QMR 20 SEPTEMBER 2016

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.

REPORT AUTHORS

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54,000

additional A&E attendances compared to the same time last year

14,200

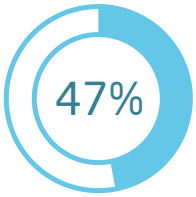
more emergency hospital admissions compared to the same time last year

"Winter usually brings a dip in NHS performance, but key targets are now being missed all year round. This reflects the impossible task of continuing to meet rising demand for services and maintain standards of care within current funding constraints."

Richard Murray, Director of Policy

3.8 million

patients waiting for treatment in June 2016 – the highest level since December 2007



of NHS trusts forecasting end-of-year deficits

of CCGs forecasting end-of-year deficits – twice as many than at this time last year

Headlines

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 bodies have introduced a new approach to managing NHS provider 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; NHS Improvement has already set a revised target of a £250 million deficit for the sector.

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 the financial strength of the organisation. Twenty-four NHS providers have not yet agreed control totals. Once Sustainability and Transformation Fund payments are included, the combined control totals for all trusts should have added up to net balance for the provider sector.

Meeting finance and performance targets

If providers fail to meet the finance and performance requirements that underpin their control totals, access to the Sustainability and Transformation Fund will be withheld. In the first quarter of 2016/17, 29 providers failed to meet these requirements and had Sustainability and Transformation Fund 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. 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 financial support.

Latest forecasts

Without further action, NHS Improvement currently forecasts a full-year net provider deficit of £644 million for 2016/17 but is aiming to reduce this to a net £250 million deficit.

How is the NHS performing?

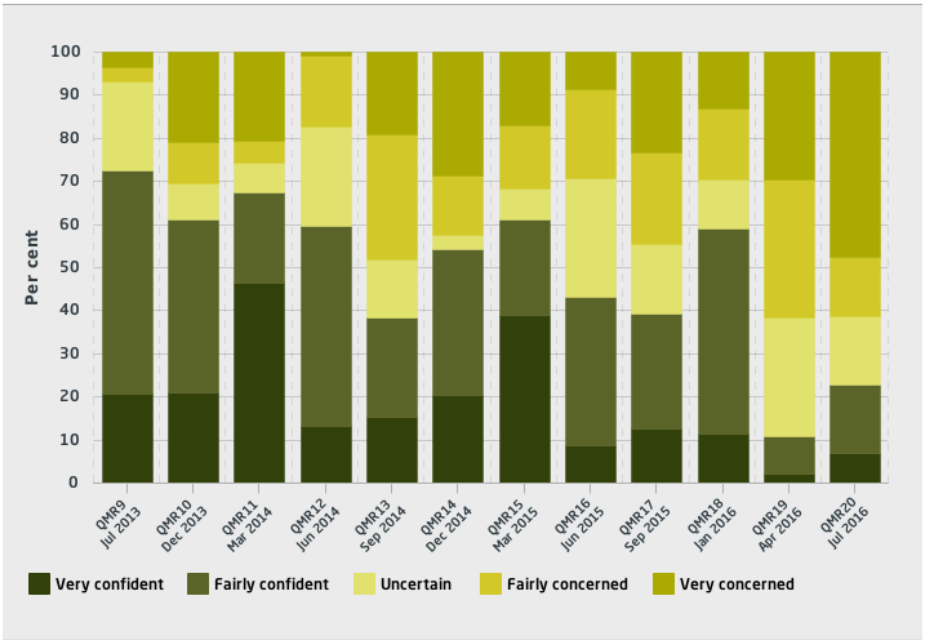
- 2016/17 is a critical year for NHS finances. With NHS provider deficits hitting £2.45 billion in 2015/16, the £1.8 billion Sustainability and Transformation Fund has been established with the initial objective of reducing the net provider overspend to zero this year. The evidence from our latest survey of finance directors gives an indication of progress against this objective and the implications for future years.
- For NHS providers, this additional £1.8 billion and the measures taken by the national bodies to tackle overspending does appear to have reduced the overall net deficit, with existing plans for the year forecasting a £644 million overspend (NHS Improvement 2016). However, alongside failing to reach net financial balance

overall, nearly half (47 per cent) of providers in our survey are still forecasting deficits. This will leave trusts in many parts of the country entering 2017/18 with an underlying deficit. Perhaps more worryingly, 40 per cent of NHS providers are concerned or very concerned that they will not hit their financial targets in 2016/17, creating a risk that deficits will increase over the year.

- While in 2015/16 NHS commissioners underspent their budget by £670 million (Department of Health 2016), this year our survey shows that clinical commissioning groups (CCGs) are facing far greater challenges in balancing their books. Compared to the same time last year, the proportion forecasting a deficit or break-even has risen from 24 to 43 per cent. CCGs' pessimism over their targets for making savings this year is even greater, with the proportion stating they are concerned or very concerned over their savings targets rising from under 30 to more than 60 per cent since the same time last year. Just as with NHS providers, this creates a risk that CCGs' finances will deteriorate as the year progresses.

CCG LEADS

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



40 CCG finance leads answered this question for the 44 CCGs they cover collectively; CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Although a lot will be achieved, there are real issues in timescale to deliver QIPP with going through consultation and current open-ended PbR [Payment by Results] contracts make it very difficult unless real demand management can be achieved."

"QIPP reporting at month 3, based on activity/milestones reporting for two months of the year, shows QIPP delivery at 59 per cent of plan (in 2015/16 QIPP delivery was c85 per cent of plan)."

"Areas of expenditure highlighted for QIPP schemes are significantly over plan year-to-date, therefore, delivering actual savings in-year will be very difficult."

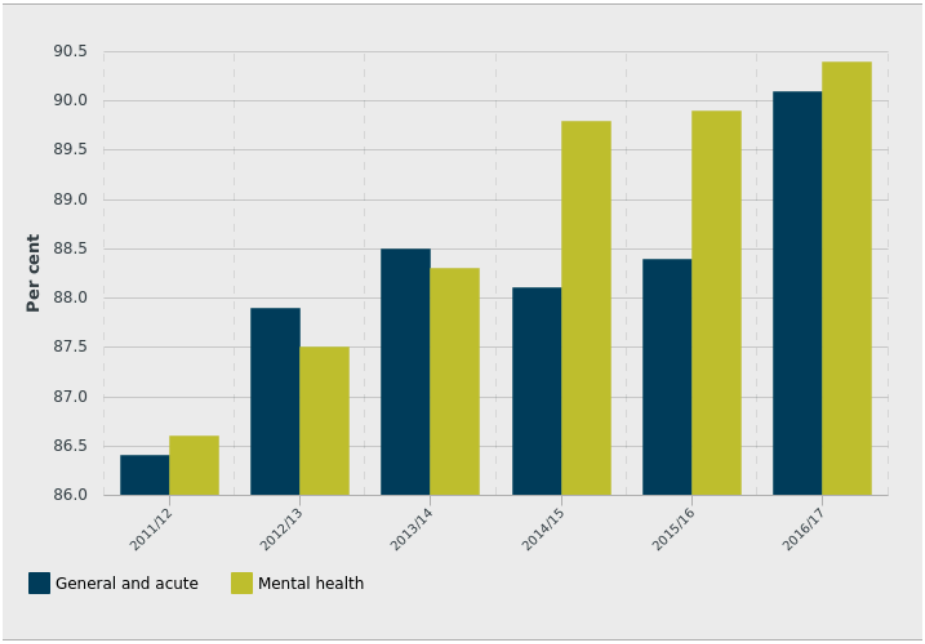
"I think we will do well to achieve half of our QIPP target. Most QIPP schemes depend entirely on changing clinical behaviours and we do not have direct control or sufficient financial leverage over primary care to deliver that..."

Financial prospects for 2016/17

- National bodies have responded to the financial crisis in the NHS by introducing an increasing range of financial and operational controls over local NHS organisations. This has meant that access to central support via the Sustainability and Transformation Fund comes with strings attached on finance and performance, with spending on agency staff and infrastructure (capital) being two notable targets.
- For providers, the introduction of the Sustainability and Transformation Fund and other measures has led to a reduction in the size of the net deficit and in the number of organisations actually in deficit, when compared to last year. However, the scale of the financial challenge was such that half of the organisations receiving Sustainability and Transformation Fund support are still in deficit, and 47 per cent of all providers (whether or not they are receiving Sustainability and Transformation Fund support) are still forecasting an overspend. For these organisations, the Sustainability and Transformation Fund may have reduced the size of their deficit, but it has not been sufficient to remove it entirely. This has left many providers still relying on reserves, other financial support from the Department of Health and on savings made by cutting capital spending programmes. With latest plans still forecasting a net £644 million deficit, clearly these measures have not yet been sufficient to return many NHS providers to financial good health.
- Control totals have been set for all NHS providers in 2016/17. These set out the financial targets for each organisation and are applied whether trusts are in deficit or surplus. Our survey shows that at this early stage of the financial year, most providers (87 per cent) still expect to deliver their control totals. However, 40 per cent were fairly or very concerned that they would ultimately fail to do so; this raises the risk that the provider position may deteriorate as the year goes on.
- Controls on the use of expensive agency staff are a further key building block of the drive to reduce deficits. Our survey confirms widespread action to reduce agency bills, with more than 70 per cent of organisations expecting to reduce their use of agency staff. This is a common objective across the acute, community and mental health sectors. Nearly a quarter (22 per cent) are also looking to reduce their permanent clinical workforce headcount, 14 per cent of acute sector providers, rising to nearly 40 per cent of community and mental health providers. Plans to reduce the workforce in community and mental health settings seem surprising given these sectors ended 2015/16 in net surplus and with increasing evidence of problems with quality of care and access.
- More than half of our survey respondents (both trusts and CCGs) think patient care has deteriorated over the past 12 months with delayed transfers of care (for trusts) and the four-hour A&E target (for CCGs) topping the list of concerns. Both concerns are understandable: the number of days lost to delayed transfers of care has risen by 23 per cent since June last year. On A&E waiting times, in quarter 1 2016/17 the proportion of patients waiting more than four hours from arrival to discharge, admission or transfer in all A&E departments was 9.7 per cent. In June alone this had scarcely improved to 9.5 per cent, the worst performance in A&E at this time of year since 2003/4. Alongside A&E, the NHS missed its performance standards for the 18-week referral-to-treatment target, waiting times for diagnostics and ambulances and for the 62-day cancer waiting times target.
- Problems in A&E and elsewhere are examples of the wider challenge facing the NHS: how to maintain performance while also reducing deficits. This means many organisations are running increasingly `hot', trying to treat more patients with the same (or less) capacity. In general and acute and mental health hospitals, the percentage of overnight beds occupied by patients is over the 90 per cent mark, well above levels seen in previous years and likely to be a key contributor to delays in admitting patients from A&E. Yet as demand continues to rise with year-to-date increases to June of 3.6 per cent in non-elective admissions and 3.2 per cent in GP referrals, this balancing act between finance and performance is getting more difficult.

NHS TRUSTS CCG LEADS

figure 2: Percentage of beds occupied in general and acute, and mental health hospitals, quarter 1, 2011/12 to 2016/17



Data source: Bed availability and occupancy, quarter ending June 2016

Beyond 2016/17

- Following the Brexit referendum, the government has set aside the targets for public borrowing that underpinned last year's Spending Review. With likely changes to the forecasts for economic growth and for inflation, the Autumn Statement will set out the government's new plans for the rest of this parliament. In advance of that, our survey shows finance directors in trusts and CCGs share the same deeply pessimistic view of the future, with 64 per cent of trusts and 55 per cent of CCGs fairly or very worried about achieving financial balance in 2017/18. Looking further ahead, 77 per cent of trusts and 70 per cent of CCGs think there is a high or very high risk the NHS will not deliver the efficiency savings needed to deliver the *NHS five year forward view* (Forward View).

References

- Department of Health (2016). *Annual report and accounts 2015-16* (for the year ended 31 March 2016) [online]. GOV.UK website. Available at: www.gov.uk/government/publications/department-of-health-annual-report-and-accounts-2015-to-2016 (accessed on 2 September 2016).
- NHS Improvement (2016). *Quarterly performance of the NHS provider sector: 3 months ended 30 June 2016* [online]. Available at: https://improvement.nhs.uk/news-alerts/nhs-providers-make-strong-start-with-finances/ (accessed on 2 September 2016).

1. Health care surveys

This report details the results of an online survey of NHS trust finance directors carried out between 7 July and 1 August 2016. We invited 214 NHS trust finance directors to take part and 74 responded (35 per cent response rate). The sample included 35 acute trusts; 28 community and mental health trusts; 1 specialist trust; 3 ambulance trusts and 7 unknown.

In addition, we contacted 138 clinical commissioning group (CCG) finance leads and 40 responded (29 per cent response rate). Between them these finance leads covered 44 CCGs (21 per cent of all CCGs).

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

- Our recent survey found nearly half (47 per cent) of trusts forecast ending the current year (2016/17) in deficit (Figure 3). Furthermore, 50 per cent of providers expecting to receive Sustainability and Transformation Fund monies still forecast a deficit by the end of the year.
- Although around 57 per cent of CCGs forecast a surplus for 2016/17, just under a quarter (23 per cent) are expecting to overspend – the highest proportion since we began our surveys (Figure 4).
- Around 92 per cent of trust finance directors reported that their forecast position for 2016/17 would depend on additional financial support (Figure 5).
- The total net deficit forecast for the end of 2016/17 for the 74 provider organisations surveyed amounted to £263 million. For acute providers the net deficit is £256 million (ranging from £1.45 to £52 million).
- We also asked trusts to provide details of their agreed control totals for 2016/17. Of the 67 trusts that had agreed control totals or were in the process of agreeing control totals, 13 per cent were already forecasting a worse end-of-year position against their control total. Forty per cent of trusts are either fairly or very concerned about meeting their agreed control totals in 2016/17 (Figure 6).
- Across the 44 CCGs surveyed, there is a net surplus forecast for 2016/17 of around £99.5 million, although this includes some CCGs relying on the carry-forward of surpluses from previous years.

Respondent comments

"£15.5 million positive control total but underlying deficit of more than £40 million."

— Large acute foundation trust

"Difficult start to the year, many operational challenges and huge risks re CQUIN [Commissioning for Quality and Innovation]. Break-even looks challenging."

— Teaching hospital (with adult community services)

"The surplus is dependent on receiving STF [Sustainability and Transformation Fund] funding. Without it we are in deficit. We also have transitional support from commissioners that masks a significant underlying recurrent deficit."

— Acute foundation trust

"Difficulties with the cost improvement plan identification without reducing quality of service."

— Community NHS trust

"Following withdrawal of specialist top-up funding and repeated delays to introduction of HRG4+ tariffs until at earliest 1 April 2017."

— Tertiary specialist

Respondent comments

"Already, with three months' financial reporting and only one month's hospital activity about to be 'frozen' there are emerging pressures on the budget, requiring additional savings schemes to be identified in order to maintain forecast break-even for the year."

"The 1 per cent headroom planned by CCGs has not been released by NHS England. This is increasing the pressure on commissioner budgets."

"Financial performance in the early months of 2016/17 has put the achievement of a surplus at significant risk."

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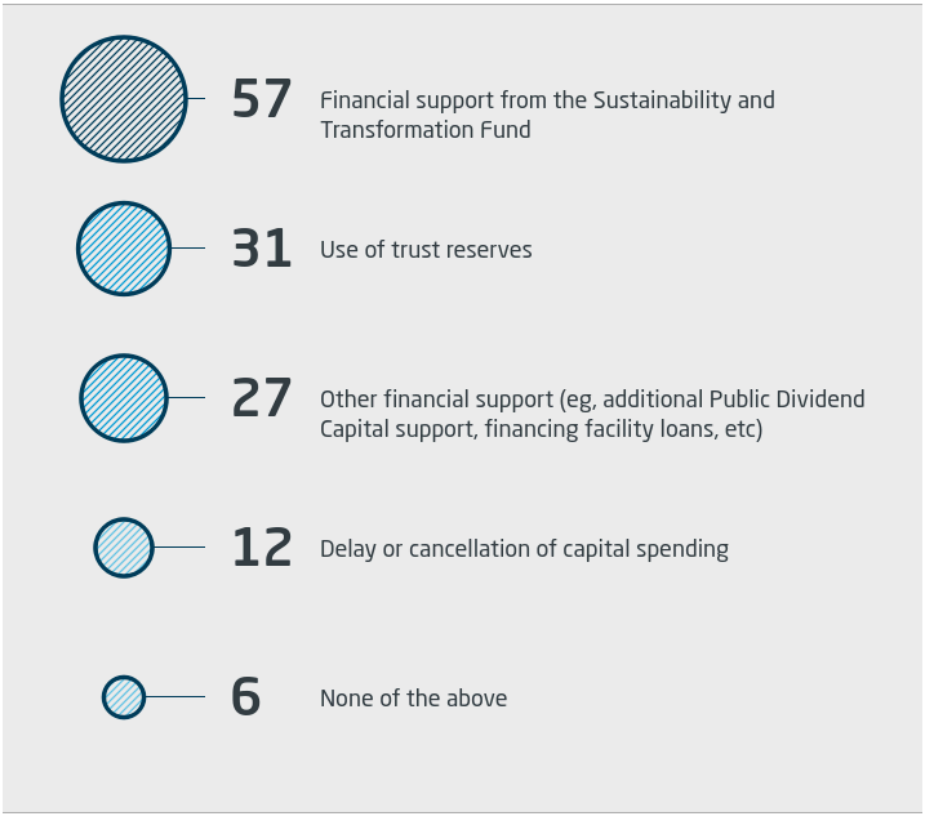
Figure 5: What is your forecast 2016/17 end-of-year outturn likely to depend on:



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

Respondent comments

"Financial support from the STF [Sustainability and Transformation Fund], plus: sale of surplus assets, holding non-clinical vacancies, increasing car park charges."

– Acute provider

"Use of trust reserves, plus: management of activity pressure to within funded envelope with risk of over-performance being unfunded."

– Mental health NHS foundation trust

"The new rules on the STF [Sustainability and Transformation Fund] have only just emerged, and make it unlikely that we will hit the control total, even if we use every last pound of reserve that we have. Our NHS trading environment is as transactional and challenging as ever, with pressure on CCGs to elicit every last penny from providers."

– Large acute foundation trust

"Financial support from the STF [Sustainability and Transformation Fund], other financial support.....and to a property sale and to the launch of domestic and overseas private patient activities, driven by the need to subsidise loss-making NHS services."

– Tertiary specialist

Respondent comments

"We are not expecting to be able to reach our control total after a small number of significant issues have arisen in quarter one."

– Mental health and disability trust (very concerned)

"Main risks are around performance relating to sustainability and transformation funding."

– Acute trust (uncertain)

"We have some risks, and I'm concerned that STF [Sustainability and Transformation Fund] metrics do not include mental health, therefore heavily weighted on financial performance, with the potential of a 'double whammy'."

– Mental health foundation trust (fairly confident)

"Already I fear we might miss our [20]16/17 plan by up to £3 million to £4 million (downside). The bottom line number, of course, depends on the extent to which the DH/NHSI [Department of Health/NHS Improvement] encourage another round of technical adjustments including capital to revenue etc..."

– Acute trust (fairly concerned)

"Contract income risks even against a prudent plan, sustainability and transformation dependent on performance, ambitious CIP, hopeless local demand controls and meltdown in workforce and labour relations. And Brexit-driven inflation. Am I worried? Yes, of course I'm worried; if you aren't worried you aren't paying attention."

– Acute and community trust (very concerned)

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 4.2 per cent, ranging from 0.75 per cent to 9.5 per cent of turnover (Figure 7)
- The average quality, innovation, productivity and prevention (QIPP) target for CCGs for 2016/17 is 3.3 per cent, ranging from 0.6 per cent to 6 per cent of allocation (Figure 7).
- Around 40 per cent of all NHS trust finance directors continue to be concerned about achieving their savings plans this year (Figure 8).
- For only the second time since we began surveying, CCG finance leads were more pessimistic than their trust counterparts about their savings programmes. Just under two-thirds (61 per cent) of all CCG finance leads were fairly or very concerned about achieving their plans this year (Figure 9).

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Figure 7: Trusts and CCGs CIP/QIPP targets for 2016/17

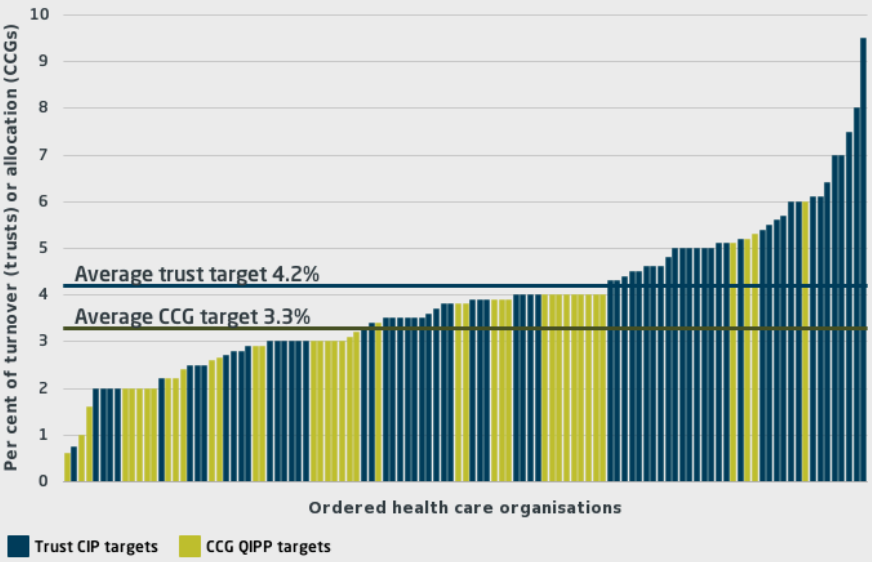

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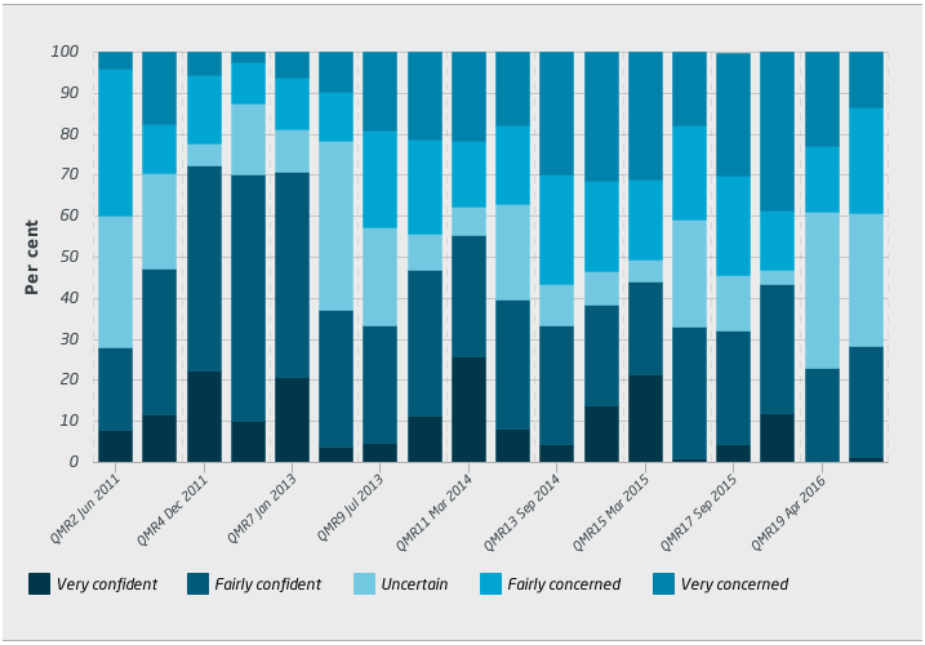
Figure 8: How confident are you of achieving your CIP target?



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

"It's getting harder to take costs out with more and more patients coming through the doors."

– Acute provider (fairly concerned)

"If demand had held steady, we may have come a little closer. However, the hospital is busier than ever (A&E up 20 per cent since 2008), and we lack the short-term funding to do the necessary transformational change that will allow us to get back onto a sustainable footing."

– Large acute foundation trust (very concerned)

"It's always a challenge, it just gets harder each year to manage recurrently."

– Mental health foundation trust (fairly concerned)

"Risks to our position remain pressure on acute and psychiatric intensive care beds, and ability to reduce our reliance on agency staff. I have done nothing so far about putting detailed figures on the likely impact of Brexit or a prolonged junior doctors' dispute."

– Mental health foundation trust (fairly confident)

"Urgent care demand is hitting unprecedented levels impacting the ability to drive down agency spend and drive up productivity."

– Acute multi-site provider (very concerned)

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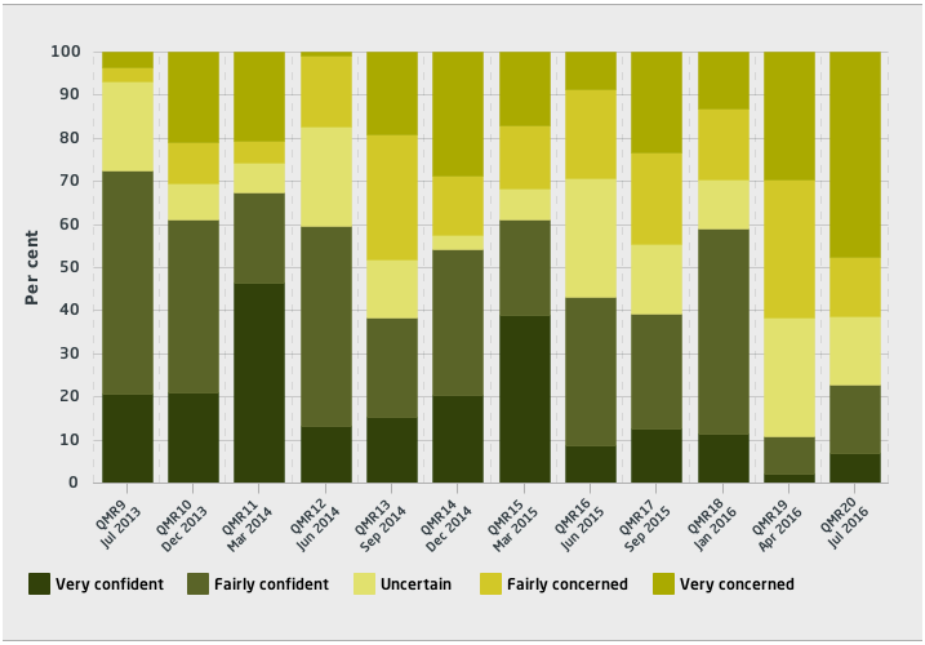
Figure 9: How confident are you of achieving your QIPP target?



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Respondent comments

"Although a lot will be achieved, there are real issues in timescale to deliver QIPP with going through consultation and current open-ended PbR [Payment by Results] contracts make it very difficult unless real demand management can be achieved."

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"Areas of expenditure highlighted for QIPP schemes are significantly over plan year-to-date, therefore, delivering actual savings in-year will be very difficult."

"I think we will do well to achieve half of our QIPP target. Most QIPP schemes depend entirely on changing clinical behaviours and we do not have direct control or sufficient financial leverage over primary care to deliver that..."

4. The state of patient care

- Although figures have slightly improved since our last survey in April, just under two-thirds of trust finance directors (58 per cent) felt that patient care had worsened in their local area in the past year (Figure 10).
- For CCGs, the worsening trend since our last survey continues, as 54 per cent of CCG finance leads felt that patient care had worsened in their local area in the past year (Figure 11).

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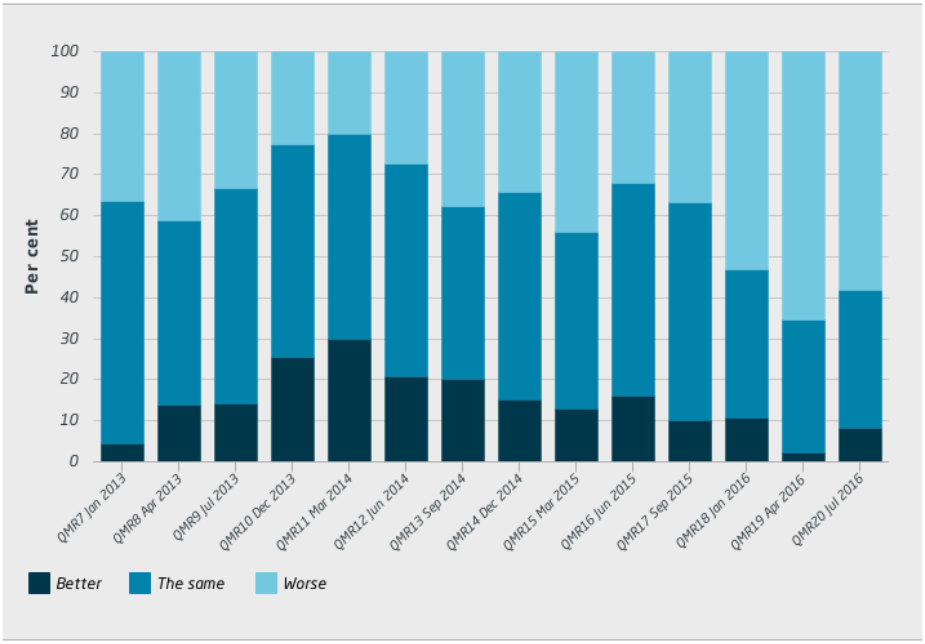
Figure 10: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



Question not asked before QMR6.

Respondent comments

"All organisations now struggling, LA [local authority] position dire, acute trusts planning and returning deficits, we're planning and forecasting a surplus but year-to-date deficit. CCGs similarly challenged, one in formal recovery the other two having unidentified QIPP."

– Community and mental health foundation trust (worse)

"To the extent that waiting time is a measure of the quality of patient care it has manifestly deteriorated."

– Acute foundation trust (worse)

"Trust deficits increasing, target performance deteriorating, CCGs in deficit, dysfunctional relationships and STP [sustainability and transformation plan] hubris. Plus the dead hand of regulators regularly slapping you in the face, saying 'not good enough, try harder or face the consequences'. Zombie boards powerless in the face of the regulator stranglehold."

– Acute trust (worse)

"Particularly out-of-hospital care, where block contracts and workforce crises are taking their toll."

– Acute and community (worse)

"Financial pressures and funding constraints are having a detrimental impact on patient care."

– Acute (worse)

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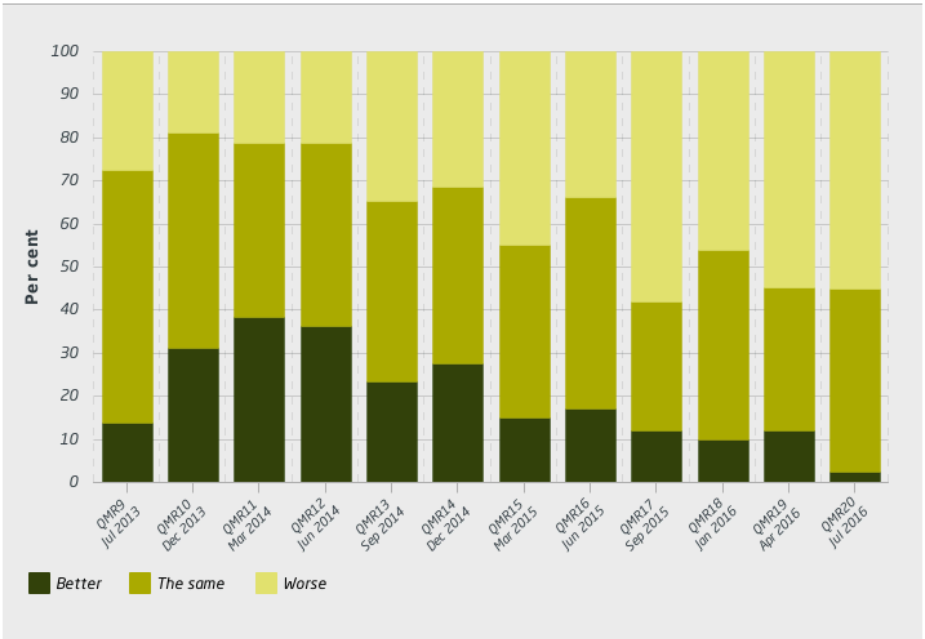
Figure 11: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"Primary care has significant capacity issues which have not been helped by the disinvestment that has taken place, eg, training."

– Worse

"Considerable issues in A&E, and delayed transfers of care."

– Worse

"In some ways it's got better as we've invested, eg, in more primary care access and out-of-hospital services, but the staffing crisis means other services have got worse."

– The same

"This comment relates to access - A&E targets missed, waiting lists lengthening, ambulance targets mythical."

– Worse

"How far this can last is debatable - CCG may have to try and introduce some form of rationing."

– The same

5. Organisational challenges

- For trust finance directors, delayed transfers of care is now their main concern, followed by the A&E four-hour waiting time target. Staff morale also continues to be one of the top three issues (Figure 12).

- CCG finance leads continue to be most concerned about the A&E four-hour waiting time target, delayed transfers of care and the cancer treatment waiting times targets (Figure 13).

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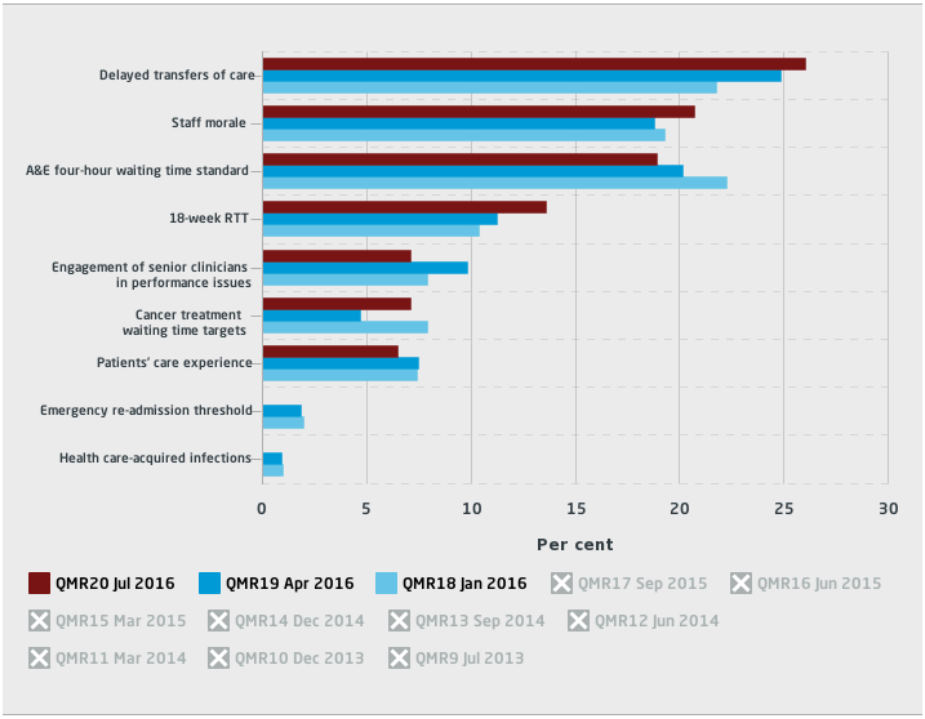
Figure 12: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



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

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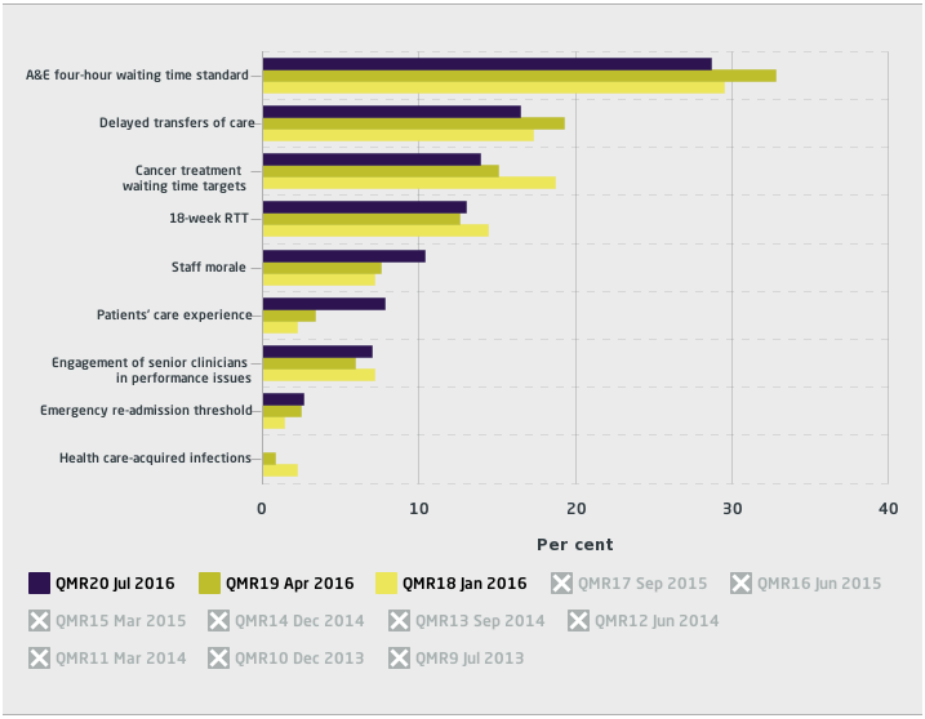
Figure 13: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



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

6. Workforce

- As providers continue to operate within an extremely challenging environment, they have a number of options available to them to help to achieve a break-even (or close to break-even) position. 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 and Transformation Fund funding. But what impact (if any) is this having on clinical staff?
- 71 per cent of trusts plan to reduce clinical agency staff in 2016/17, and 22 per cent plan to reduce headcount of permanent staff (Figure 14).
- 15 trusts plan to reduce both the number of clinical agency staff and reduce clinical workforce headcount.

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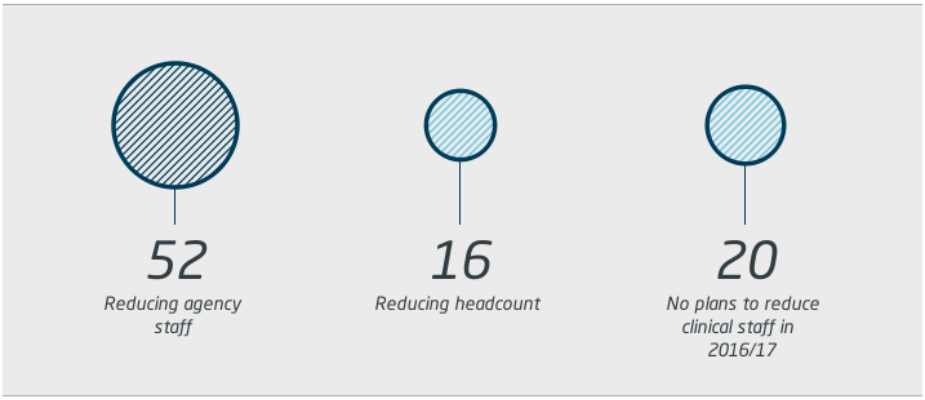
Figure 14: Does your organisation have plans for reducing clinical staff in 2016/17 through:



73 respondents (for whom this question was applicable)

Respondent comments

"CQC are looking for us to increase clinical staffing not decrease it."

– Acute trust (no plans to reduce clinical staff)

"Still seeing increased demand and increased acuity so therefore keeping clinical headcount flat would be productivity enough."

– Anon (no plans to reduce clinical staff)

"We are trying to reduce agency staff by filling substantive vacancies to reduce cost per whole-time equivalent but not headcount."

– Acute trust (reducing agency staff)

"Big efficiency drive across community teams to reduce agency usage and potentially headcount."

– Mental health trust (reduce agency staff and headcount)

"All options being explored."

– Community NHS trust (reduce agency staff and headcount)

7. NHS five year forward view

- Previous surveys have revealed a high degree of scepticism about the achievability of the productivity challenge as set out in the Forward View.
- This survey shows that around 77 per cent of trust finance directors and 70 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 15 and 16). Only one trust finance director and no CCG finance leads think the chances of achieving this is better than 50/50.

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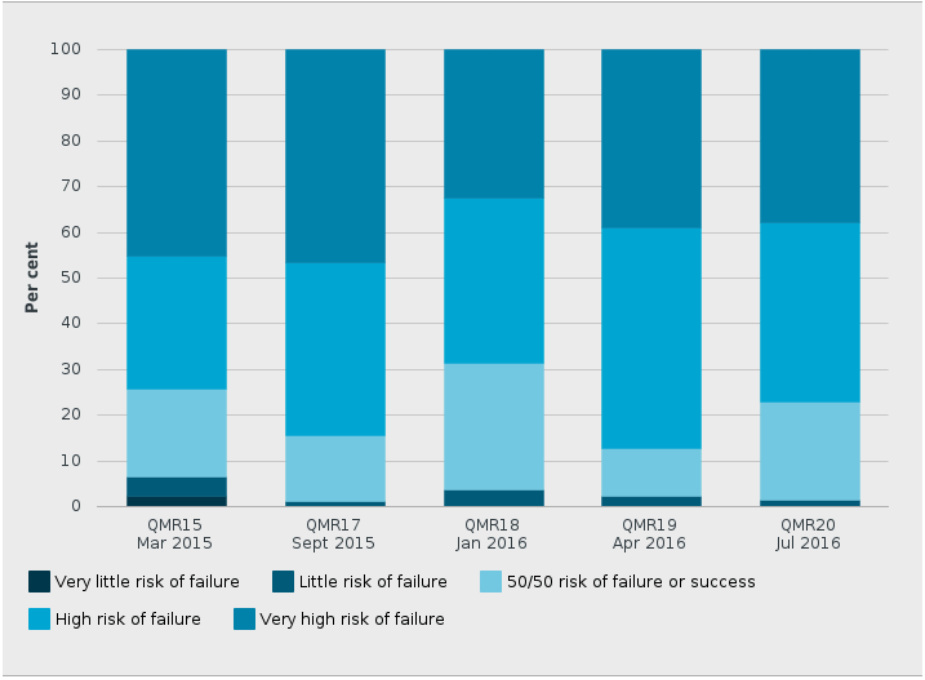
Figure 15: The NHS five year forward view sets out a challenge to the NHS to achieve an average of 2 to 3 per cent of productivity gains per year from 2015/16 to 2020/21. What is your estimate of the risk involved in achieving these productivity gains?



Question not asked in QMR16.

Respondent comments

"This is woefully understated – none of the 5YFV assumptions take account of current pressures or the MASSIVE social care and public health grant budget reductions; these double the estimates!"

– Community and mental health foundation trust (50/50)

"As commissioners push their savings down to providers, the providers will still have to achieve levels higher than 2 per cent. Savings are getting harder and harder to find."

– Acute trust (high risk of failure)

"Failure to achieve this target is not only risky, it is inevitable."

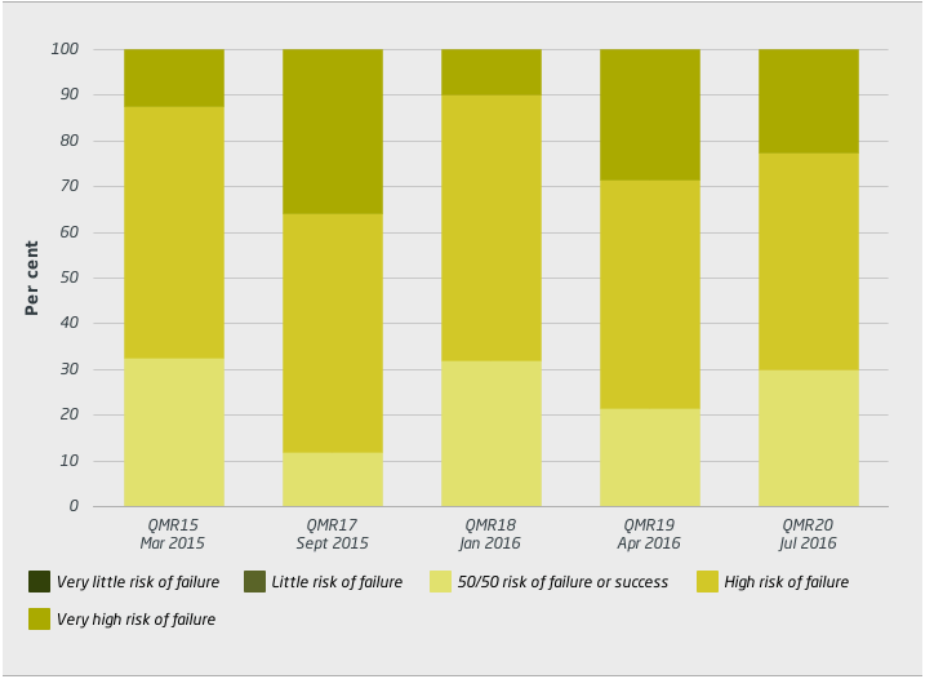
– Acute trust (very high risk of failure)

"It was doable with stronger strategic planning, properly structured. We got STPs [sustainability and transformation plans]. Now there's no chance – we'll see it crash and burn, then relaunched properly in [20]19/20, if we're lucky."

– Acute and community trust (very high risk of failure)

CCG LEADS

Figure 16: 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

"Always room for improvement but this target has been around for ever and it is hard to see how it can/will be achieved year after year. Even if it is it will be swamped by the constant increases in patient demand/acuity/expectations while at the same time trained staff are not available."

– High risk of failure

"The productivity gains expected are more than has been previously delivered by the NHS, and the more significant changes required to deliver efficiency will take 5-10 years to implement."

– Very high risk of failure

"Trusts have done more or less all they can to control costs - but too much effort remains on them maximising income which is unaffordable for CCGs."

– Very high risk of failure

8. Looking ahead...

- When asked for their views about the financial state of their wider local health and care economy over the next 12 months, 88 per cent of trust finance directors and CCG finance leads are fairly or very pessimistic (Figures 17 and 18) (a slight improvement on the last survey for trusts).

- With just under half of all trusts (47 per cent) forecasting a deficit for 2016/17, the situation looks worse for 2017/18: 63 per cent of NHS trust finance directors are very or fairly pessimistic about balancing their books in 2017/18 (Figure 19).
- More than half (55 per cent) of CCG finance leads are very or fairly pessimistic about achieving financial balance in 2017/18 (Figure 20).

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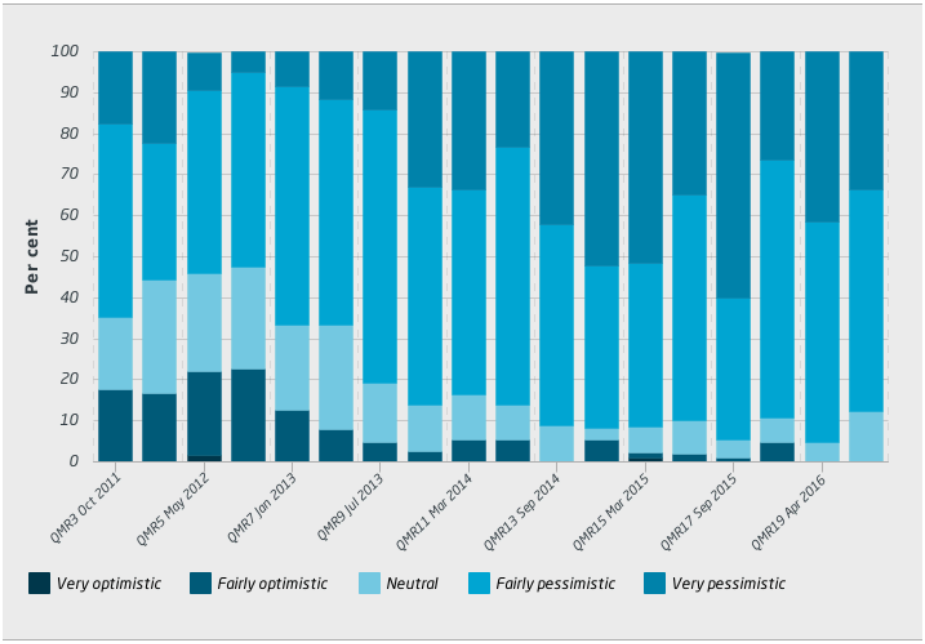
Figure 17: Overall, what do you feel about the financial state of the wider health (and care) economy in your area over the next 12 months?



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

Respondent comments

"There is a high degree of realism within the local health economy – offset by wholly unrealistic demands from the centre."

– Mental health provider (very pessimistic)

"I have chosen 'fairly pessimistic' because I need to leave some room for the inevitable deterioration in the subsequent 12 months!"

– Acute foundation trust

"We had a plan – but then in came STPs [sustainability and transformation plans] and we started the whole planning cycle again, with the same management consultants, only with less grip and more bureaucracy. Shame."

– Acute and community (very pessimistic)

"Neither the control totals or the STP [sustainability and transformation plan] are based on a realistic foundation. The pressure from above to come up with 'the right answer', ie, that the financial gaps can all be bridged, provides a powerful and unhealthy incentive not to plan on a realistic basis."

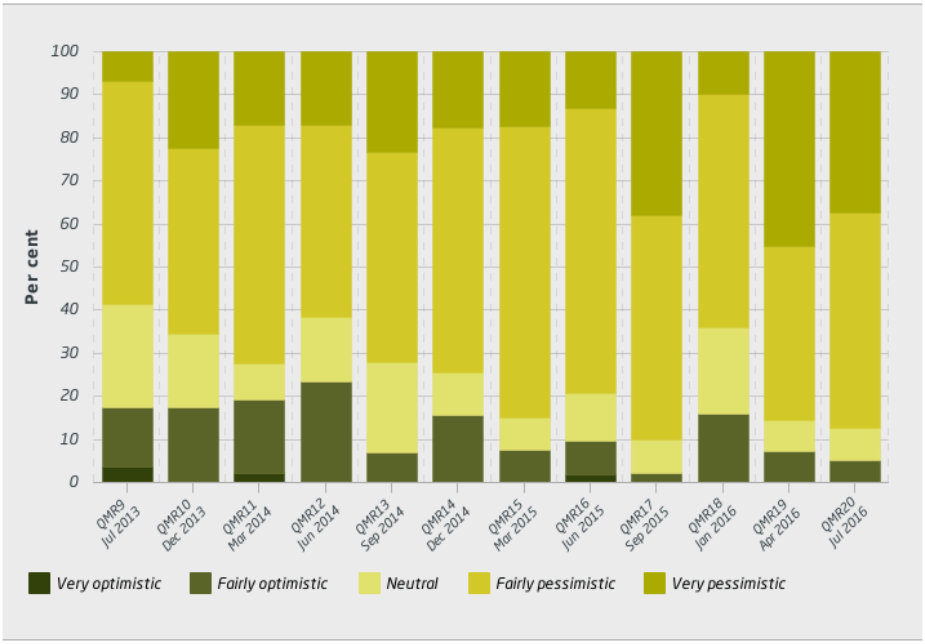
– Acute (very pessimistic)

"Potentially irreconcilable dependencies in commissioners' financial sustainability plans, versus likely demand/delivery realities and dependence of trust plan on continuing margins from incremental growth."

– Large university teaching trust (fairly pessimistic)

CCG LEADS

Figure 18: 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

"Commissioners and providers facing significant pressures. Worst I've seen this century."

– Fairly pessimistic

"Significant round of care cuts being factored in/main provider trust in financial difficulty."

– Very pessimistic

"Along with providers, CCGs are now under serious financial pressure. The 1 per cent [the reserve]... has caused a major challenge to delivering balance in year. All messages are suggesting that this is unavailable to CCGs and therefore it's difficult to see how the end-of-year target is deliverable without relying on at least some of this resource. Provider positions are underpinned by non-recurrent STF [Sustainability and Transformation Fund] resources and therefore the underlying position continues next year."

– Fairly pessimistic

"CCGs locally have survived up to now. This year I am already hearing stories of CCG deficits where previously there were none."

– Very pessimistic

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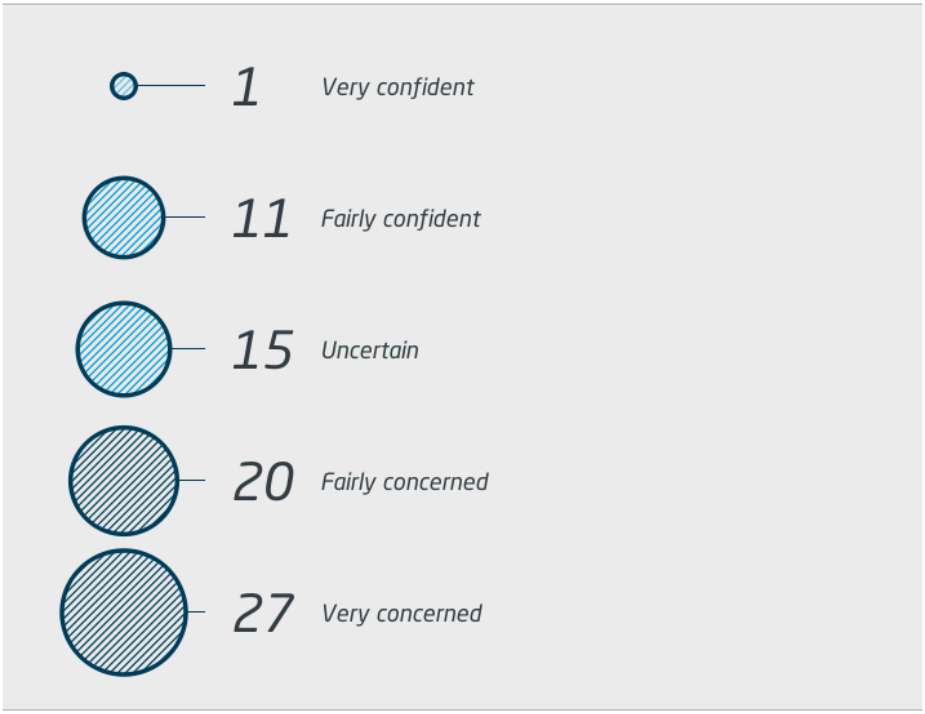
Figure 19: Looking ahead, how confident are you that your organisation will achieve financial balance in 2017/18?



Respondent comments

"What's happening with tariff, shared control totals, commissioner affordability, STF [Sustainability and Transformation Fund], etc?"

– Acute (uncertain)

"It feels as though the point where you cannot continue to do 'more for less' or 'the same for less' is upon us!"

– Social enterprise (fairly concerned)

"No chance."

– Large acute foundation trust (very concerned)

"It will depend on STF [Sustainability and Transformation Fund] funds or the tariff properly reflecting costs as was originally intended."

– Acute district general hopsital and specialist (fairly concerned)

"It cannot happen at current tariff and MFF [market forces factor]"

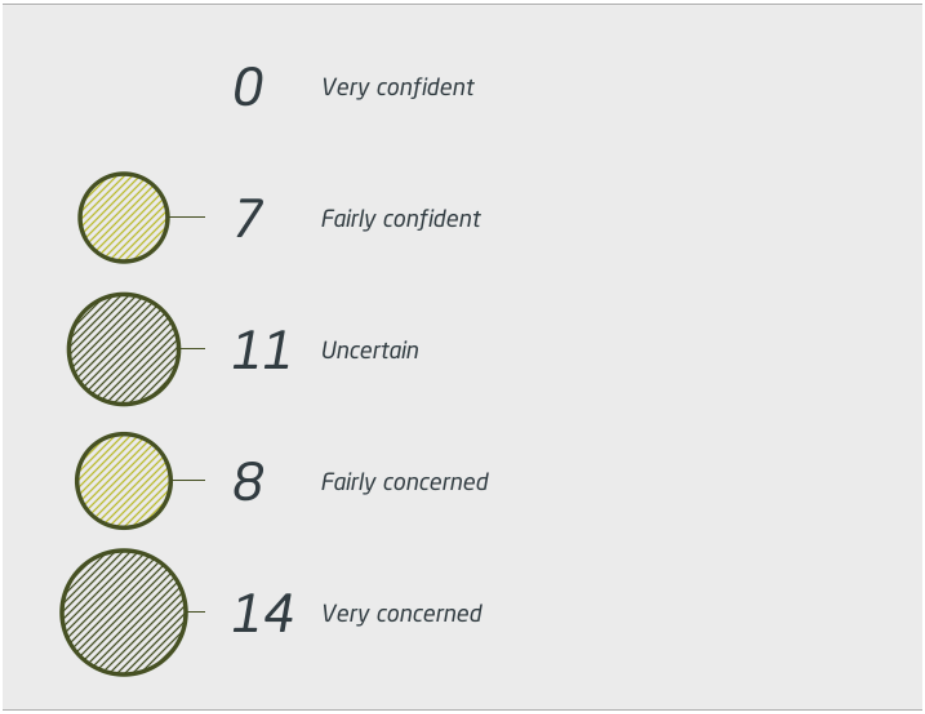
– Acute trust (very concerned)

"You'd get shorter odds on Silvio Berlusconi marrying Theresa May than any trust in my county returning to break-even before 2020!"

– Acute trust (very concerned)

CCG LEADS

Figure 20: Looking ahead, how confident are you that your organisation will achieve financial balance in 2017/18?



Respondent comments

"CCG allocation growth in the three years from 2017/18 is the lowest in the five-year period, alongside increasing tariffs and the implementation of a new HRG4+, achieving financial balance will be extremely challenging."

– Uncertain

"Historically have been in relatively good financial health. 1 per cent ... reserve is causing significant problems so it will depend upon how this is treated in [20]17/18."

– Uncertain

"Growth in [20]17/18 is even lower than this year – and much of this year's growth has had to be set aside for the 1 per cent reserve. Word on the street is that this funding doesn't actually exist. It is the element of CCG allocations that is unaffordable nationally and therefore we are not allowed to spend it."

– Very concerned

"Medium-term planning across STP [sustainability and transformation plan] footprint is intended to secure sustainable clinical and financial solutions by 2021 but early years are likely to show net system deficits."

– Fairly concerned

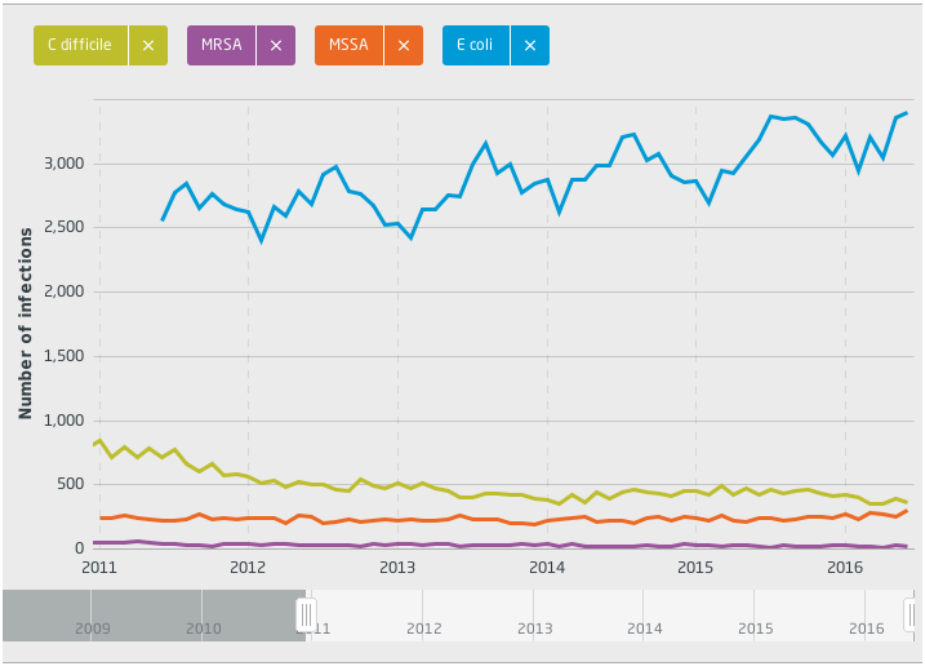
1. NHS performance dashboard

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 remain below 400 cases a month, showing continued achievement in the face of continued operational and financial pressures. Similarly, the number of MRSA infections remains low – a total of 22 in June across England (Figure 21).
- The number of reported MSSA infections in June 2016 are the highest (297) since January 2011, and there are growing numbers of *E coli* infections (albeit with large seasonal variations). We will continue to monitor these to see if they reflect increases in population or are a sign of growing health care-acquired infections.

Figure 21: 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

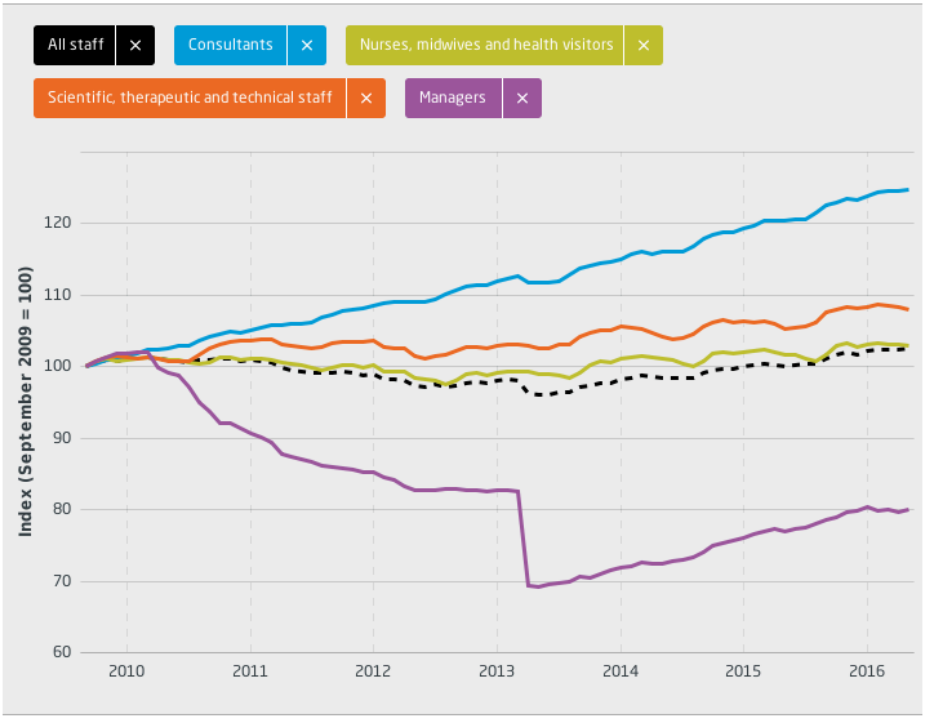
Monthly counts of trust apportioned methicillin susceptible Staphylococcus aureus (MSSA) bacteraemia by NHS acute trust http://www.gov.uk

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

3. Workforce

- Using the recalculated workforce figures following the introduction of the new definitions, in May 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 22).
- Compared to May 2015, there has been an increase in all staff of 24,722 FTE posts (2.5 per cent). This has been across all staff groups: consultant numbers have increased by 3.5 per cent; total managers by 4 per cent; scientific, therapeutic and technical staff by 2.5 per cent; and nurses, midwives and health visitors by 1.1 per cent.

Figure 22: Index change in NHS full-time equivalent staff: September 2009 - May 2016

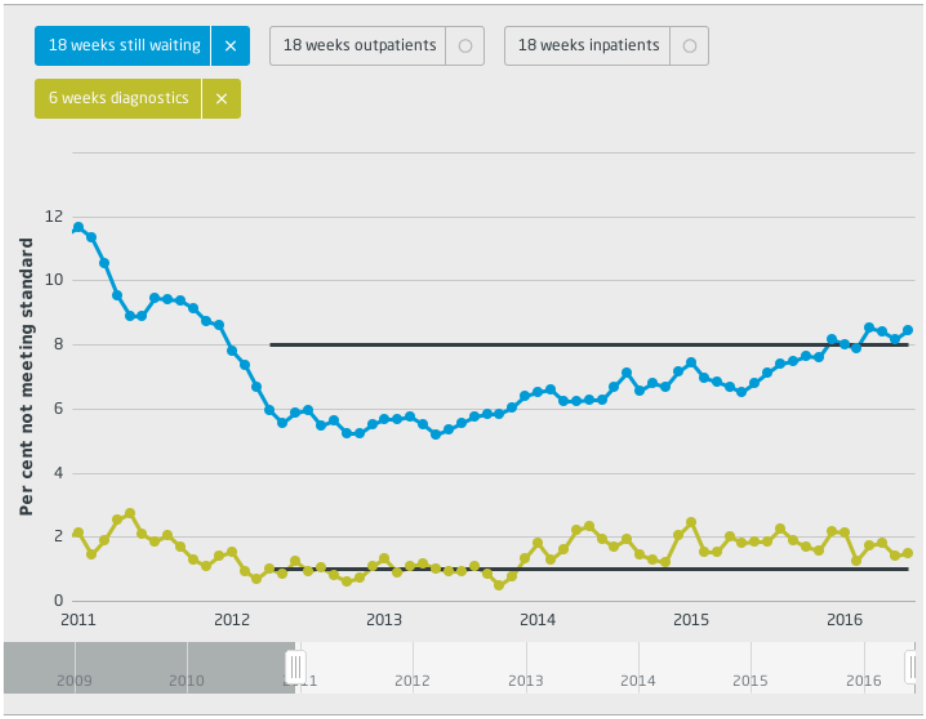


Data source: Monthly NHS Hospital and Community Health Service (HCHS) Workforce Statistics in England - May 2016, Provisional statistics http://www.digital.nhs.uk

4. Waiting times

- The proportion of patients still waiting to be seen 18 weeks after referral increased to 8.5 per cent in June 2016 (Figure 23). This breaches the target (8 per cent) for the fourth month in a row. In total, there were more than 307,000 patients who were still waiting to begin their treatment 18 weeks after referral at the end of June 2016, and more than 940 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 increased to more than 20 per cent in April and June 2016. The proportion of non-admitted patients who waited more than 18 weeks for treatment has also increased to almost 8 per cent in June 2016.

Figure 23: Percentage still waiting 18 weeks to begin treatment / having waited more than six weeks for diagnostics

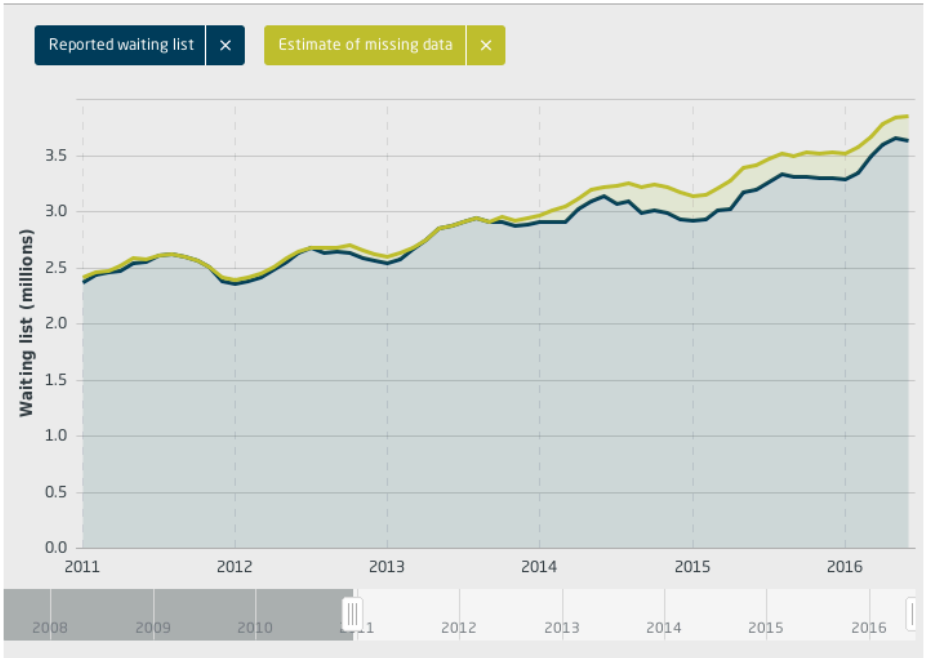


Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

Diagnostic waiting times statistics www.england.nhs.uk

- The total elective waiting list continues to grow. In June 2016 the total waiting list increased to 3.63 million, more than 336,000 additional patients compared to January 2016.
- Furthermore, this total does not include several trusts that have not been reporting their waiting lists. Including these, NHS England estimates that the true waiting list in June 2016 was more than 3.8 million patients (Figure 24). This puts the waiting list back to the highest level since December 2007.

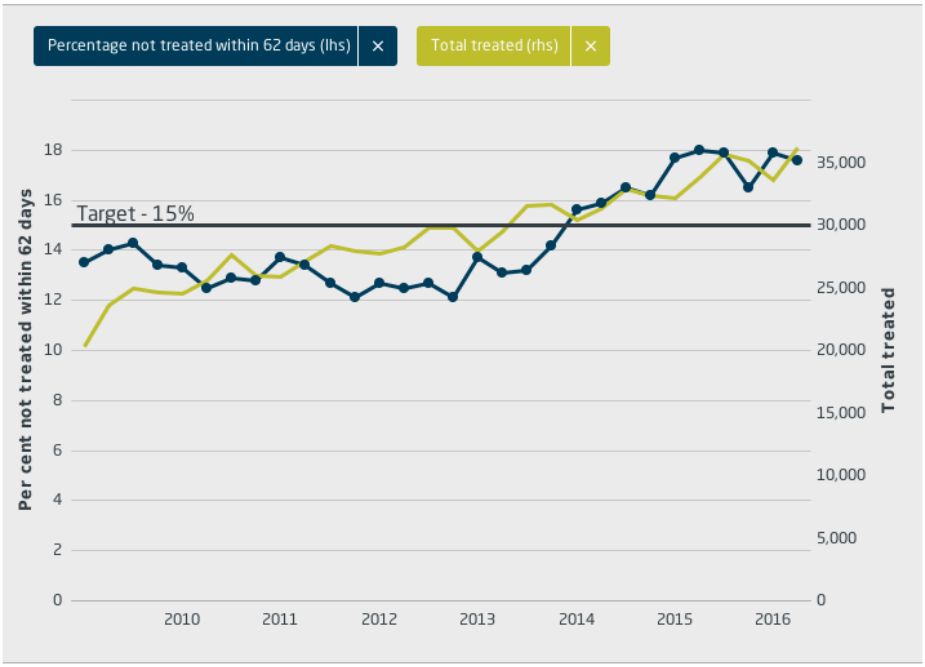
Figure 24: Referral-to-treatment total waiting list size in millions, England



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 31 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 4 2008/9 until quarter 4 2013/14, when it was missed. In the latest quarter (April to June 2016) performance improved slightly to 17.6 per cent. This standard has not been met for the past two and a half years (Figure 25).

Figure 25: Maximum 62-day wait for first treatment: all cancers (urgent GP referral to treatment)



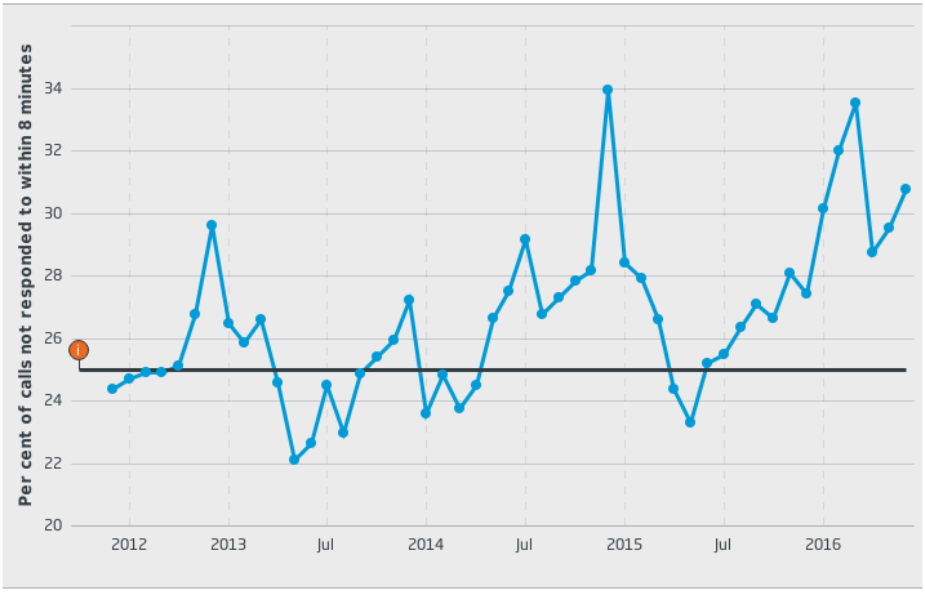
Data source: Provider-based cancer waiting times www.england.nhs.uk

5. 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 of this time.
- This standard was met until 2013/14 but for all subsequent years has been missed. In the most recent data for May and June 2016, performance worsened to 29.5 and 30.8 per cent of calls being responded to after eight minutes respectively. This is the worst-ever performance seen in May or June since this target was introduced (Figure 26).

Figure 26: Monthly performance of ambulance trusts in England for Red 1 calls

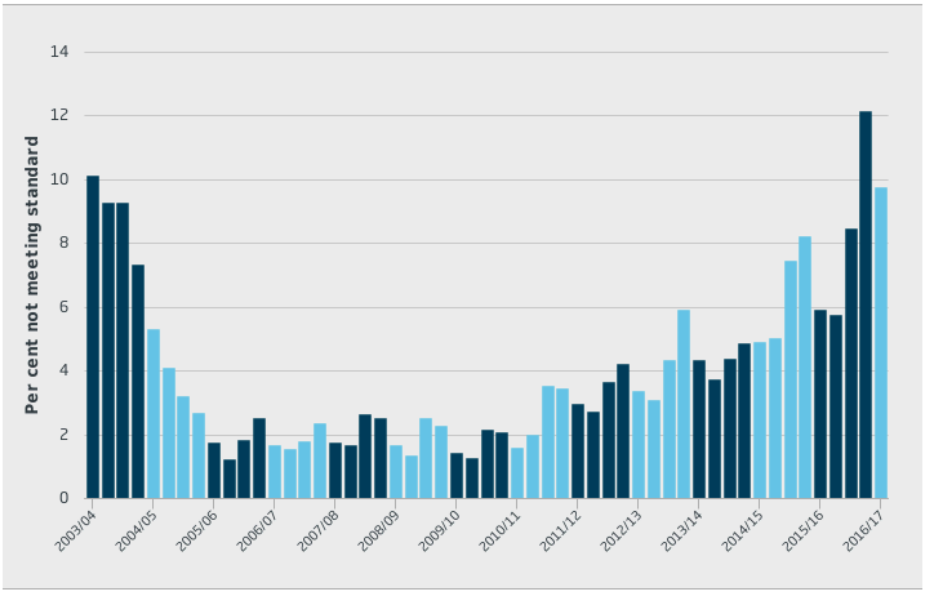


Data source: Ambulance quality indicators www.england.nhs.uk

Accident and emergency

- In quarter 1 2016/17, the proportion of patients waiting more than four hours from arrival to discharge, admission or transfer in all A&E departments was 9.7 per cent. This is the highest level in the first quarter of the year since 2003/4 (Figure 27).
- Over the quarter, more than 572,000 patients spent longer than four hours in A&E departments. With the exception of quarter 4 2015/16, this is the highest number of people waiting more than four hours since 2003/4.

Figure 27: Percentage spending more than four hours in A&E from arrival to admission, transfer or discharge; quarterly data

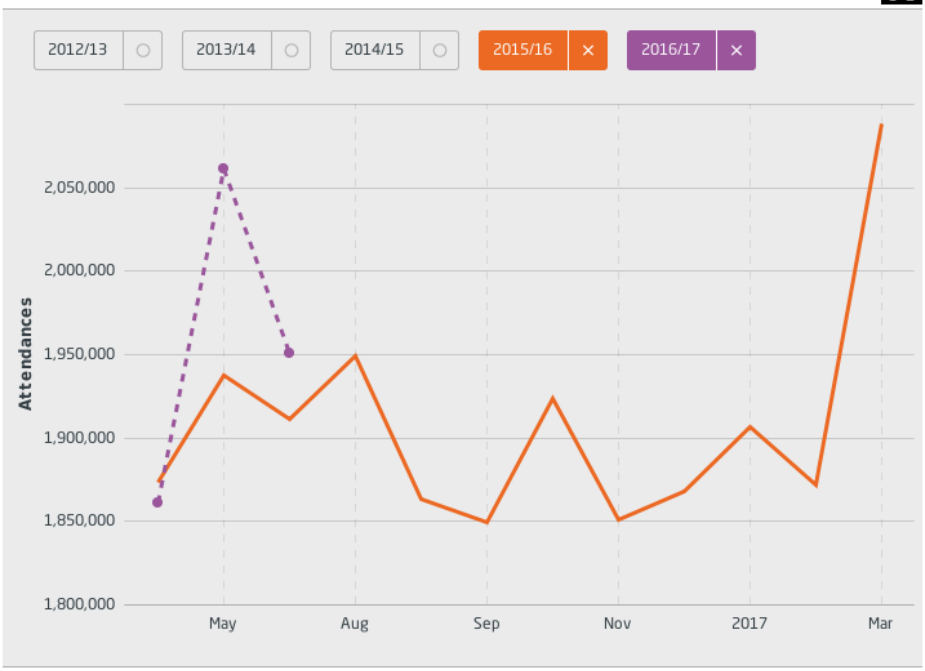


Data source: A&E attendances and emergency admissions www.england.nhs.uk

- Pressures to admit more patients continued to impact performance against the four-hour target in the first quarter of the year (Figures 28 and 29). Compared to the same quarter last year A&E attendances were up 2.8 per cent and emergency hospital admissions from A&E increased by 4.2 per cent.

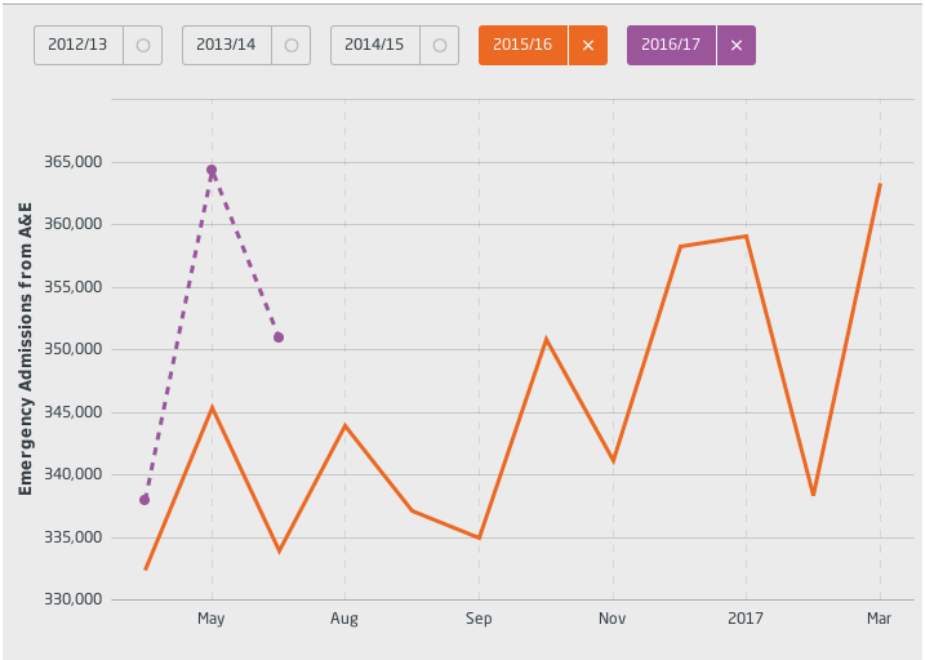
- These small percentages represent large numbers. The increase equates to more than 161,000 more attendances and almost 42,000 more admissions to hospital in the first quarter of 2016/17 compared to 2015/16.
- To put it another way, for each month so far in 2016/17 this is the equivalent of an additional 54,000 attendances at A&E departments and 14,200 admissions from A&E compared to the previous year.

Figure 28: Total attendances at accident and emergency departments, monthly data



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

Figure 29: 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 112,500 patients in quarter 1 2016/17,

an increase of 41,126 (58 per cent) on the same quarter 2015/16 (Figure 30).

Figure 30: 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

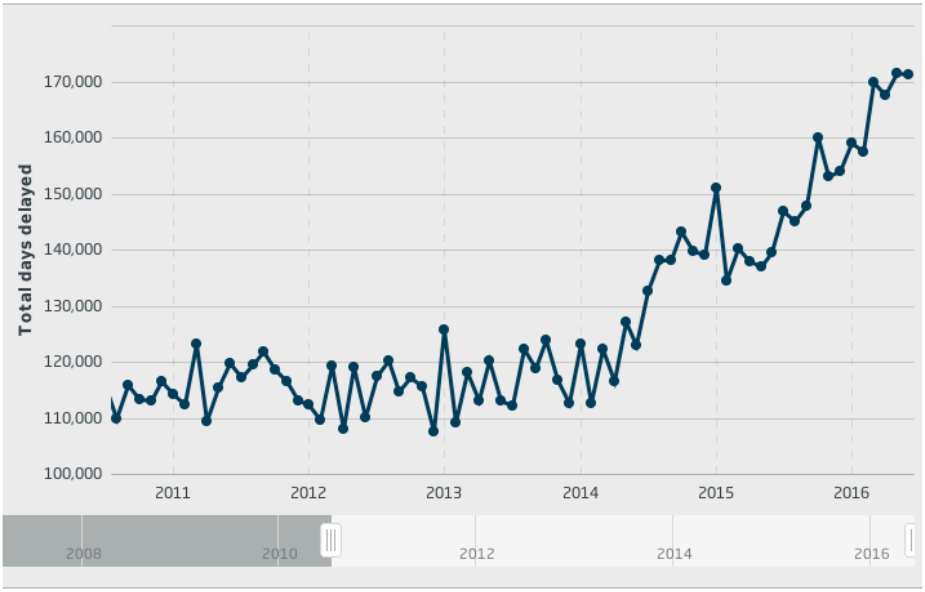
6. Delayed transfers of care

- At the end of June 2016 more than 6,100 patients were delayed in hospital, the highest number since 2007 (when these figures were first collected in this way) and an increase of 22 per cent on the same month last year (Figure 31).
- The number of total days delayed increased to more than 171,000 in both May and June 2016, the highest number of delayed days in any single month in this data (Figure 32). Figures for June 2016 are 23 per cent higher than the same month last year.

Figure 31: 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 32: 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

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