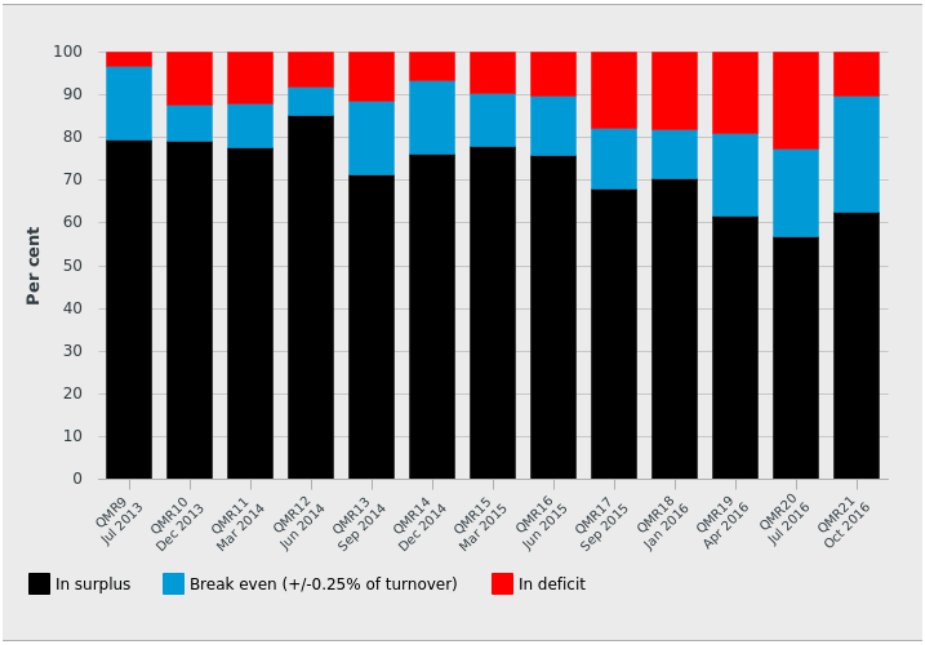
Figure 4: What is your organisation's forecast end-of-year financial situation?



39 CCG finance leads answered this question for the 48 CCGs they cover collectively; CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Forecast remains on plan. However, considerable risks remain which may or may not be manageable over the next six months. This position has been flagged to NHS England as high risk."

– In surplus

"In-year break even when brought-forward surplus is ignored."

– Break even

"Forecast achievement of target 1 per cent control total plus 1 per cent uncommitted reserve. Very little chance of us actually achieving this but not allowed to report that we may fail."

– In surplus

"The CCG has a reported forecast break even but has already started to report a year-to-date deficit with significant risk to the delivery of the break-even target."

– Break even

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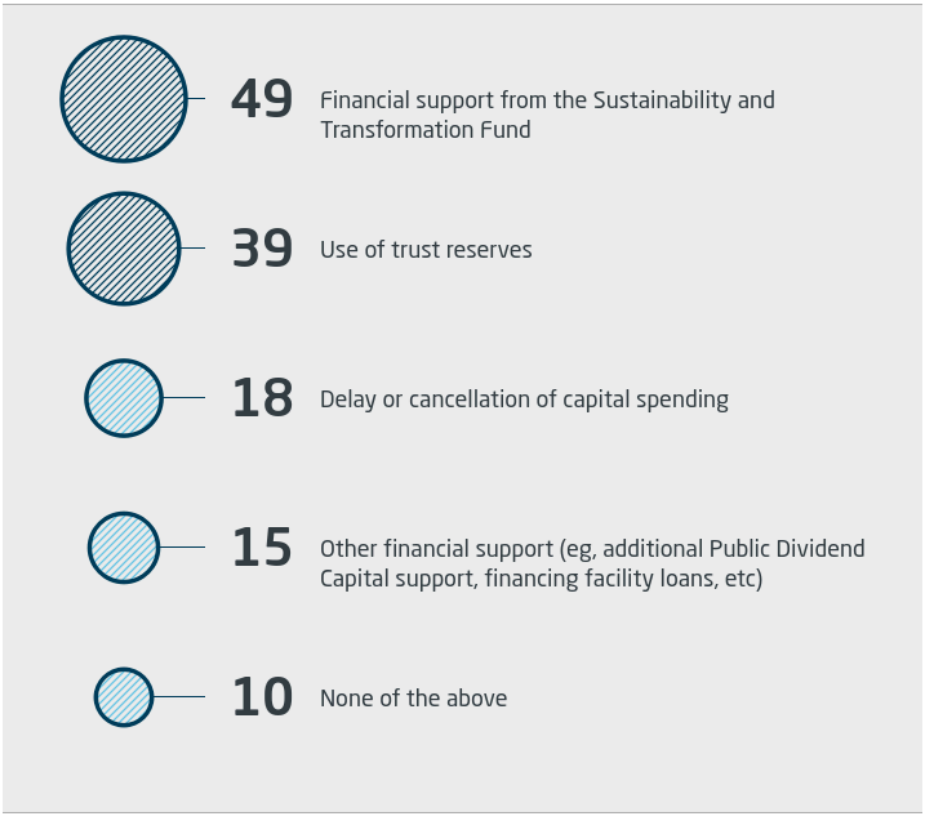
Figure 5: What is your forecast 2016/17 end-of-year outturn likely to depend on:



Only foundation trusts are allowed to retain surpluses. Respondents were allowed to select more than one form of additional financial support.

Respondent comments

"Use of reserves to mitigate CIP underachievement."

– Mental health provider

"Achievement of a challenging CIP that has a 0.7 million gap at present and will likely be found through non-recurrent means in order to hit the target."

– Community NHS foundation trust

"We are throwing the kitchen sink at it."

– Unknown

"Commissioners taking a balanced approach to health economy problems, rather than isolationist policy which just passes financial risk from one organisation to another."

– Acute trust

"To deliver the £24 million deficit we need the support of our CCGs but this is not forthcoming with them raising £14 million of income challenge in the first five months of the year. We have little ability to absorb income challenges and no teeth in the standard contract to enforce payment by CCGs."

– Acute trust

"We will require interim loan finance of around £25 million. We are currently using our working capital facility to pay staff and bills."

– Acute foundation trust

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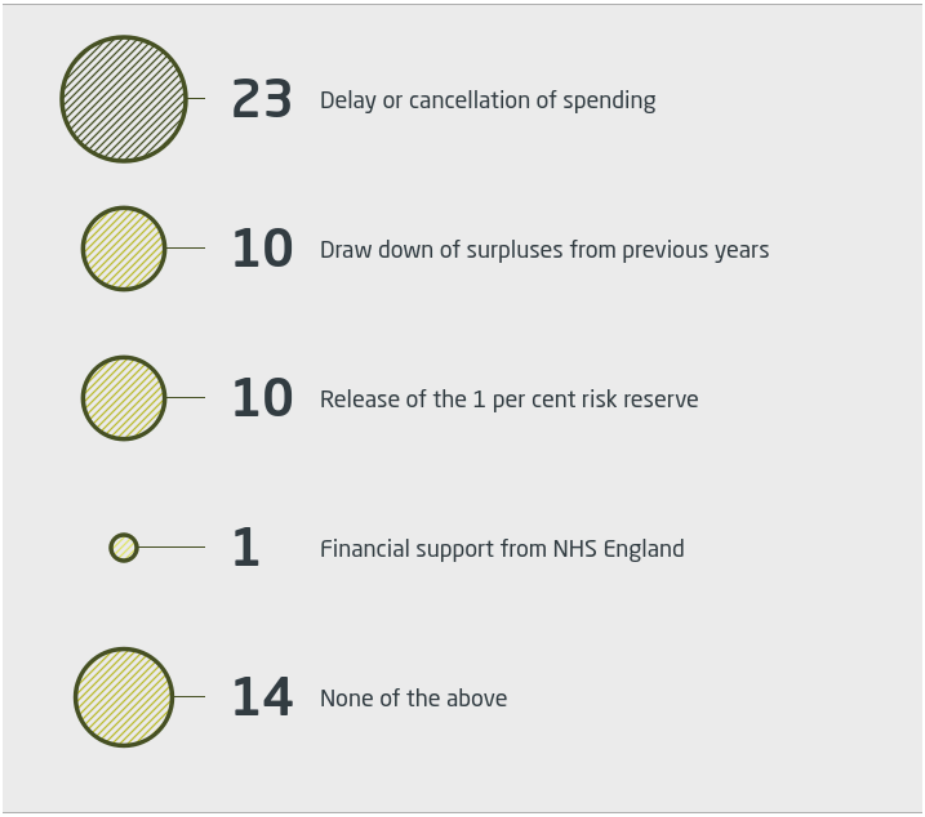
Figure 6: What is your forecast 2016/17 end-of-year outturn likely to depend on:



Respondents were allowed to select more than one form of additional financial support. 39 CCG finance leads answered this question for the 48 CCGs they cover collectively.

Respondent comments

"...At this point in time, the release of the 1 per cent risk reserve remains part of the CCG's risk mitigation plan."

"Release of the 1 per cent risk reserve would make a massive difference but the clear message from above is this must be uncommitted and is not available to support CCG positions. This is a difficult message for governing bodies as the growth allocated included this 1 per cent but it cannot be used to support local health care."

"Significant QIPP savings which include decommissioning/ reduction of services."

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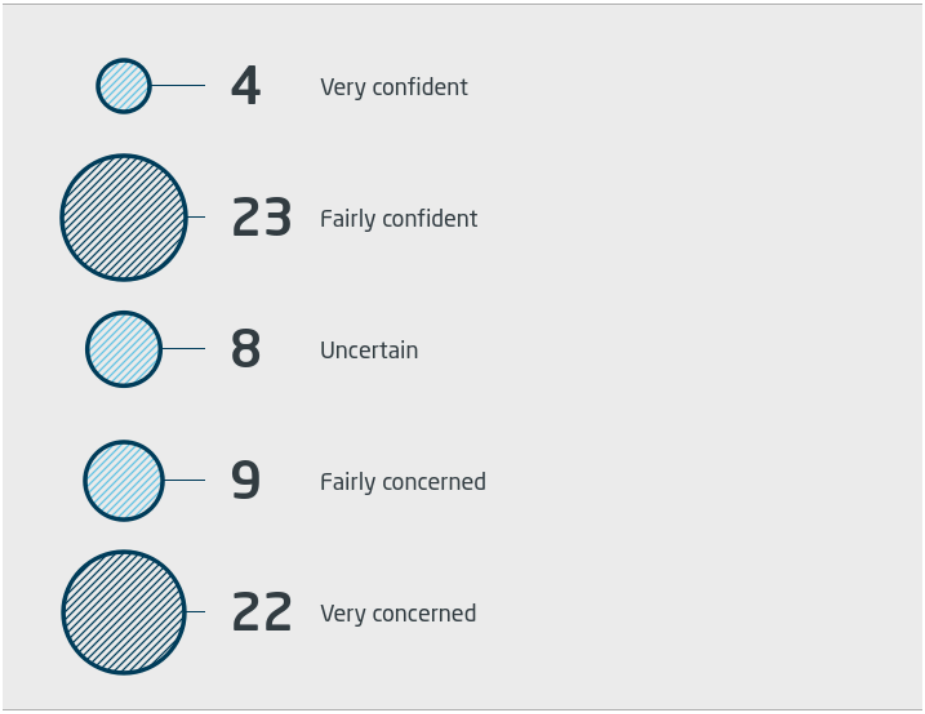
Figure 7: How confident are you that your organisation can meet its control total for 2016/17?



66 respondents (for whom this question was applicable)

Respondent comments

"Additional risks being identified due to redundancy costs associated with local authority de-commissioning make the forecast more difficult to achieve."

– Mental health and community provider, fairly confident

"Due to the significant risk of demand, the trust is at risk of breaching its control total."

– Acute provider, uncertain

"Have discussed with NHS Improvement that we are off plan. Strong message from them that we need to resist changing the forecast at this stage."

– Acute foundation trust, very concerned

"We have told NHS Improvement from the start the control total was undeliverable and tried to negotiate a more reasonable total but they still request 6 per cent CIPs."

– Acute trust, very concerned

"With six months to go, the forecast is on a knife edge. All depends on winter, CCG QIPP demands and vacancy levels."

– Acute foundation trust, uncertain

3. Cost improvement and quality, innovation, productivity and prevention programmes (2016/17)

- The average cost improvement programme (CIP) target for trusts for 2016/17 is 4.3 per cent, ranging from 2 per cent to 8 per cent of turnover (Figure 8).
- The average quality, innovation, productivity and prevention (QIPP) target for CCGs for 2016/17 is 3.2 per cent, ranging from 0.9 per cent to 7 per cent of allocation (Figure 8).
- 52 per cent of all NHS trust finance directors are either fairly or very concerned about achieving their savings plans this year (Figure 9).
- For the third consecutive time since we began surveying, CCG finance leads were more pessimistic than their trust counterparts about their savings programmes. Of the CCGs surveyed 71 per cent of finance leads were fairly or very concerned about achieving their plans this year (Figure 10).

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Figure 8: Trusts and CCGs CIP/QIPP targets for 2016/17

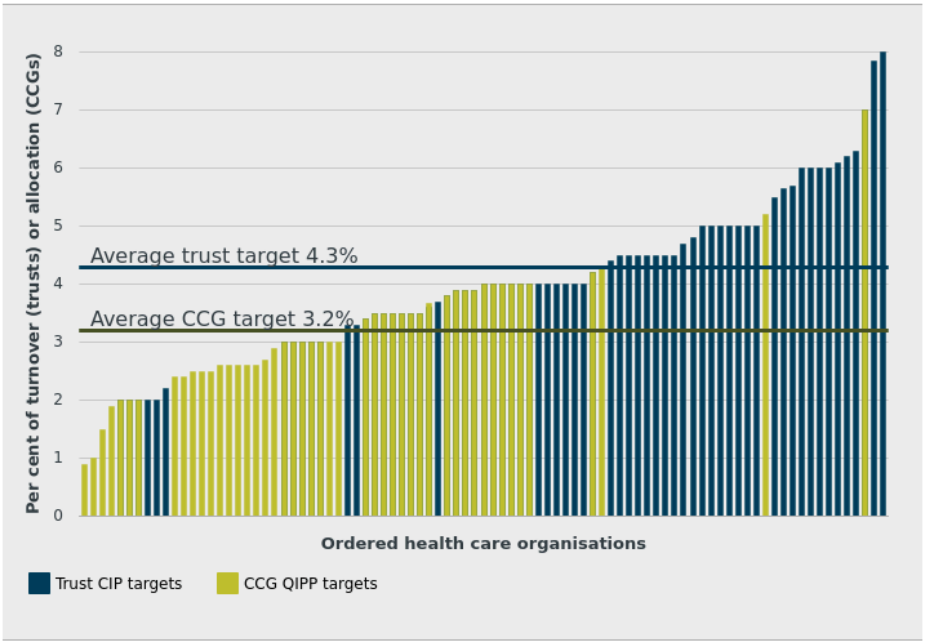

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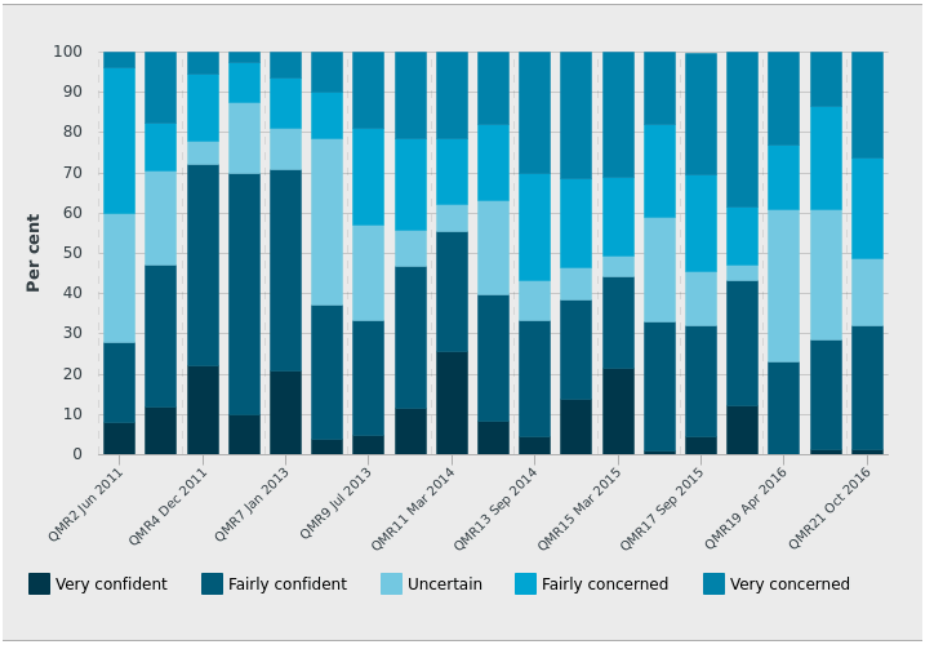
Figure 9: How confident are you of achieving your CIP target?



QMR 1-4 based on a panel of 50 finance directors. QMR1 and QMR5 excluded as wording of responses not compatible with other quarters' data.

Respondent comments

"40 per cent (£1 million) will be achieved non-recurrently, thereby storing problems for 2017/18."

– Mental health provider, fairly confident

"May achieve it, but would be supported by significant non-recurrent measures."

– Acute trust, very concerned

"The planned agency and even some procurement savings simply aren't being achieved. We were over-optimistic."

– Acute foundation trust, fairly concerned

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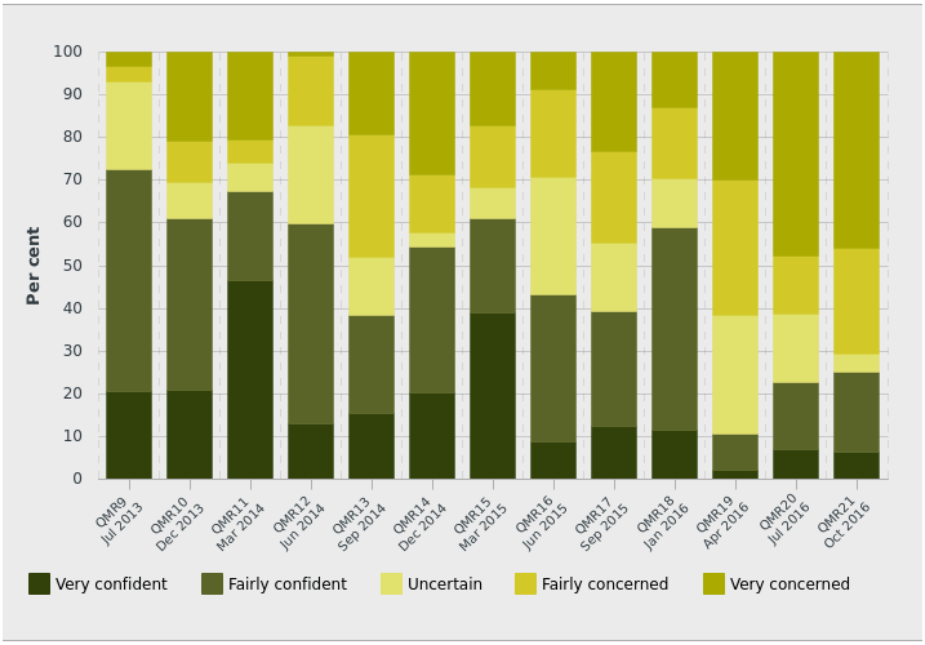
Figure 10: How confident are you of achieving your QIPP target?



39 CCG finance leads answered this question for the 48 CCGs they cover collectively; CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Number of schemes at the start of the year were very risky in terms of delivering within this financial year."

– Very concerned

"Fairly confident only because using non-recurrent flexibilities to address QIPP slippage."

"Falling on acute-related QIPP, requires an increase in trust engagement and joint delivery, which is difficult in the context that the trust needs the income to deliver its financial target in order to receive STP funding."

– Fairly concerned

4. The state of patient care

- 63 per cent of trust finance directors felt that patient care had worsened in their local area in the past year (Figure 11).
- For CCGs, 49 per cent of all CCG finance leads felt that patient care had worsened in their local area in the past year (Figure 12).

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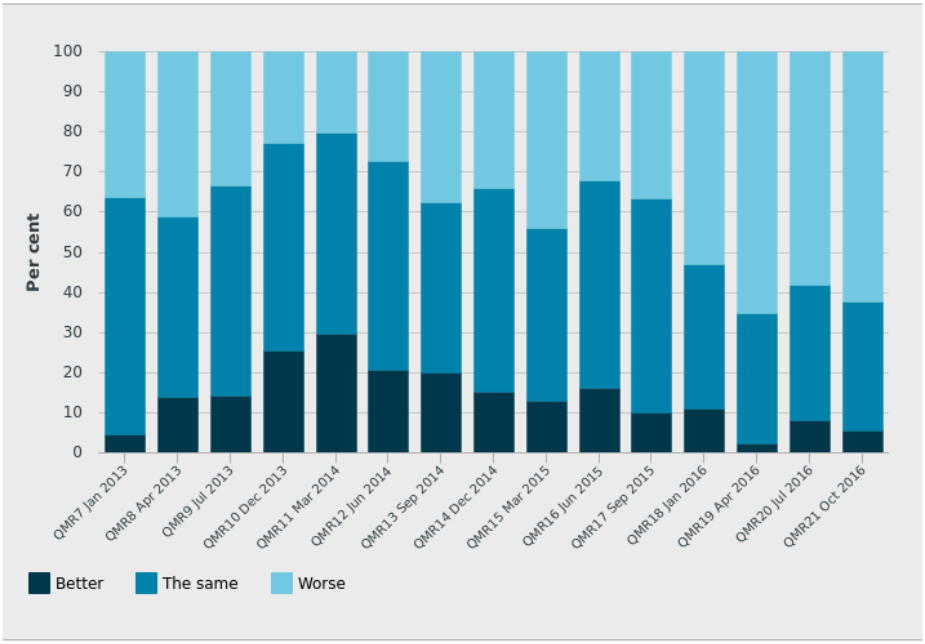
Figure 11: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



Question not asked before QMR6.

Respondent comments

"Funding gap is getting bigger with CCGs now also in deficit."

— Acute provider, worse

"Trust is required to deliver 'QIPPs' but the quality benefits are questionable; they are cost reductions in all but name."

— Mental health provider, worse

"Change is inevitable and it brings opportunity but also the propensity for chaotic and uncoordinated thinking. In spite of the STP [sustainability and transformation plan] – or perhaps because of it – organisational behaviours are steered more towards self-interest than has previously been evident."

— Community provider, worse

"Money is running out, STP [sustainability and transformation plan] work is on top of everything else, the local authority is acting unilaterally and cutting services, organisations are saying one thing in the STP room and another when back at their boards."

— Community NHS trust, worse

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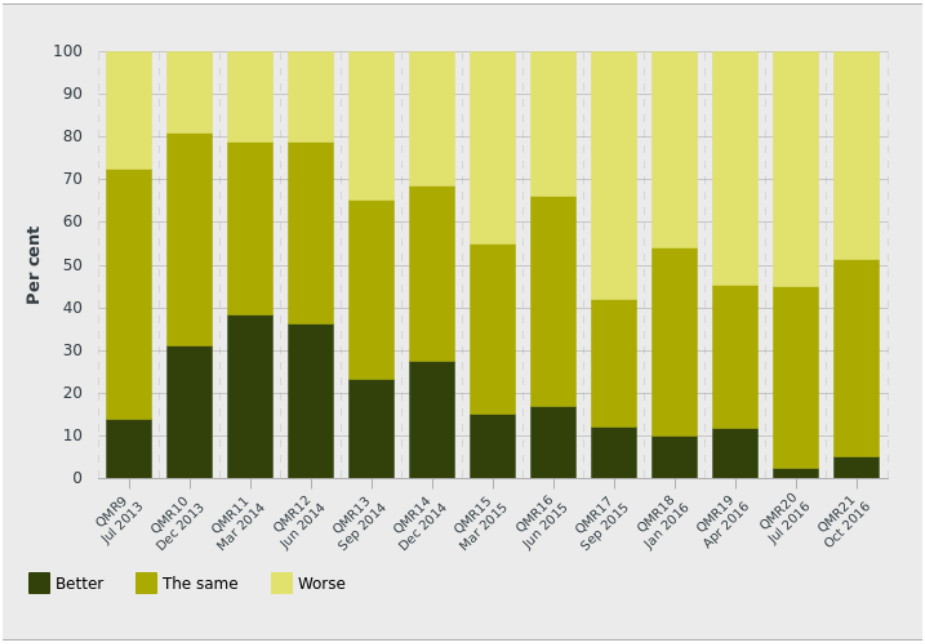
Figure 12: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Deterioration in A&E and RTT [referral-to-treament]. Primary care under tremendous pressure and with significant workforce issues."

– *Worse*

"All measures suffering - especially those we used to take for granted we would hit."

– *Worse*

"We now have very few levers by which to hold providers to account, and they have a perverse incentive to drive elective activity, to gain income, even if it means there are not beds available for urgent care patients."

– *Worse*

5. Organisational challenges

- For trust finance directors, delayed transfers of care continue to be their main concern. This is followed by the A&E four-hour waiting time target and then staff morale (Figure 13).
- For CCG finance leads the four-hour waiting time standard in A&E is now their main concern, followed by the 18-week referral-to-treatment standard. They also continue to be concerned about delayed transfers of care and the cancer treatment waiting times targets (Figure 14).

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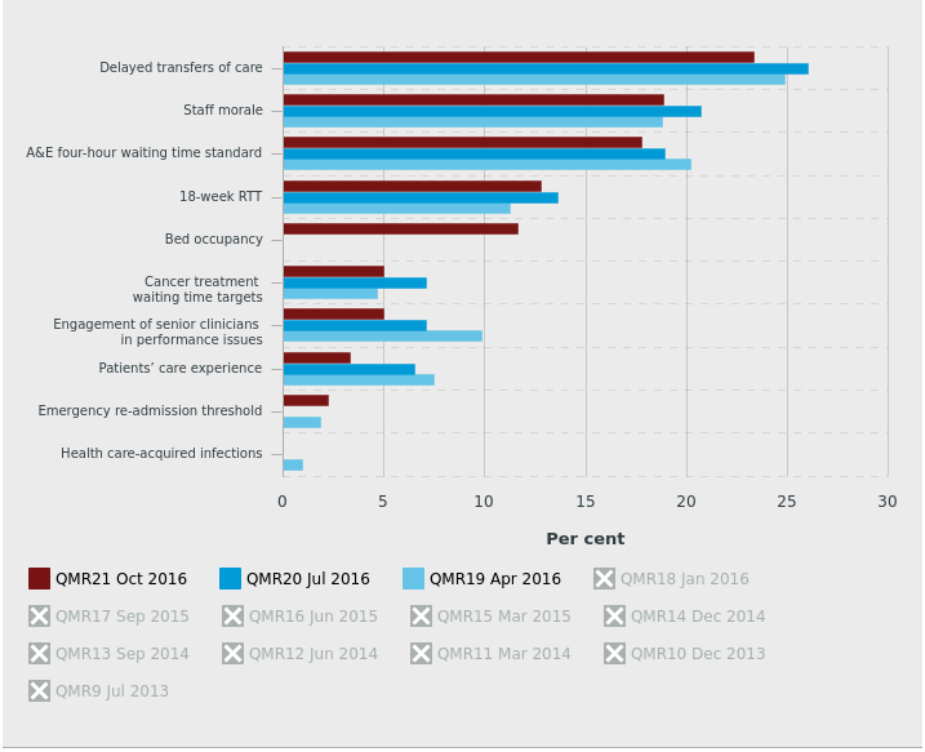
Figure 13: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



Respondents asked to choose their top three concerns. Figures expressed as a percentage of the total number of concerns in each survey. A new option 'bed occupancy' has been introduced in QMR21.

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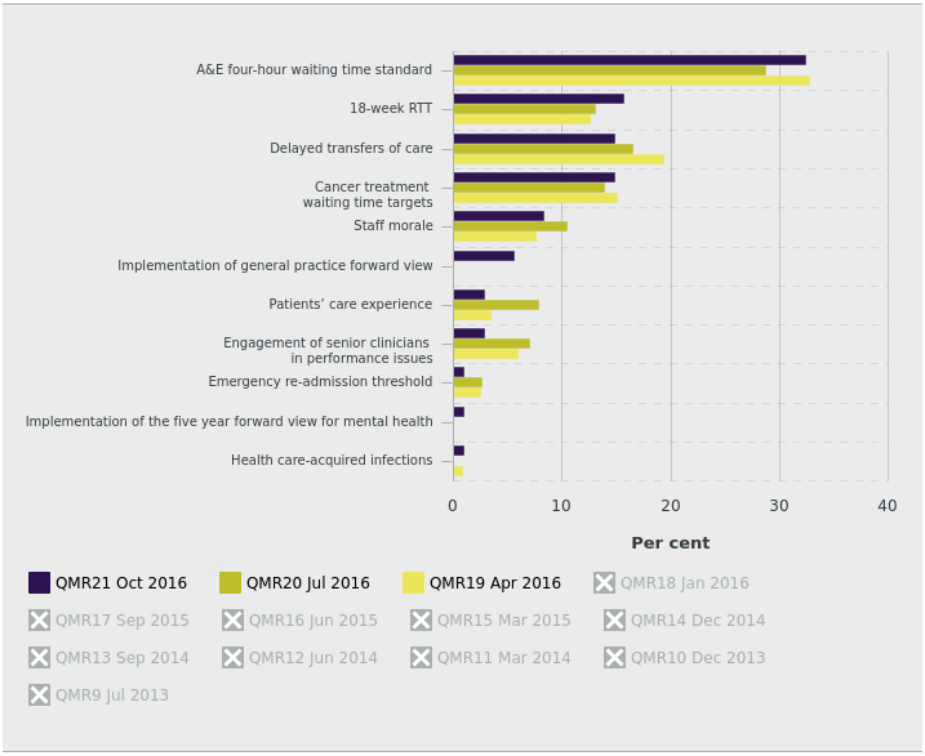
Figure 14: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



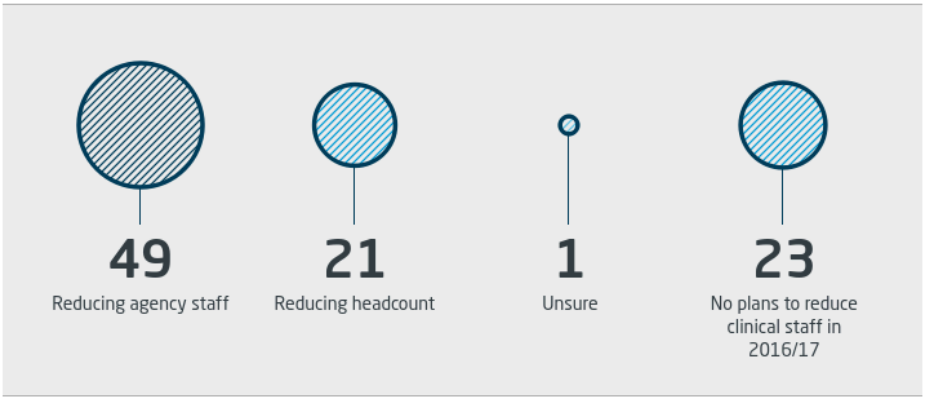
Respondents asked to choose their top concerns. Figures expressed as a percentage of the total number of concerns in each survey. Two new options have been introduced as of QMR21: implementation of general practice forward view, and implementation of the five year forward view for mental health.

6. Workforce

- As providers continue to operate within an extremely challenging financial situation, a number of measures are available to them in order to achieve a break-even position (or close to). One way providers can significantly reduce expenditure is to reduce the number of clinical staff. Reducing overall agency spend is one condition attached to the receipt of sustainability funding.
- 68 per cent of trusts plan to reduce clinical agency staff in 2016/17 (Figure 15). A smaller number (29 per cent) are also looking to reduce their permanent clinical headcount. In the acute sector, 17 per cent of providers are looking to cut headcount, rising to nearly per 54 cent of community and mental health providers. Two trusts surveyed plan to reduce both the number of clinical agency staff and clinical headcount

NHS TRUSTS

Figure 15: Does your organisation have plans for reducing clinical staff in 2016/17 through:



Respondent comments

"We are looking at international recruitment to fill nursing and medical vacancies we are unable to fill locally."

– Acute provider

"We have established a vacancy reduction plan to improve the level of substantive staff across the trust."

– Mental health provider

"We need MORE staff to meet demand!"

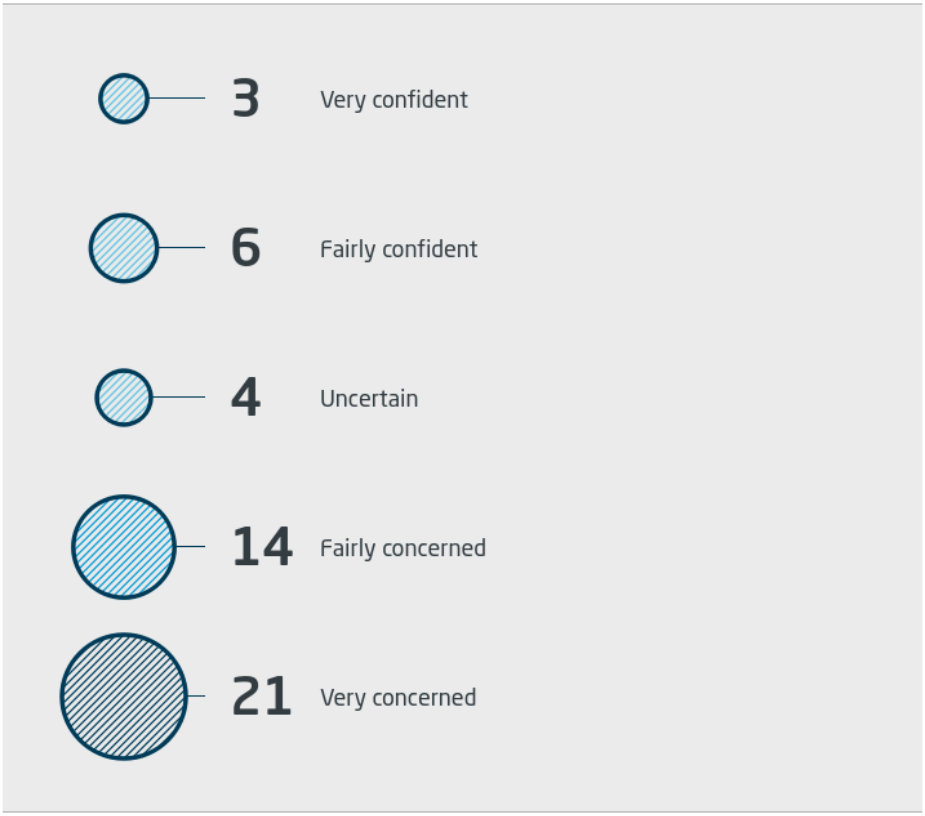
– Unknown

7. Waiting time standards and targets

- As a condition of receiving sustainability and transformation funding, trusts are expected to develop credible plans for maintaining delivery of core standards for patients, including the four-hour A&E standard and the 18-week referral-to-treatment standard. With this in mind, we asked trust finance directors how confident they were in their organisation's ability to deliver on these standards by the end of 2016/17.
- Worryingly, 73 per cent of finance directors surveyed were either fairly or very concerned that their organisation would not be able to deliver these operational standards by the end of 2016/17 (Figure 17).

NHS TRUSTS

Figure 16: How confident are you that your organisation will meet the A&E four-hour and 18-week waiting time targets by the end of this financial year (2016/17)?



48 respondents (for whom this question was applicable)

Respondent comments

"9 per cent growth in activity is beyond the capacity of the unit to cope."

– Acute foundation trust, very concerned

"RTT [referral-to-treatment] should be fine but not assured on A&E."

– Unknown, uncertain

"No chance on RTT [referral-to-treatment], A&E unlikely."

– Acute trust, very concerned

"We have a history of achieving targets but what we are now facing is unprecedented."

– Acute trust (with specialist services), fairly concerned

"Very confident on RTT [referral-to-treatment]. A&E improving rapidly, but winter is coming."

– Acute trust, fairly confident

"GP referrals up 4+ per cent. Increase in emergency admissions. High number of medical outliers in surgical beds. DTOC [delayed transfers of care]. Capacity issues due to medical staff vacancies."

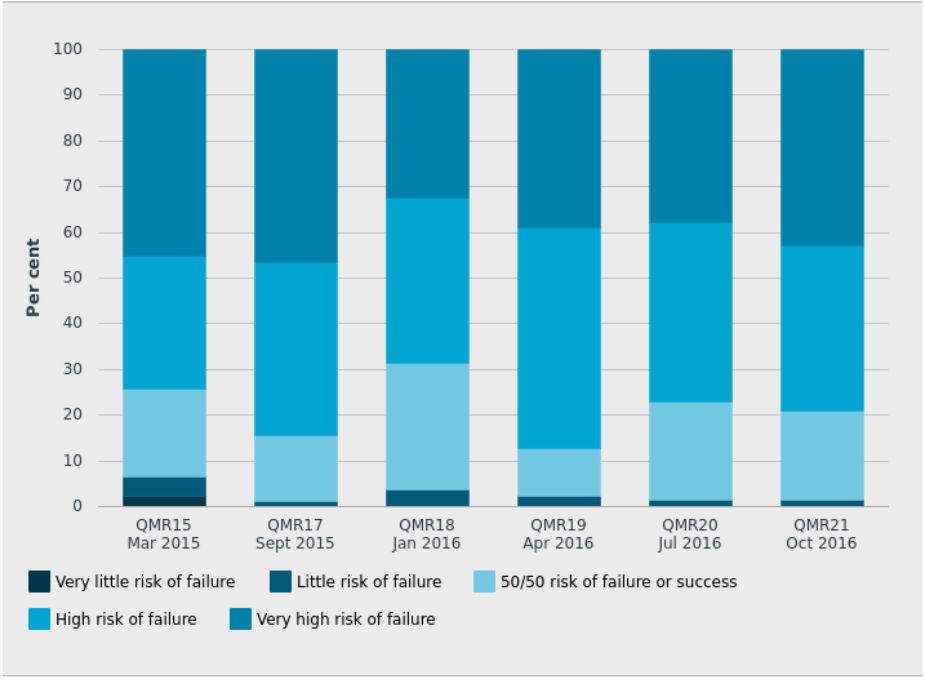
– Acute trust, very concerned

8. NHS five year forward view

- Previous surveys have revealed a high degree of scepticism about the achievability of the productivity challenge as set out by the Forward View.
- This survey shows that 79 per cent of trust finance directors and 90 per cent of CCG finance leads think there is a high or very high risk of failing to achieve the productivity gains suggested by the Forward View (Figures 17 and 18).

NHS TRUSTS

Figure 17: 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?



Question not asked in QMR16.

Respondent comments

"The expectation that the NHS - with the constraints it faces in terms of satisfying so many stakeholders - could out-match the level of productivity growth in the UK economy as a whole strikes me as exceptionally fanciful!"

– Mental health provider, very high risk of failure

"Will not be achieved by organisations in isolation, requires more substantial cross health economy action (eg, provider consolidation; commissioner consolidation) which can alter service delivery."

– Acute trust, 50/50 risk of failure or success

"It's do-able, in a stable, well-managed and structured system. We are not in a stable, well-managed system. It won't happen."

– Acute trust, very high risk of failure

"Unfortunately the FYFV [Forward View] did not appreciate: the levels of demand, lack of qualified staff across all sectors of the NHS, Brexit, the cuts to social services through the local authority grant, and the fact that so much has already been taken out of secondary care funding that there isn't the scope within the system to make the huge savings necessary. It actually is starting to look quite dangerous when the centre believe that savings of the required level can be made. They are thinking in the past when there was more excess capacity and demand was not growing so much. The position has now changed and the bottom of the barrel reached."

– Acute trust, very high risk of failure

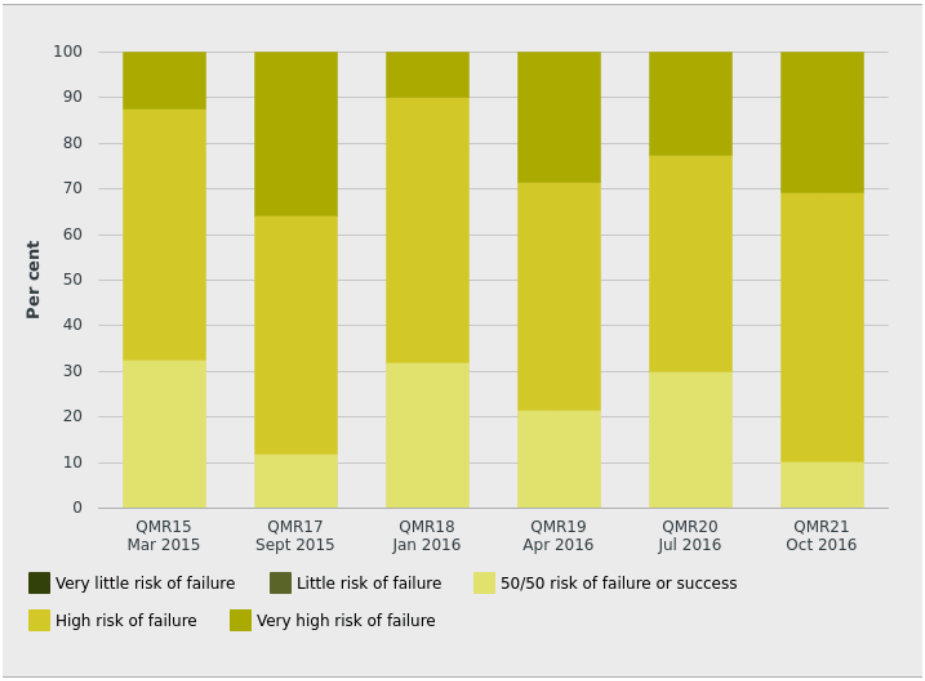
"2-3 per cent isn't the issue - it is the hidden additional pressures, eg, non-pay cost inflation of just circa 3 per cent, apprentice levy of 0.5 per cent of payroll, the net result is CIP needed of

circa 4–4.5% each year for the next 2 years."

– Community NHS trust, fifty/fifty risk of failure or success

CCG LEADS

Figure 18: 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?



Question not asked in QMR16.

Respondent comments

"We need transformational savings not efficiency; do more of the same for less, or more for the same is no longer an option."

– Very high risk of failure

"In reality the challenge is greater than 2–3 per cent... particularly when STPs [sustainability and transformation plans] are considered."

– High risk of failure

"STPs [sustainability and transformation plans] are the only way forward, but require whole organisations to change the 15 years of PbR [Payment by Results] market-driven behaviours."

– 50/50 risk of failure or success

"History shows that the NHS has never delivered more than 1–1.5 per cent annual efficiency..."

– Very high risk of failure

"2 per cent per year possibly do-able but after many years of trying to get 4 per cent this becomes a dream rather than reality."

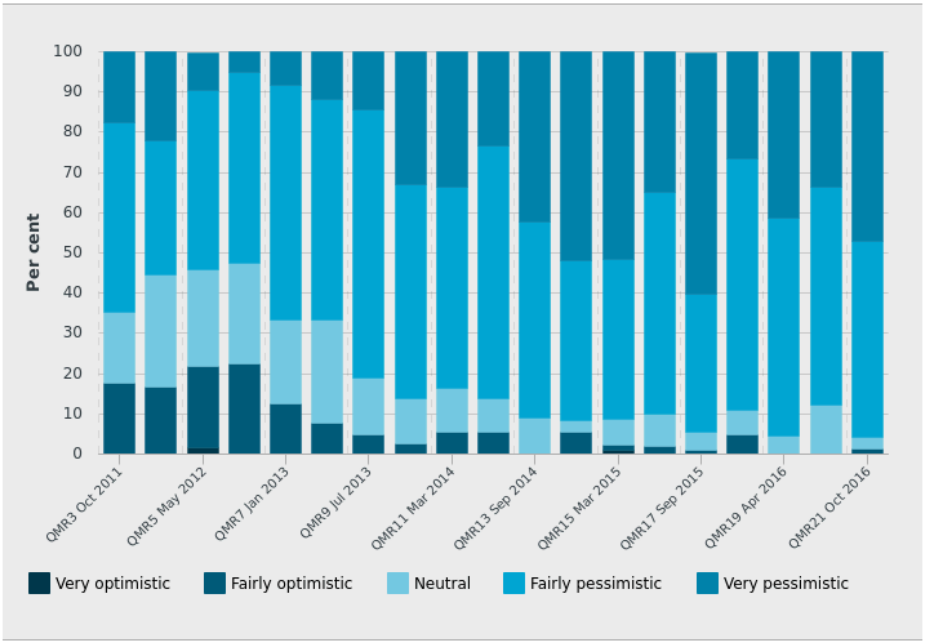
– Very high risk of failure

9. Looking ahead...

- When asked for their views about the financial state of their wider local health and care economy over the next 12 months, 96 per cent of trust finance directors (Figure 19) and 90 per cent of CCG finance leads were fairly or very pessimistic (Figure 20). For trusts, this is the highest level of pessimism since we began reporting.
- With 52 per cent of all trusts surveyed forecasting a deficit for 2016/17, the situation looks worse for 2017/18; 63 per cent of NHS trust finance directors were very or fairly pessimistic about balancing their books in 2017/18 (Figure 21).
- 57 per cent of CCG finance leads were very or fairly pessimistic about achieving financial balance in 2017/18 (Figure 22).

NHS TRUSTS

Figure 19: Overall, what do you feel about the financial state of the wider health (and care) economy in your area over the next 12 months?



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

Respondent comments

"Extent of CCG deficit and approach to QIPP will equate to cuts to MH [mental health] spend."

– Health and social care, fairly pessimistic

"There is not enough funding to deliver safe services and constitutional standards due to the impact of social care cuts on the NHS."

– Acute hospital NHS trust, very pessimistic

"The idea of STPs [sustainability and transformation plans] is sensible but the timescales imposed and the financial targets set mean it is likely this good idea will be made worthless as poorly planned and highly optimistic plans are agreed which cannot be delivered."

– Acute trusts (with specialist services), very pessimistic

"Local authority cuts are the largest in our region and extremely concerning - council talking about decommissioning health visiting and school nursing funded from public health grants - this would be catastrophic in an area with the highest levels of poverty and deprivation like ours. Council likely to reduce to statutory functions only - the public do not know or understand what this means. So concerning."

– Community and mental health foundation trust, very pessimistic

"It is a slow-motion car crash."

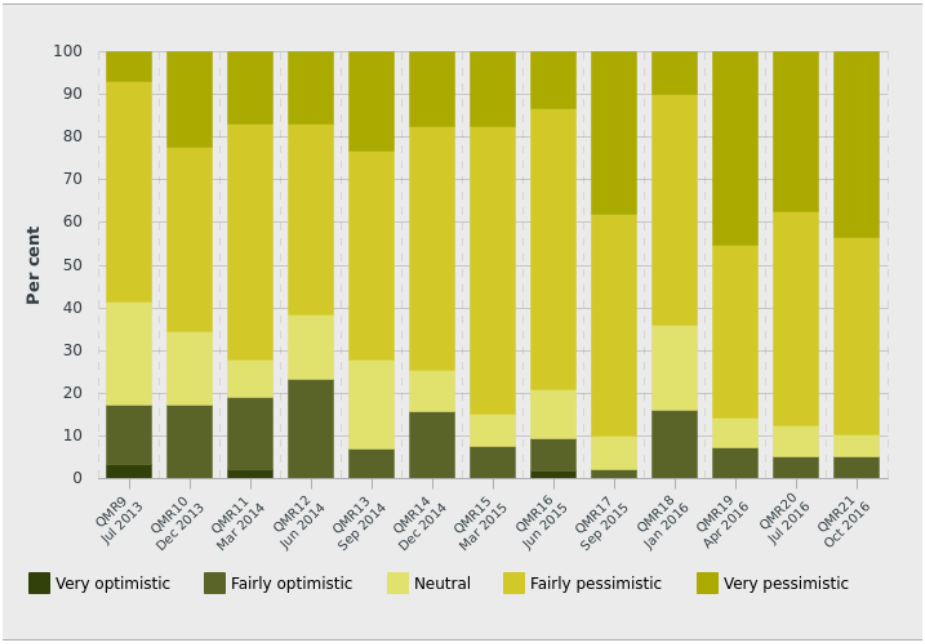
– Specialist tertiary trust, fairly pessimistic

"You didn't have a 'very very pessimistic' option."

– Community NHS trust, very pessimistic

CCG LEADS

Figure 20: Overall, what do you feel about the financial state of the wider health (and care) economy in your area over the next 12 months?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"All providers facing considerable challenges to deliver their financial control totals (even those in large deficits already). STP [sustainability and transformation plan] very high risk. Social care services struggling to deliver too."

– Very pessimistic

"Still sense a reluctance from providers to work towards reducing costs."

– Very pessimistic

"The STP [sustainability and transformation plan] is being built on current forecasts. Those forecasts are very likely to deteriorate as the year progresses, but the STP control total will already be set."

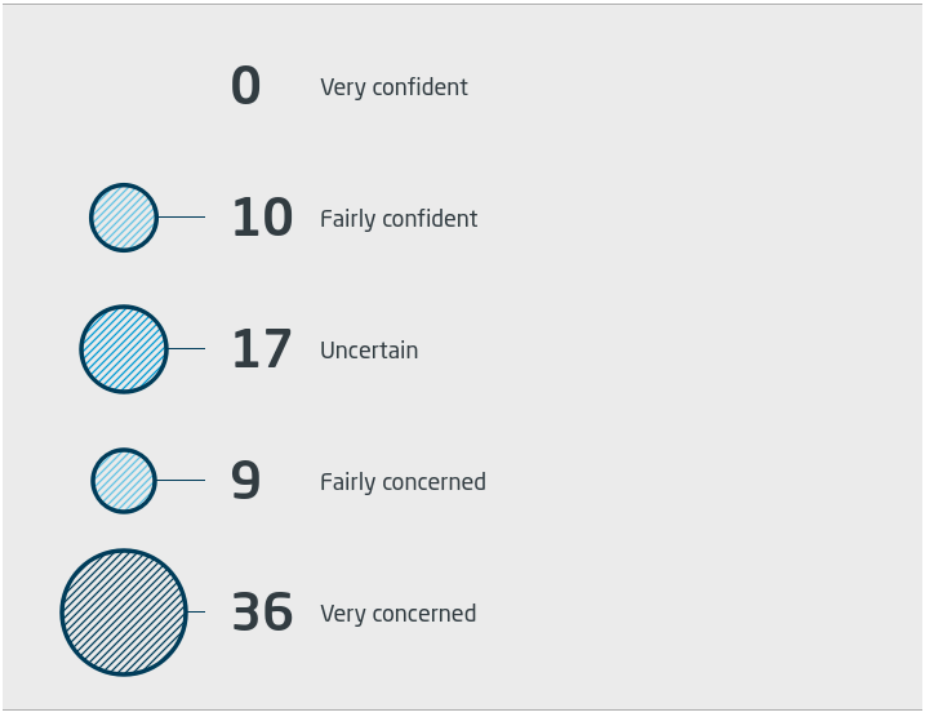
– Very pessimistic

"Relationships starting to become strained as local government cuts escalate and impact on NHS."

– Very pessimistic

NHS TRUSTS

Figure 21: Looking ahead, how confident are you that your organisation will achieve financial balance in 2017/18?



Respondent comments

"Without major, immediate service closure I don't see how we can hit our control total for 2017/18."

– Unknown, very concerned

"Not. A. Chance."

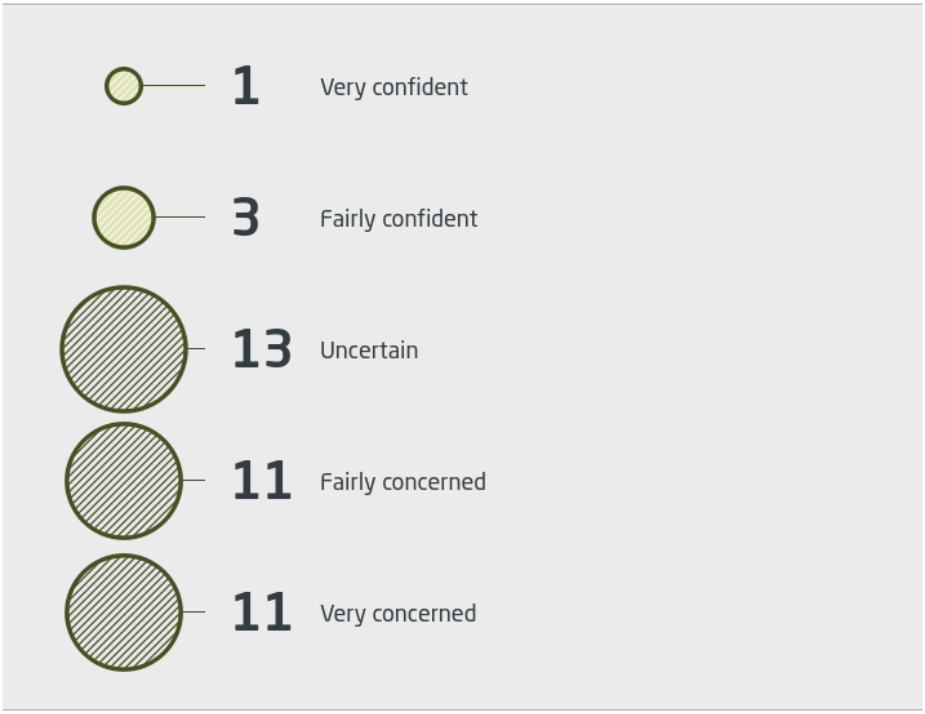
– Acute with community, very concerned

"I'll eat my bloody calculator if we can break even in 2017/18 – that's a promise."

– Acute foundation trust, very concerned

CCG LEADS

Figure 22: Looking ahead, how confident are you that your organisation will achieve financial balance in 2017/18?



Respondent comments

"At this stage, set in the context of STP, I have no confidence that 2017/18 plans for my organisation will be balanced – without causing significant additional risk transfer to other local organisations."

– Very concerned

"Unrealistic and unfair control total."

– Very concerned

"Requires system-wide delivery."

– Uncertain

"Without brought-forward surplus would be very concerned."

– Fairly concerned

10. General practice survey

Our snapshot online survey of GP partners and practice managers received 129 individual responses (which may include some from a single practice).

11. Estimated end-of-year financial situation 2016/17

- When asked about their end-of-year financial situation, 28 per cent of GP survey respondents reported that their practice's end-of-year financial situation was bad or very bad, with half saying it was neither good nor bad (Figure 23).
- GP practices are businesses – if they run at a loss, partners must borrow or invest more. Even those reporting neither good nor bad financial situations commented that they were absorbing a loss of income through pay cuts for partners (Figure 24), and 45 per cent of respondents reported that they planned to end the provision of unfunded services (such as ECG (electrocardiogram) recording, spirometry and post-operation suture removal).

GPs

Figure 23: how would you describe your practice's end of year financial situation for 2016/17?

Respondent comments

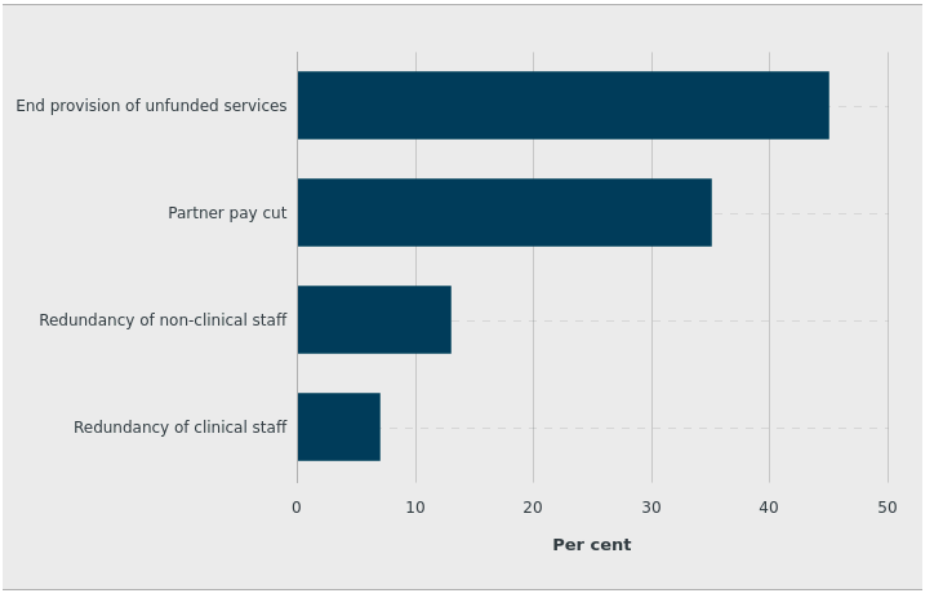
"Partner profits will be down by 10-12 per cent."

"We remain viable but with little 'float' and with no ability to award pay rises to our staff and with reducing income for ourselves. We continue to subsidise many of the services we offer and host many services for free, or at a cost to us."

"I take home less now than I did 10 years ago but work is more intense. Partner pay has been reducing over the years. However, workload unsustainable, so no option but to recruit admin + clinical staff. At one point it will be unfeasible to employ these staff and the practice will have to close."

GPs

Figure 24: If you are facing financial pressures, what actions are you considering?



Respondents could choose more than one option.

Respondent comments

"Taking on more staff to cope with workload at cost to partners. It's take a pay cut or die trying to keep up with the workload."

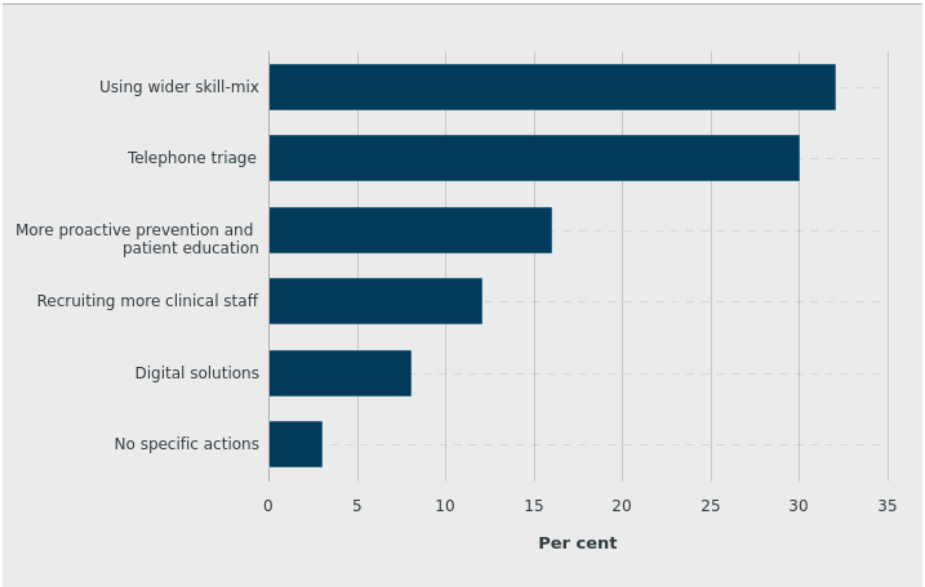
"Have looked at returning the list to NHS England or selling to private provider - now approached by another practice re proposed merger."

12. Demand for GP appointments

- Our report *Understanding pressures in general practice* found that activity was increasing faster than resources. In this survey, 94 per cent of respondents felt that demand for appointments was increasing and 6 per cent that it was staying the same; none felt that it was decreasing.
- We asked respondents what they were doing to address this increased demand. The most common measures were changing skill-mix and the use of telephone triage (Figure 25).

GPs

Figure 25: If demand is increasing, what measures are you taking in your practice to address this?



Respondents could choose more than one option.

Respondent comments

"The inexorable rise of demand will kill primary care. We have a full telephone triage service but this seems to mean people are in the habit of ringing more and more often as they seem less able to manage their own symptoms."

"We are an extremely proactive, forward-thinking and flexible practice (and CQC - rated 'Outstanding') but coming to the end of our tether having exhausted our options."

"Demand is enormous and rising; complaints and litigation (including perceived vexatious complaints) are rising; recruitment is very difficult; staff are retiring early; locums and agencies charge unsustainable fees."

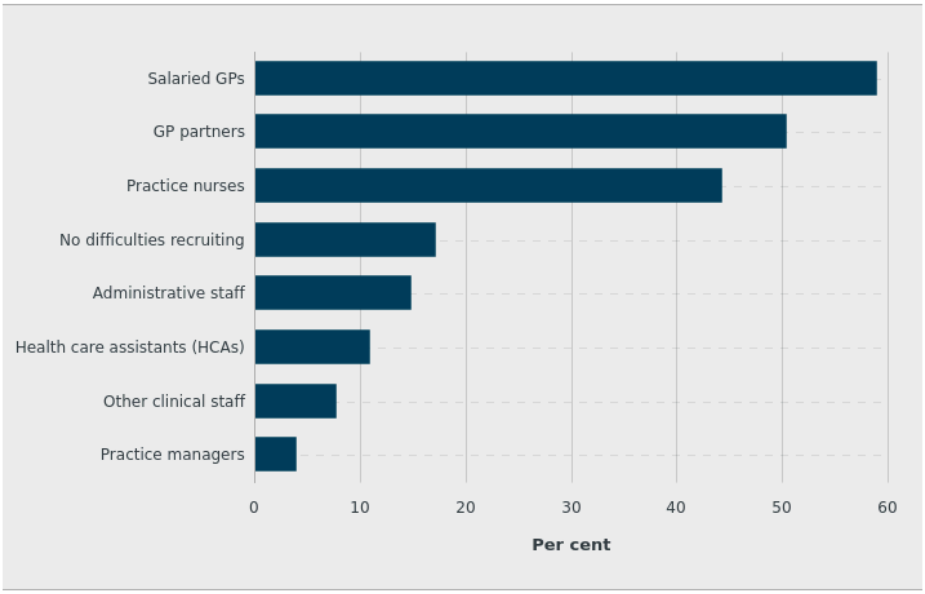
13. Workforce

- While other research has suggested that GP practices have been finding it difficult to recruit partners for some time, the difficulties reported in this survey in recruiting salaried doctors seem new. Respondents also reported a greater use of locum doctors and that younger GPs seem to favour locum roles (Figure 26).
- Some 44 per cent of respondents reported that their practice had partners planning to retire in the next 12 months.
- We asked how practices were planning to address difficulties in recruiting staff. Of the people who responded, many said they were planning to use locum staff. Some respondents also said they were struggling to find locums. Several respondents were trying to encourage current staff to increase their hours.
- When asked about staff morale, only 24 per cent of respondents felt it was fairly high or very high (Figure 27). Rising workload was the most commonly cited reason for low morale. Those who reported high morale suggested

that practice culture, a strong team and a good learning environment were key. For those reporting low morale, ability to cope with rising demand was the key reason cited.

GPs

Figure 26: Are you having difficulties recruiting to any of the following roles?



Respondents could choose more than one option. Figures expressed as a percentage of the total number of mentions.

Respondent comments

"We are using locums where we can get them and the remaining GPs have increased their hours but this is not sustainable either economically or practically due to burn-out."

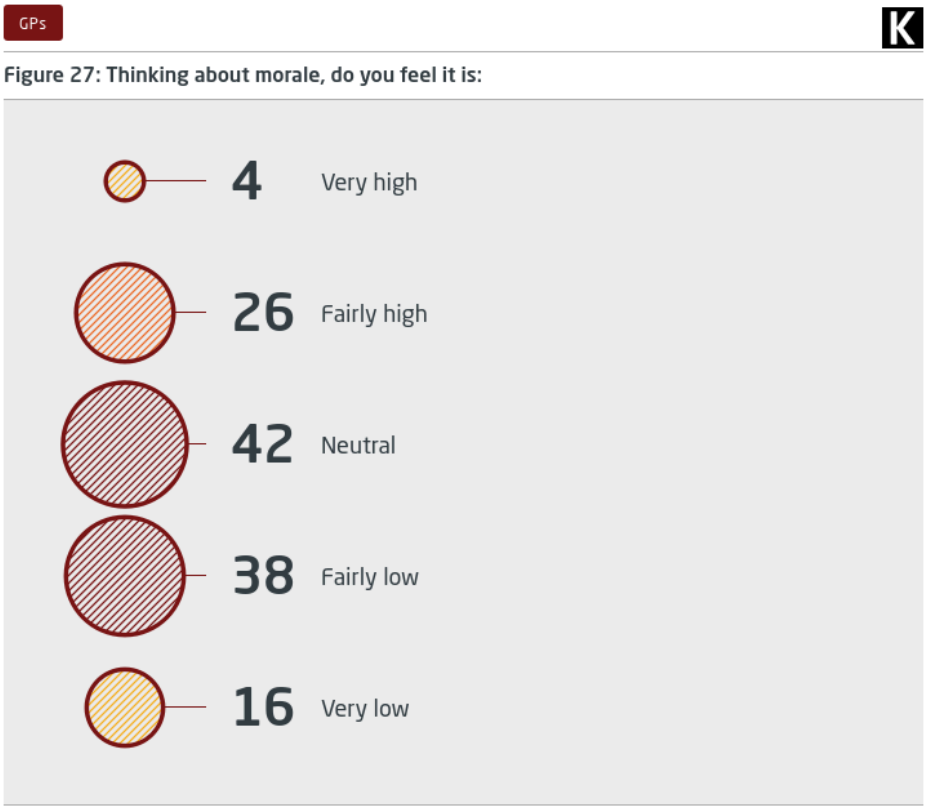
"We have recruited a hospital nurse with no primary care experience to train up; in the meantime this adds more pressure to the GPs."

"We are a happy practice with a good reputation, a very supportive environment and one of our surgeries is very nice, spacious and modern. If we have been finding it hard to recruit, heaven help some of the other practices."

"Two GPs have taken early retirement in last three years and we have been unable to recruitment a replacement for the last one, despite repeated advertising over 18 months (zero applicants!)."

GPs

Figure 27: Thinking about morale, do you feel it is:

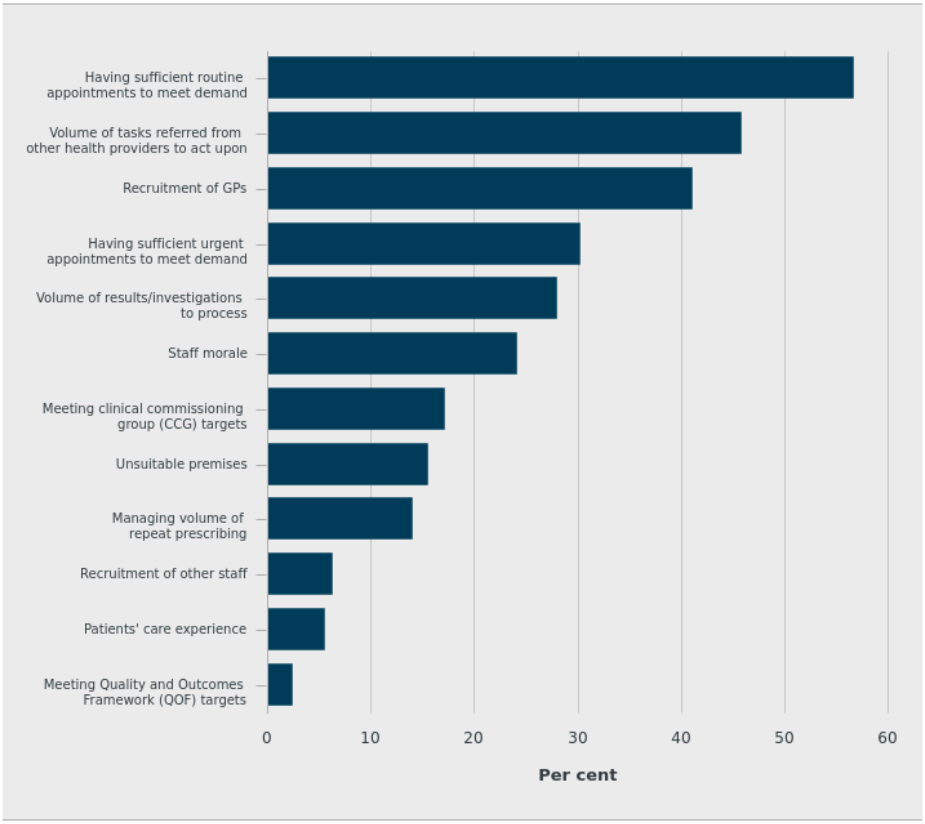


14. Organisational / general practice challenges

- While government policy has placed emphasis on access to urgent appointments, practices have found it hard to manage both immediate access and offering continuity of care through routine appointments. The increasing volume of tasks referred from other providers was also cited (Figure 28). The top three concerns reflect the findings from our report published earlier in the year.

GPs

Figure 28: Which of these issues are giving you the most cause for concern at the moment?



Respondents could choose more than one option. Figures expressed as a percentage of the total number of mentions.

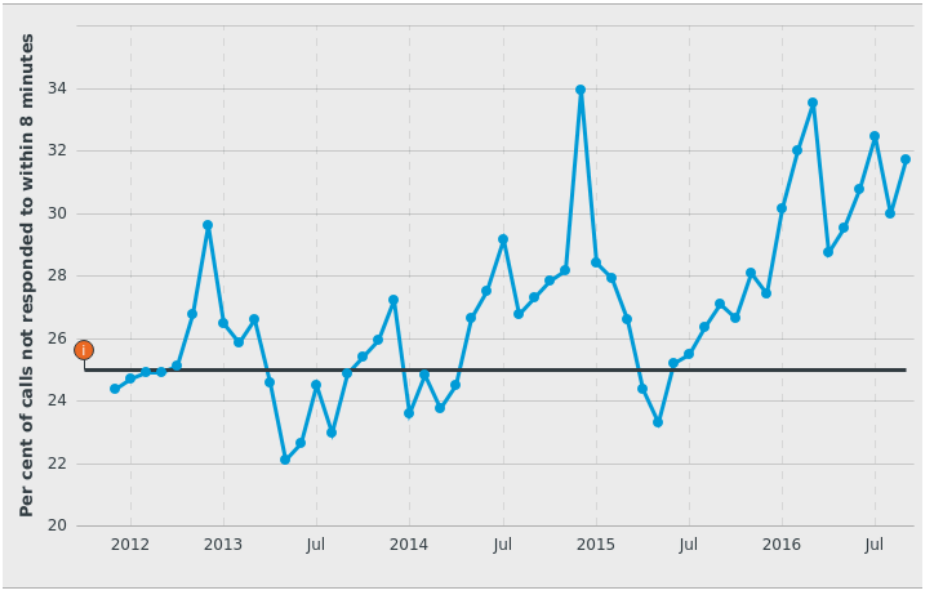
1. NHS performance dashboard

2. Urgent care

Ambulance services

- Since June 2012, ambulance trusts have been given eight minutes to respond to the most urgent cases, and nationally no more than 25 per cent of these calls should be responded to outside this time.
- This standard was met until 2013/14 but for all subsequent years has been missed. In the most recent data, performance remains poor, with 32 per cent of calls in September 2016 being responded to after eight minutes. This is the worst-ever performance seen in September since this target was introduced.

Figure 29: Monthly performance of ambulance trusts in England for Red 1 calls

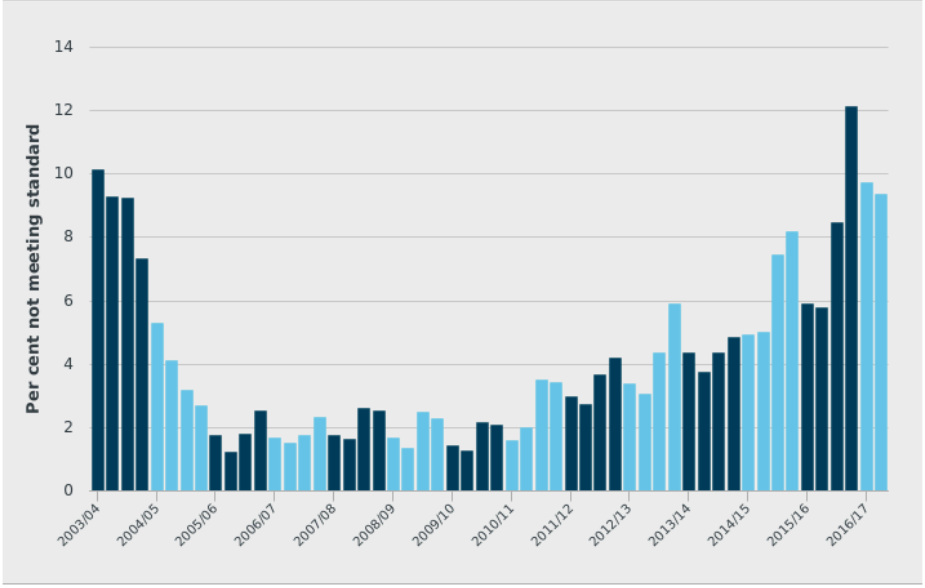


Data source: Ambulance quality indicators www.england.nhs.uk

Accident and emergency

- In quarter two 2016/17 the proportion of patients waiting more than four hours from arrival to discharge, admission or transfer in all A&E departments was 9.4 per cent (more than 558,000 patients in total). This is the highest proportion in the second quarter of the year since 2003/4.

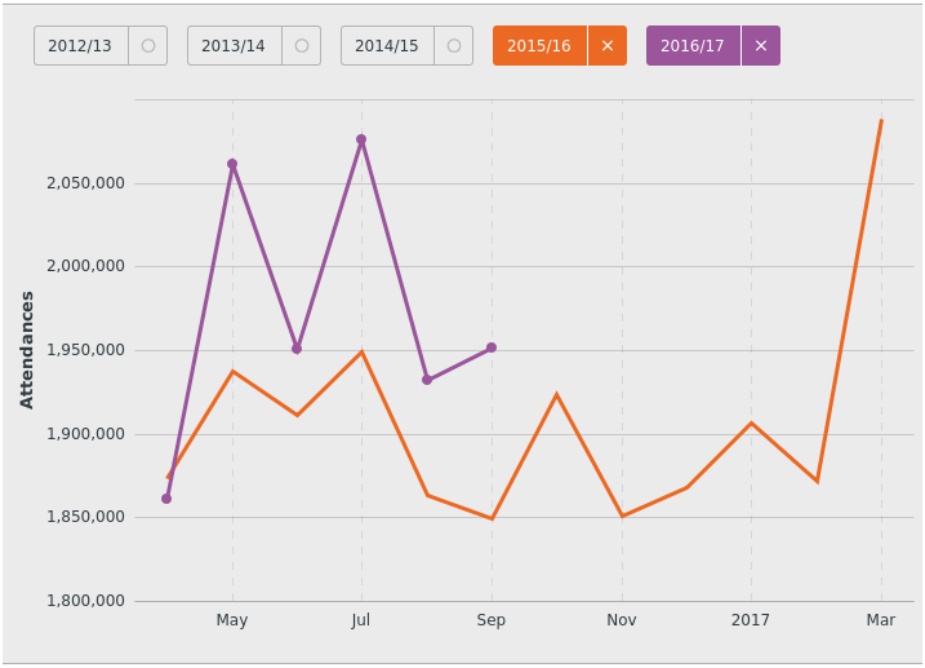
Figure 30: Percentage spending more than four hours in A&E from arrival to admission, transfer or discharge; quarterly data



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

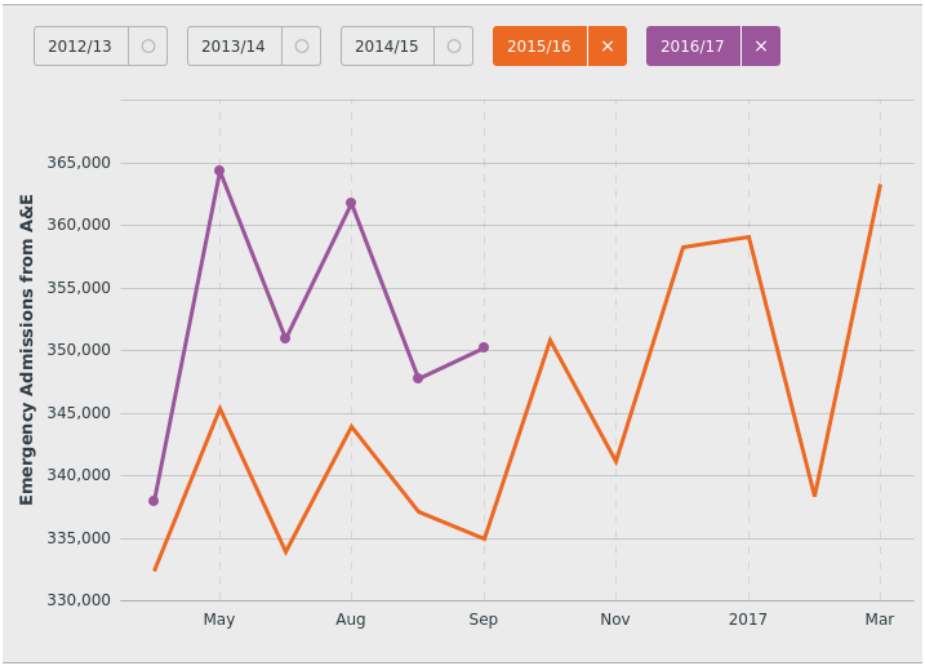
- Pressures to admit more patients continued to impact performance against the four-hour standard in the second quarter of the year (Figure 30). Compared to the same quarter last year, A&E attendances were 5 per cent higher this year (Figure 31) and emergency hospital admissions from A&E increased by 4 per cent (Figure 32).
- These small percentages represent large numbers. The increase equates to more than 283,000 additional attendances and 40,400 additional admissions to hospital in the second quarter of 2016/17 compared to 2015/16.
- To put it another way, for each month so far in 2016/17 this is the equivalent of an additional 77,530 attendances at A&E departments and 13,835 admissions from A&E compared to the previous year.

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



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

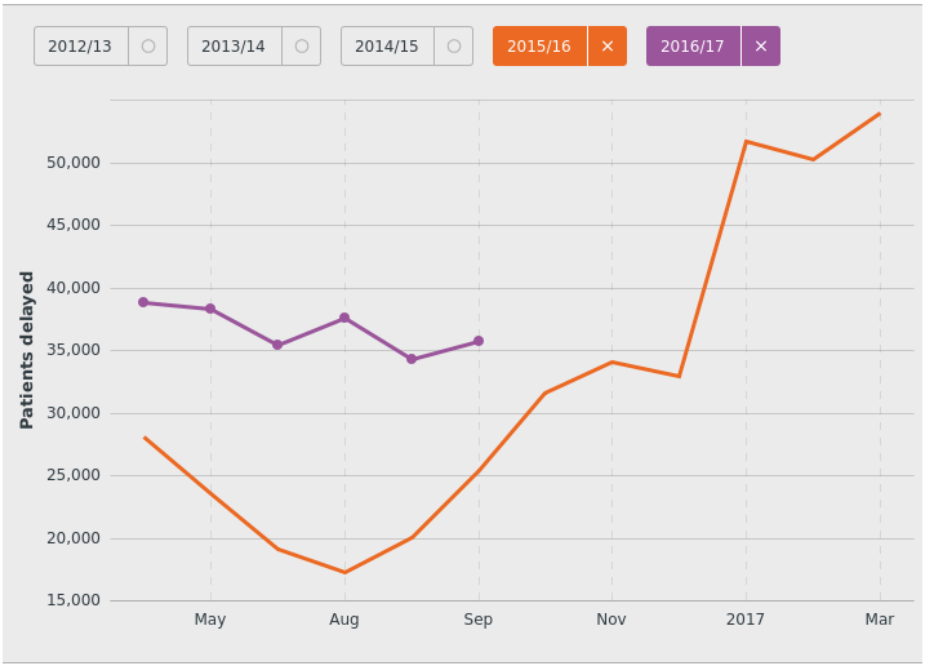
Figure 32: Emergency admissions from accident and emergency departments, monthly data



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

- There has been an increase in the number of patients waiting more than four hours from decision to admit from A&E to admission to a hospital bed on a ward ('trolley waits'): more than 107,600 patients in quarter two 2016/17, 44,344 patients (70 per cent) more than the same quarter 2015/16 (Figure 33).

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

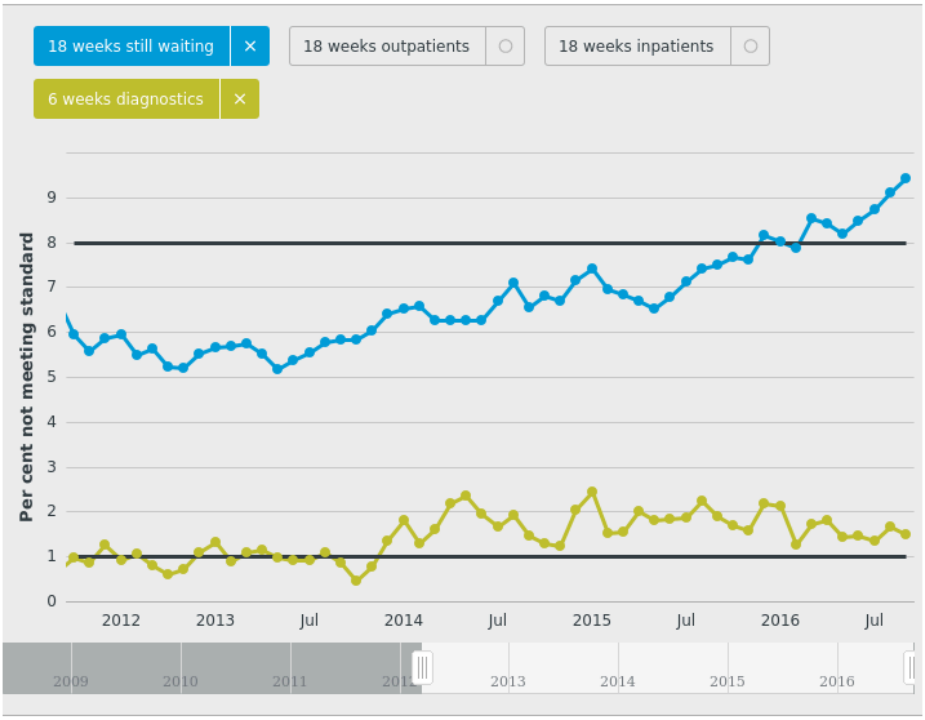


Data source: A&E attendances and emergency admissions www.england.nhs.uk

3. Waiting times

- The proportion of patients waiting more than 18 weeks to begin their treatment increased to 9.4 per cent in September 2016 (Figure 34). This is the seventh month in a row that the target (8 per cent) has been breached, and is the worst performance since this target was introduced in April 2012. In total, there were more than 348,500 patients still waiting to begin their treatment after 18 weeks at the end of September 2016, and more than 1,181 of these patients have been waiting for more than a year.
- For the targets that were dropped last year, latest figures show that the proportion of admitted patients treated after having waited more than 18 weeks remained above 20 per cent in July, August and September 2016. The proportion of non-admitted patients waiting more than 18 weeks was more than 9 per cent in September 2016.

Figure 34: Per cent still waiting 18 weeks to begin treatment / having waited more than six weeks for diagnostics

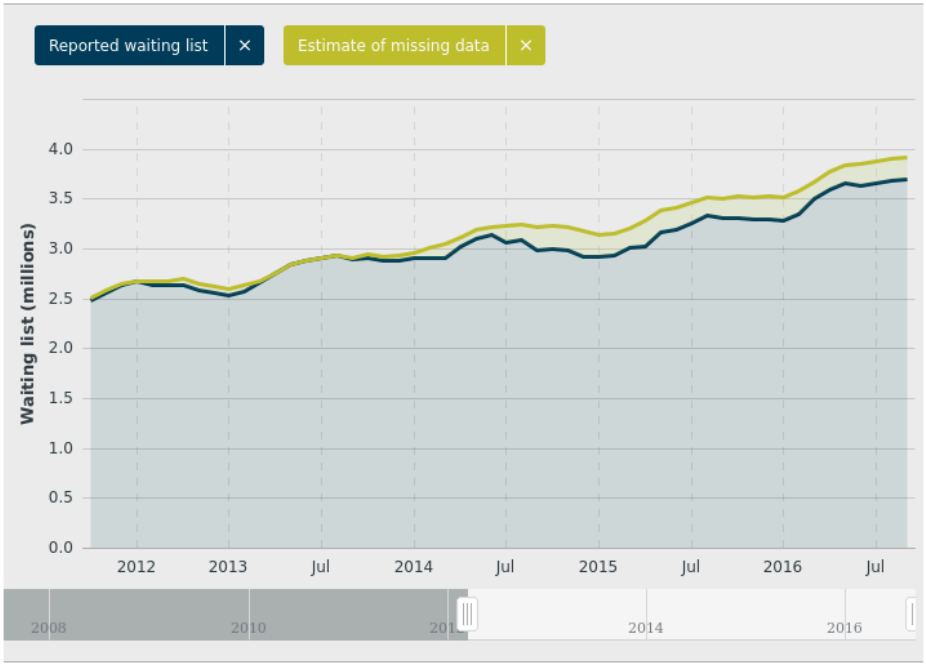


Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

Diagnostic waiting times statistics www.england.nhs.uk

- The total elective waiting list continues to grow. In September 2016 the total waiting list increased to 3.7 million, an increase of more than 411,470 patients compared to January 2016.
- Furthermore, this total does not include several trusts that have not been reporting their waiting lists. Including these trusts, NHS England estimates that the true waiting list in September 2016 was more than 3.9 million patients (Figure 35). This puts the waiting list back to the highest level since December 2007.

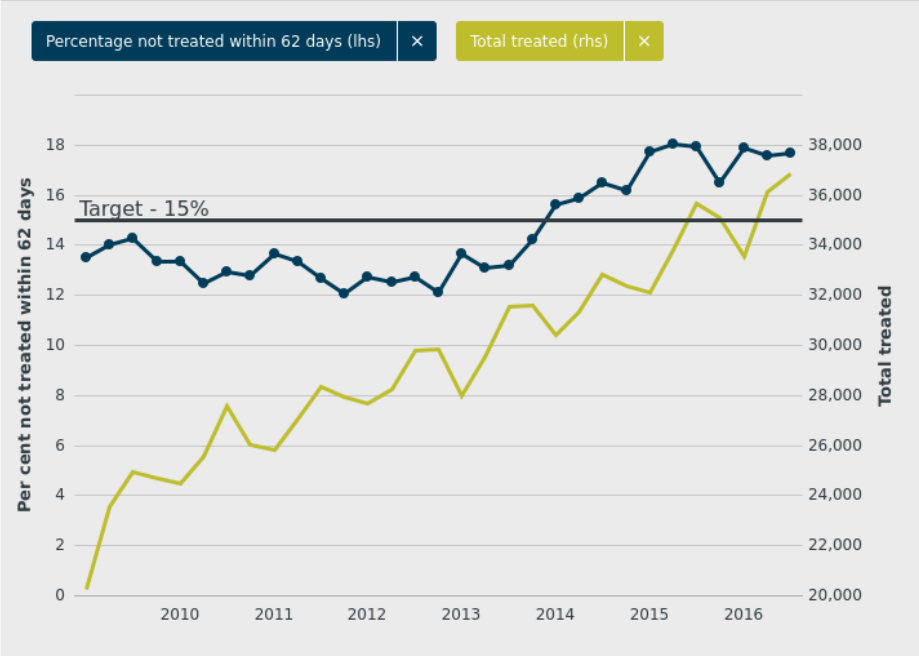
Figure 35: Referral-to-treatment total waiting list size in millions, England



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

- The proportion of patients waiting more than six weeks for a diagnostic test has now missed its target (1 per cent) for the past 34 months in a row.
- 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 four 2008/9 until quarter four 2013/14, when it was missed (15.6 per cent). In the latest quarter (quarter two 2016/17 (July to September 2016)) performance was similar to the previous quarter, increasing fractionally to 17.7 per cent. This standard has not been met for the past two and a half years (Figure 36).

Figure 36: 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

4. Delayed transfers of care

- At the end of September 2016, 6,775 patients were delayed in hospitals, the highest number ever published and an increase of 29 per cent since September 2015 (Figure 37).
- The number of total days delayed increased to more than 196,000 in September 2016, the highest ever recorded (Figure 38) and 33 per cent higher than September 2015.

Figure 37: 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, 2016/17 www.england.nhs.uk

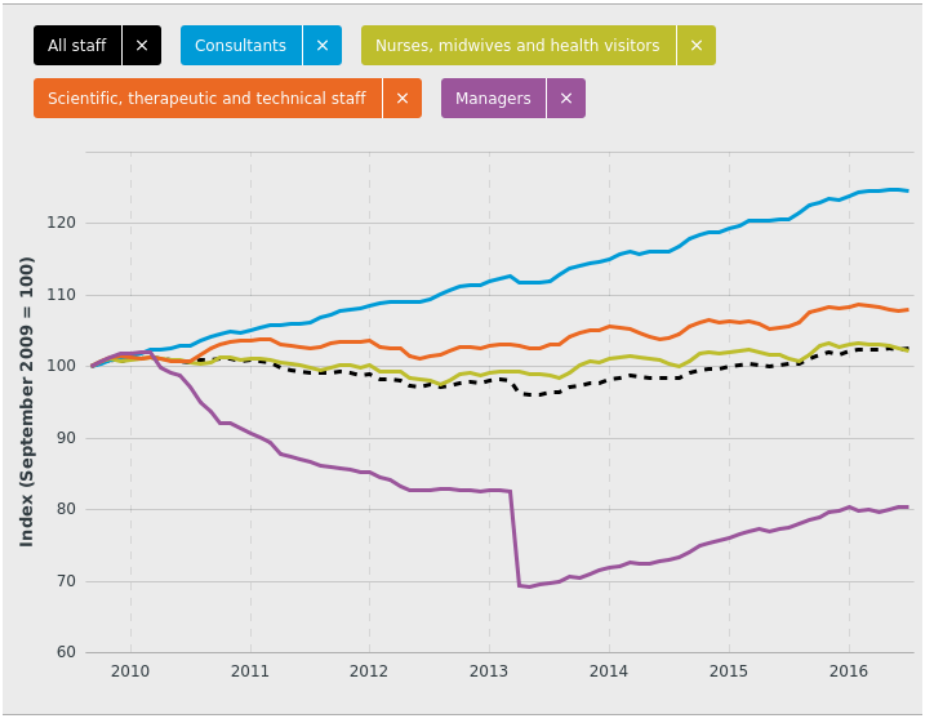
Figure 38: Delayed transfers of care: total number of days delayed each month

Data source: Acute and non-acute delayed transfers of care, total days delayed, 2016/17 www.england.nhs.uk

5. Workforce

- Using the recalculated workforce figures following the introduction of the new definitions, in July 2016 the total number of full-time equivalent (FTE) staff working in hospital and community health services (excluding, for example, general practitioners) was more than 1.027 million (Figure 39).
- Compared to July 2015, there has been an increase in all staff of 22,132 FTE posts (2.2 per cent). This has been across all staff groups: consultant numbers have increased by 3.2 per cent; managers by 3.6 per cent; scientific, therapeutic and technical staff by 2.2 per cent; nurses, midwives and health visitors by 1 per cent.

Figure 39: Index change in NHS full-time equivalent staff: September 2009 - July 2016

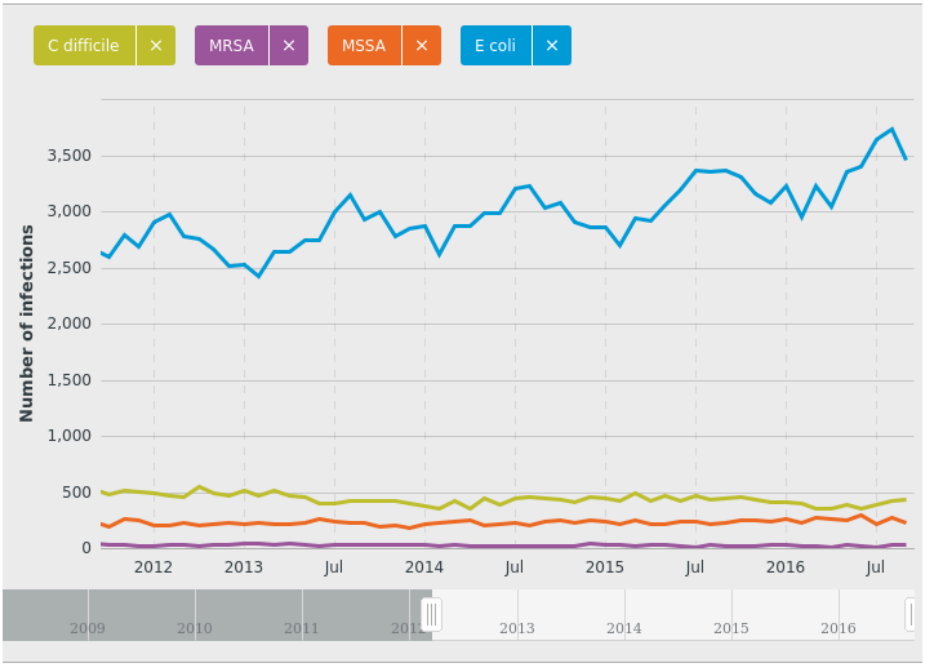


Data source: Monthly NHS Hospital and Community Health Service (HCHS) Workforce Statistics in England - May 2016, Provisional statistics http://www.digital.nhs.uk

6. Health care-acquired infections

- *C difficile* infections remained below 400 cases a month between March and July 2016 but increased to 425 in August and September 2016. The number of methicillin-resistant *Staphylococcus aureus* (MRSA) infections remains low – a total of 31 in September across England (Figure 40).
- The number of reported methicillin-susceptible *Staphylococcus aureus* (MSSA) infections in September 2016 have decreased to 232. Similarly, numbers of *E coli* infections decreased.

Figure 40: 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 www.gov.uk

7. General practice activity data

Source: ResearchOne

In this section, we have used data from ResearchOne, a health and care research database created using records held on TPP's SystmOne, one of the main providers of information systems in general practice in England to compare the amount of activity experienced in a sample of 202 practices (approximately 2.5 per cent of all practices in England) in the first two quarters of 2016/17 with the same period in 2014/15.

Our sample shows the number of patient contacts with GPs has changed significantly over the past two years, with a 9.9 per cent increase in contacts with patients in quarters one and two of 2016/17 compared to the same period in 2014/15. The increase in activity is greater in telephone contacts (an increase of 36.6 per cent) than face-to-face contacts (an increase of 6.1 per cent) (Figure 41). Part of this overall increase in activity can be attributed to an increase of approximately 4.6 per cent in the registered patient list size of the practices in our sample over the same period.

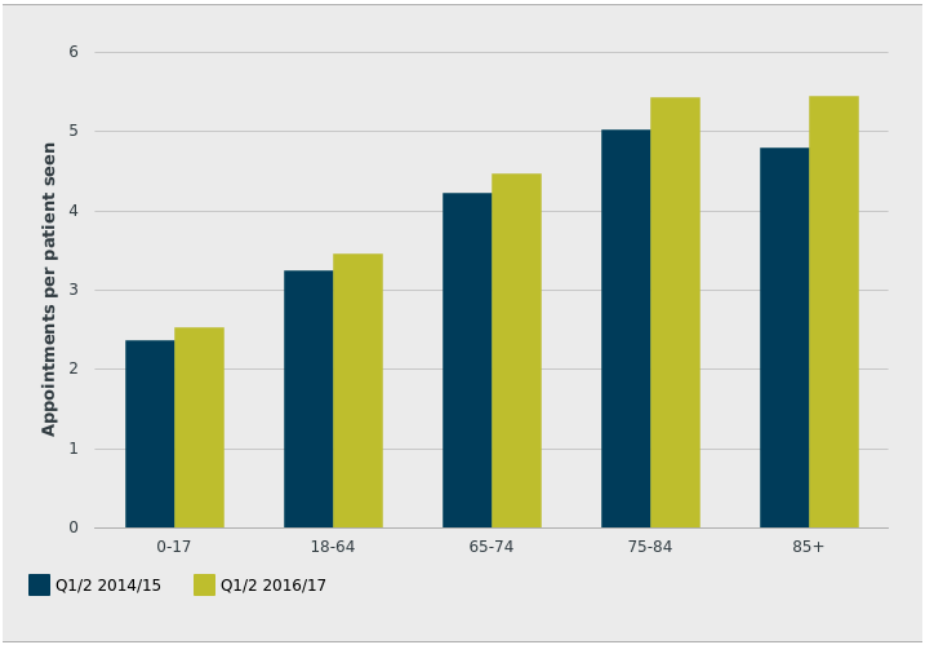
As respondents to our GP survey reported, the sample data also suggests that activity is being shifted away from face-to-face contacts towards telephone activity, face-to-face contacts falling from an average of 92 per cent of activity in quarters one and two 2014/15 to 89.5 per cent in quarters one and two 2016/17.

Breaking this activity down by age of patient, the data suggests that, although in most age groups there has been an increase in the number of contacts with clinical staff of around 9 per cent between quarters one and two 2014/15 and quarters one and two 2016/17, there was much higher growth for patients 85 and over, with 26 per cent more contacts over the same time period.

If we consider the number of appointments per patient seen (ie, the contacts for people who have had a face-to-face or telephone contact in each practice within the period studied, not the number of patients on each practice list), we can see that the largest growth in number of contacts has come in those aged over 75 (Figure 42).

GPs

Figure 42: Number of contacts per patient seen



GP referrals to secondary care in England

GP referrals to secondary care are growing (Figure 43) at a rate that outstrips population growth. While this causes increased activity for secondary care, it also generates additional work for general practice both in making the initial referral and following up tasks once the patient has been seen in secondary care.

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