QMR 19 MAY 2016

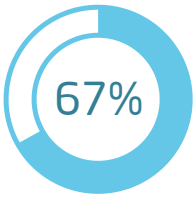
How is the NHS performing?

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

John Appleby, James Thompson, Joni Jabbal



of providers ended 2015/16 in deficit

65%

of trust finance directors felt that patient care in their local area had worsened in the past year

3.7m

patients were waiting for hospital treatment in March 2016, the highest number since 2007

1.85m

patients spent longer than four hours in A&E in 2015/16, the worst performance since 2003/4

"2016/17 will be a watershed year for the NHS – eradicating deficits and improving performance is going to be a Herculean challenge."

John Appleby, Chief Economist

5,700

patients were delayed in hospitals at the end of March 2016, the highest number since 2008

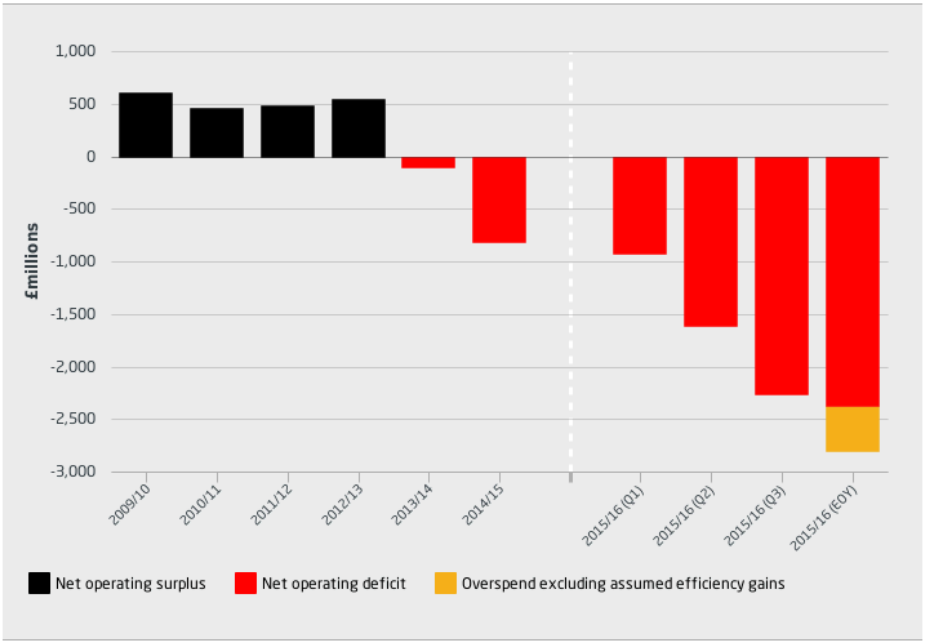
Headlines

- While the deficit incurred by the provider sector in 2015/16 may be offset by underspending elsewhere across the NHS, the legacy of this deficit will dominate the new financial year. Our latest survey shows that, even after huge pressure to reduce overspending, 67 per cent of providers ended 2015/16 in deficit, including 86 per cent of acute trusts. Despite the financial rescue package (that will absorb around one-third of the total cash increase for NHS England this year) finance directors remain very pessimistic about the financial position for 2016/17.

How did the NHS perform in 2015/16?

- February's QMR suggested the net provider deficit for 2015/16 would be around £2.3 billion. Monitor and the NHS Trust Development Authority's third quarter forecasts confirmed this, but added that the outturn depended on nearly £0.5 billion of savings in the last quarter (Figure 1) (Monitor and NHS Trust Development Authority 2016). If there is a silver lining to the provider-side deficit it is that this extra spending – equivalent to nearly double the cash increase for the whole of the NHS in 2015/16 – has been spent on things that benefit patients. Nevertheless, as NHS England reported in March (NHS England 2016a), the NHS failed on more than half of its key targets in January (Table 1).

Figure 1: NHS provider organisations financial position: 2009/10 to 2015/16



Data source: Department of Health Annual Accounts; Monitor 2016

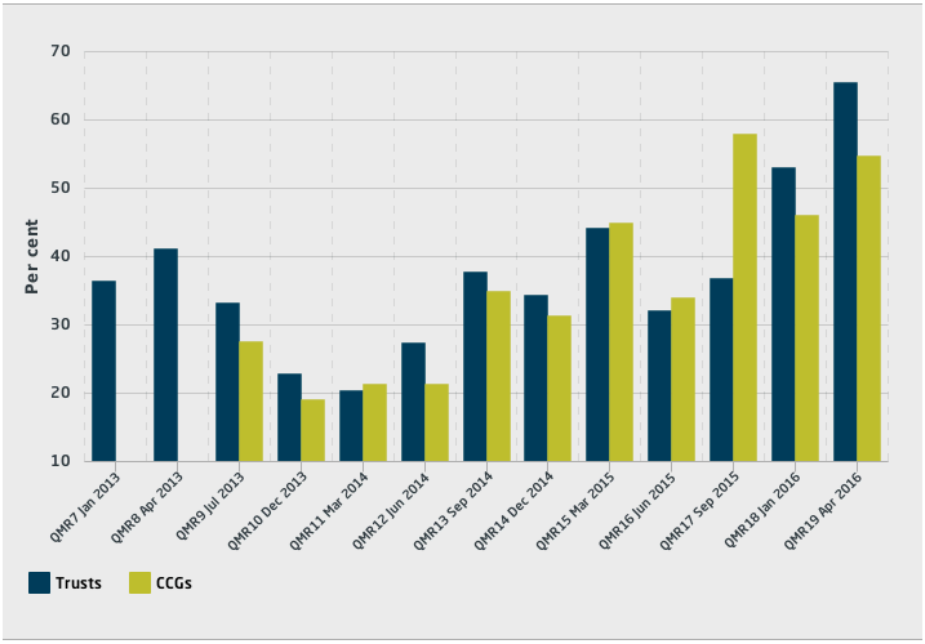
Table 1: NHS performance on key standards, January 2016

Service	Standard	Target	Actual
Mental health	Patients on Care Programme Approach followed up within 7 days	95%	96.9%
	IAPT access rate	15%	16.5%
	IAPT recovery rate	50%	45.6%
	Dementia diagnosis rate	66.6%	67.2%
Cancer	Two-week wait cancer referral	93%	93.6%
	Two-week wait breast cancer referral	93%	92.4%
	31-day wait diagnosis-to-treatment for all cancers	96%	96.9%
	31-day wait for subsequent surgery treatment	94%	94.5%
	31-day wait for subsequent drug regimen	98%	98.5%
	31-day wait for subsequent radiotherapy treatment	94%	96.0%
	62-day wait from screening referral to treatment	90%	92.6%
	62-day wait from GP referral to treatment	85%	81.0%
Elective	Patients still waiting <18 weeks	92%	92.0%
	Patients waiting >52 weeks	0	727
	Patients waiting <6 weeks for diagnostic test	99%	97.9%
Emergency	Patients waiting <4 hours in A&E	95%	87.9%
	Category A calls (Red 1)	75%	69.9%
	Category A calls (Red 2)	75%	63.3%
	Category A calls within 19 mins	95%	91.1%
Other	Mixed-sex accommodation breaches	0	563
	Cancelled operations not rescheduled in 28 days	0%	6.0%

And in the view of trust and CCG finance directors, looking back over the past 12 months, a majority felt that in terms of patient care the NHS in their local area had got worse. In fact, nearly two-thirds of trust finance directors and more than half of CCG finance directors felt care had got worse (Figure 2).

NHS TRUSTS CCG LEADS

Figure 2: Has patient care in your area got better, worse or stayed the same over the past 12 months? Proportion reporting 'worse' (trust and CCG finance directors)



Question asked: 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? NB: Question not asked of CCGs in January and April 2013 surveys.

Overall, 2015/16 has turned out to be a watershed year. Deteriorating finances among providers and comparatively poor performance on headline measures provide an extremely difficult starting position for the new financial year.

Financial prospects for 2016/17

The challenge for the National Health Service in the coming year [2016/17] is to raise performance in those areas most visibly under pressure – including A&E, waits for operations, and management of hospital finances. But at the same time we need real progress on critical but long neglected services, including strengthening GP care, mental health, and prevention. In an era of historically constrained budgets, how do we square the circle?
Simon Stevens (NHS England 2016b)

- Our latest survey of finance directors, carried out in the first few weeks of the new financial year, shows that more than half of all providers forecast a deficit for 2016/17 (including 69 per cent of acute trusts). However, the size of the net deficit across all providers (scaling up from the survey results) suggests an overspend of around £1.4 billion – a reduction of around £1 billion on the 2015/16 outturn. This is despite the national plan to eradicate deficits through the channelling £1.8 billion to trusts via the Sustainability and Transformation Fund and is after most trusts plan to take action to support their end-of-year forecast through other measures – depleting reserves, releasing resources from their organisation's balance sheet, delaying or cancelling capital spending or bolstering their position in the short term through loans and other financial support from the Department of Health (such as the Sustainability and Transformation Fund). Forecasts also take account of anticipated savings through providers' cost improvement programmes (CIPs). However, a considerable number of providers – 38 per cent – are uncertain about achieving their CIPs, while a similar proportion are very or quite concerned.
- As part of the national strategy to eradicate deficits, financial outturn plans (control totals) have been set for providers this year. It is fair to say that in many cases this has been a fraught process that for around 44 per cent of trusts currently remains unresolved, with negotiations over the size of the target deficits/surpluses still taking place (or in some cases, rejected by trusts, which as a result forego extra funds via the Sustainability and Transformation Fund). There also remains huge uncertainty and concern among those who have control totals

about whether these can be met; 73 per cent of trusts are either concerned or uncertain about whether they can stay within the terms of their financial controls.

- On the commissioning side, just over 19 per cent of CCG finance leads forecast a deficit by the end of 2016/17. However, many noted that there was uncertainty and risks with their forecasts and that the requirement to hold 1 per cent of their allocations completely uncommitted couldn't be guaranteed. There has also been a considerable increase in pessimism among CCG finance leads as to the achievability of their savings plans (QIPP). More than 67 per cent are very or fairly concerned about meeting their savings targets – by far the largest proportion since our survey began in 2012/13.
- Of course, commissioners, providers, local authorities and others involved in health and social care are all 'in it together' in delivering services. One organisation's deficit may be seen as another's surplus, and no part of a local health economy stands alone. But the pessimism about the financial state of local health and care economies over the next 12 months is overwhelming: 95 per cent of trust finance directors and 87 per cent of CCG finance leads are pessimistic.
- Financial issues are bound to dominate the agenda for all NHS organisations. But there are others issues of concern too. Asked to identify their top three current concerns, trust finance directors list delayed transfers of care, the four-hour waiting time target in A&E and staff morale (Figure 3). For CCG finance leads, waiting times in A&E remain a top concern (as they were for trust finance directors when they were surveyed in January this year).

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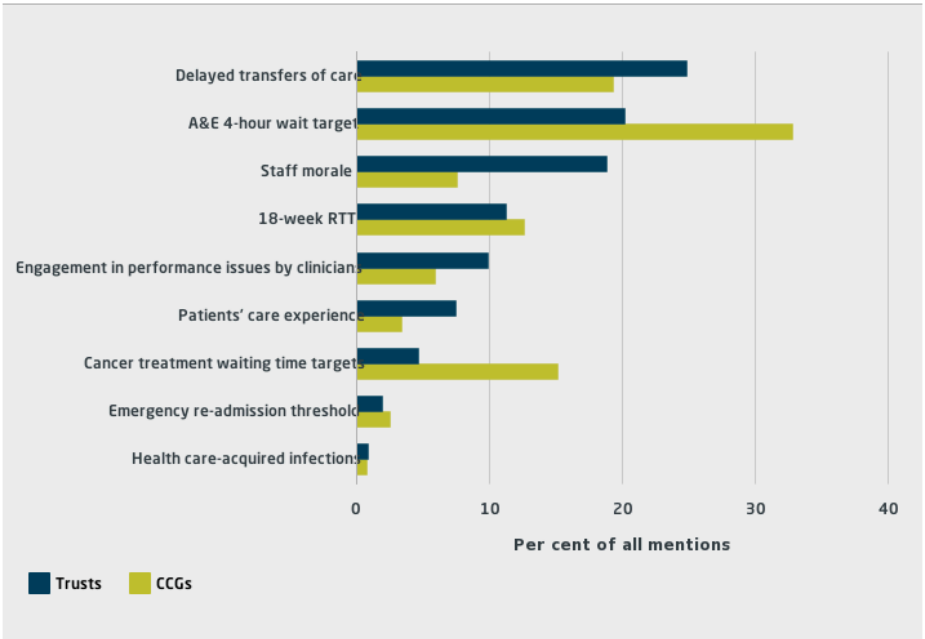
Figure 3: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



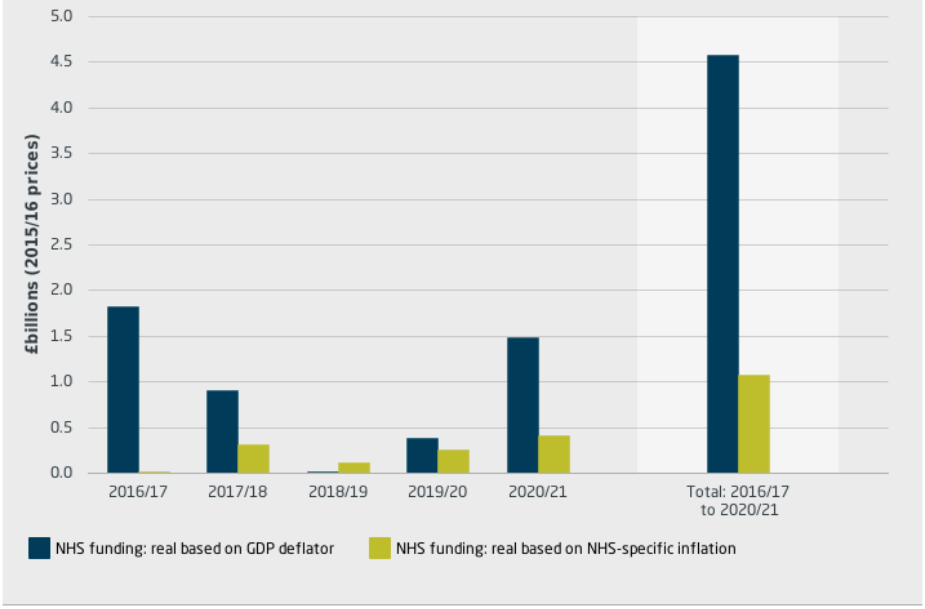
- However, concerns about access are mirrored in published performance measures. As trends presented in the section on NHS performance data show, on five main waiting times measures, average performance across the whole of 2015/16 has been poor:
  - elective waits >18 weeks: worst performance since 2011
  - total elective waiting list: now at 3.7 million – the longest since 2007
  - diagnostic waits >6 weeks: target missed for past 28 months
  - A&E waits >4 hours: worst performance since 2003
  - cancer waits >62 days: worst performance since 2008.

- If being admitted to hospital has become more difficult, so too has being discharged. Delayed transfers of care remain at a historical high, and 2015/16 looks to be the most difficult year since 2007/8.
- Overall, it is hard to overstate how difficult 2016/17 will be given the ambition to eradicate overspends (on the basis of our latest survey, unlikely) while not only improving performance on headline acute care standards, but also tackling pressures in primary care and mental health services.

Beyond 2016/17

- The central problem – not just this year, but also over the next five years – is the extension of austerity beyond the timespan envisaged in 2010, leaving the NHS in the middle of an unprecedented decade-long squeeze on funding. New economic assumptions from NHS Improvement suggest that NHS-specific inflation this year and up to 2020/21 will be higher than the general measure usually used to calculate real-terms spending changes (the GDP deflator). Using the NHS-specific measure of inflation reduces the increase for the NHS overall this year from £1.8 billion, to close to zero (Figure 4). Subsequent years to 2020/21 show much-reduced real increases too. Overall, by 2020/21, the real increase in NHS funding could be just £1.1 billion – an average of around 0.2 per cent per year.

Real changes in NHS funding to 2020/21: general and NHS-specific inflation deflators



Data source: The King's Fund estimates based on HM Treasury 2015; NHS Improvement 2016

- It is of course the NHS's own experience of inflation that reflects the reality of service cost pressures. Extra cost pressures this year and next all but wipe out the front-loading of the Spending Review settlement and underline the seriousness of the general financial situation. It is unsurprising then that when asked about achieving financial balance in 2017/18, 64 per cent of trust finance directors say they are very or fairly concerned. Commissioners are also increasingly feeling the financial pressure; 55 per cent say they are concerned about their financial situation in 2017/18. Caution and pessimism even in the best of times may be part of the finance director's job description, but these views about the future are not encouraging.

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1. Health care surveys

This quarter's report is based on an online survey of 87 NHS trust finance directors and 42 clinical commissioning group (CCG) finance leads (covering 47 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; and workforce issues.

2. Estimated end-of-year financial situation: 2015/16

- The survey confirms the scale of deficits across the provider sector last year. 67 per cent of all providers say they ended 2015/16 in deficit – including 87 per cent of acute trusts (Figure 5).
- Around 74 per cent of trust finance directors reported that their forecast position for 2015/16 relied on various forms of financial support and borrowing, including the release of resources from their organisation's balance sheet; additional financial support from the Department of Health; drawing on reserves; and/or delaying or cancelling capital spending programmes (Figure 6).
- The financial situation for CCGs has been and remains less precarious than for providers: 87 per cent of CCGs say they ended 2015/16 in surplus or breaking even, and 13 per cent expect to overspend (Figure 7).

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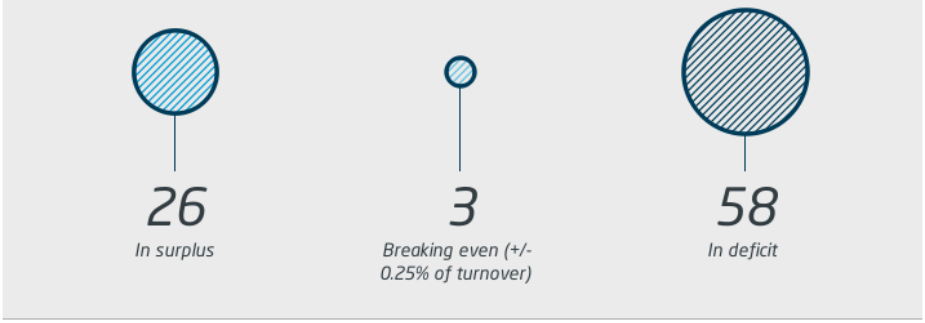
Figure 5: What is your organisation's estimated end-of-year financial situation: 2015/16?



Respondent comments

"Forecasting a deficit of £15 million, but that's after a significant release of provisions from the balance sheet. Underlying position is 4-5 per cent deficit."

– Large acute teaching trust

"In deficit following the withdrawal of £13 million of Project Diamond funding from 1 April 2015."

– Specialist provider trust

"(In surplus) after multi-million deficit support funding."

– Acute trust

"It has proved extremely challenging to hit the planned surplus, requiring release of all balance sheet provisions and flexibility. Social care pressures are particularly problematic, including impacts from local authority budget cuts and nursing home sector volatility causing community team pressures and risk."

– Community and mental health foundation trust (in surplus)

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Figure 6: Is your estimated 2015/16 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

"The 2015/16 figures benefit from a £2.8 million 'capital to revenue' transfer from the Department of Health. We have managed to avoid using any other 'jiggery pokery' as the PAC [Public Account Committee] referred to it to improve the I&E [income and expenditure] position."

– Acute hospital foundation trust

"Deteriorating operating position offset by non-recurrent benefits to achieve planned deficit."

– Teaching hospital (with community services)

"We have had to release some resources from the organisation's balance sheet as a couple of provisions from 2014/15 have proved to be too generous. Without these we would have been close to running a deficit."

– Mental health foundation trust

CCG LEADS

Figure 7: What is your organisation's estimated end-of-year financial situation: 2015/16?

Respondent comments

"The surplus is historical and difficult to draw down so essentially we operate on a breakeven basis."

"Some of the actions taken to deliver the financial position for the CCG will have cost consequences in the following year."

"Delivery of CCG target 1 per cent surplus with no margin for error!"

3. Projected end-of-year financial situation: 2016/17

- Compared to end-of-year forecasts made at the beginning of the financial year, this survey forecasts the highest proportion (54 per cent) of trusts ending the current year (2016/17) in deficit (Figure 8).
- Around 84 per cent of trust finance directors reported that their forecast position for 2016/17 would depend on significant financial support (Figure 9). Furthermore, 48 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 87 provider organisations surveyed amounted to £381 million. Scaled up to all acute providers the net deficit is £507 million (ranging from £1.45 to £40 million). Scaled up for each type of provider organisation, these figures suggest a net overall provider deficit across the NHS by the end of the 2016/17 financial year of around £1.4 billion.
- Although around 60 per cent of CCGs forecast a surplus for 2016/17, nearly 20 per cent are expecting to overspend – the highest proportion since we began our surveys (Figure 10).
- Across the 42 CCGs surveyed, there is a net surplus forecast for 2016/17 of around £44 million. Scaled up to all CCGs this is equivalent to a net surplus of around £200 million.

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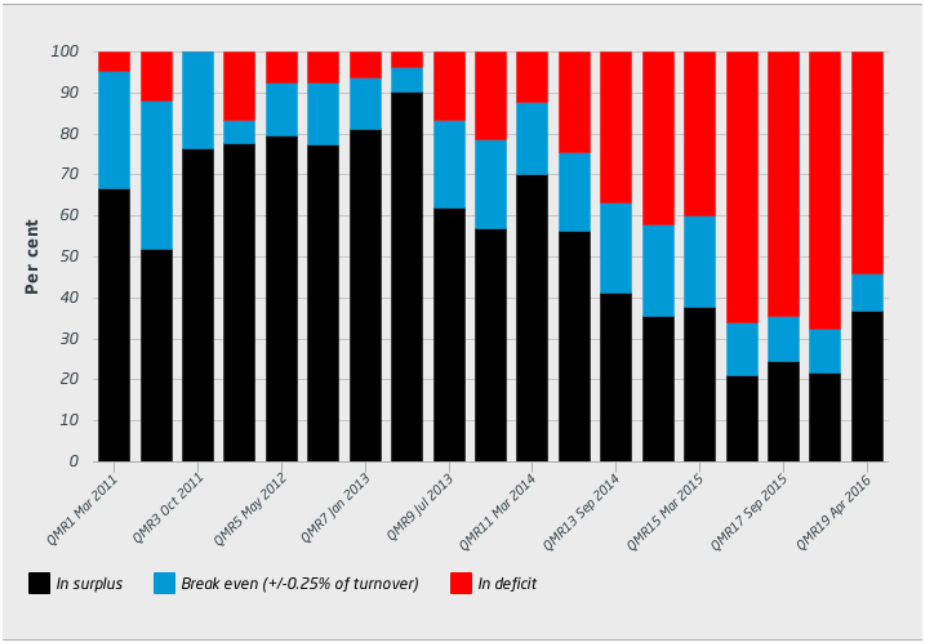
Figure 8: What is your organisation's forecast end-of-year financial situation?



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

Respondent comments

"In line with the control total of £1.45 million deficit, using £7.6 million from the Sustainability and Transformation Fund."

– Acute (in deficit)

"Agreed control total with NHS Improvement but high risk. Felt like we had to agree to have any chance of accessing Sustainability and Transformation Fund monies in-year..."

– Acute foundation trust (in deficit)

"Assumes we take the control total which is still being discussed and requires a heroic level of savings!!"

– District general hospital plus specialist (in surplus)

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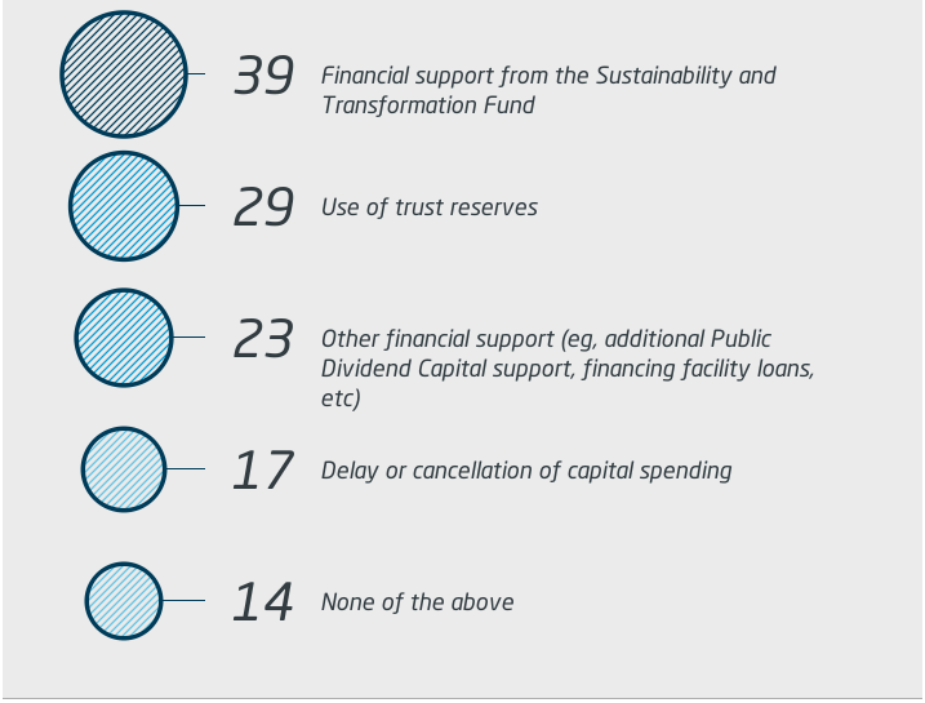
Figure 9: What is your forecast 2016/17 end-of-year outturn likely to depend on:



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

Respondent comments

"As a community interest company we are unable to continue to operate with a deficit so unless we can both deliver all savings plans and negotiate a successful settlement with commissioners, the company will be closed."

– Community interest company

"Being paid for the work that we do - CCG affordability."

– Small/medium district general hospital

"Major savings are needed from applying capped rates for agency staff - proving to be difficult."

– Acute trust

"Dependent on effective contract negotiations."

– Mental health and community provider

"The organisation is insolvent, having to borrow £millions to pay salaries. We are an efficient organisation that finds itself in this position by a lack of public funding and a Department of Health policy of raiding trust cash reserves rather than deal with the underlying problem."

– Acute foundation trust

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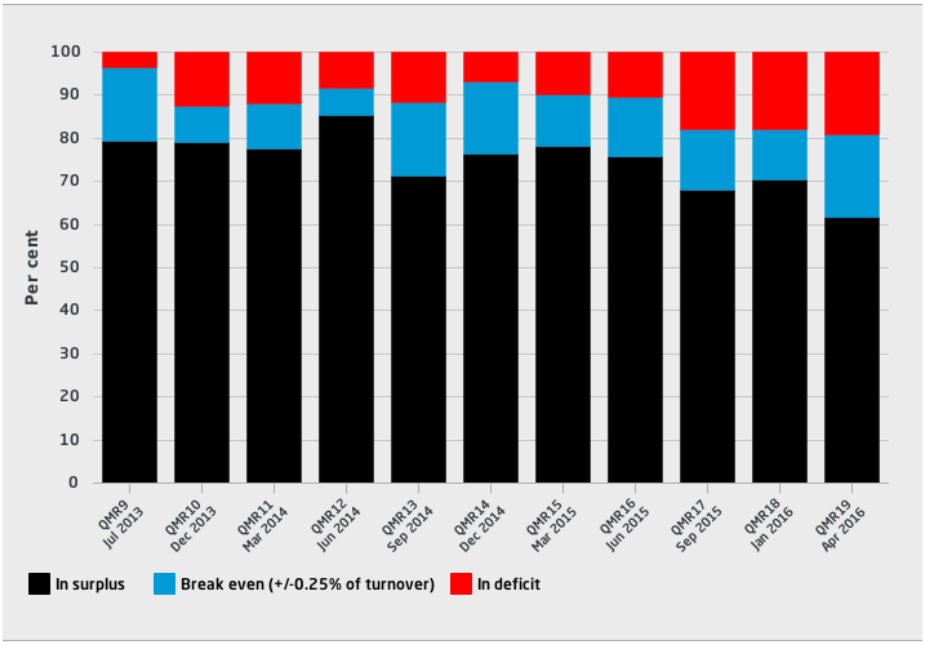
Figure 10: What is your organisation's forecast end-of-year financial situation?



42 CCG finance leads answered this question for the 47 CCGs they cover collectively; CCGs only surveyed since their establishment in April 2013.

Respondent comments

"The late requirement of CCGs to hold 1 per cent fully uncommitted without plans to spend for utilisation by the Sustainability and Transformation Plan footprint has led to almost 1 per cent forecast deficit/unidentified QIPP. The late change in policy is very unhelpful and is simply adding additional pressure into the local health system."

"There are significant risks in this position. Contract with main provider has yet to be agreed and there is a large financial gap. Key issues relates to coding and counting changes as well as activity growth."

4. 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 2 per cent to 9 per cent of turnover.
- The average quality, innovation, productivity and prevention (QIPP) target for CCGs for 2016/17 is 3.4 per cent, ranging from 1.5 per cent to 6 per cent of allocation (Figure 11).
- 38 per cent of all NHS trust finance directors are currently concerned about achieving their savings plans this year (Figure 12); this is the most pessimistic finance directors have been at this time of year since our survey began.
- For the first 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 13).

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Figure 11: Trusts and CCGs CIP/QIPP targets for 2016/17

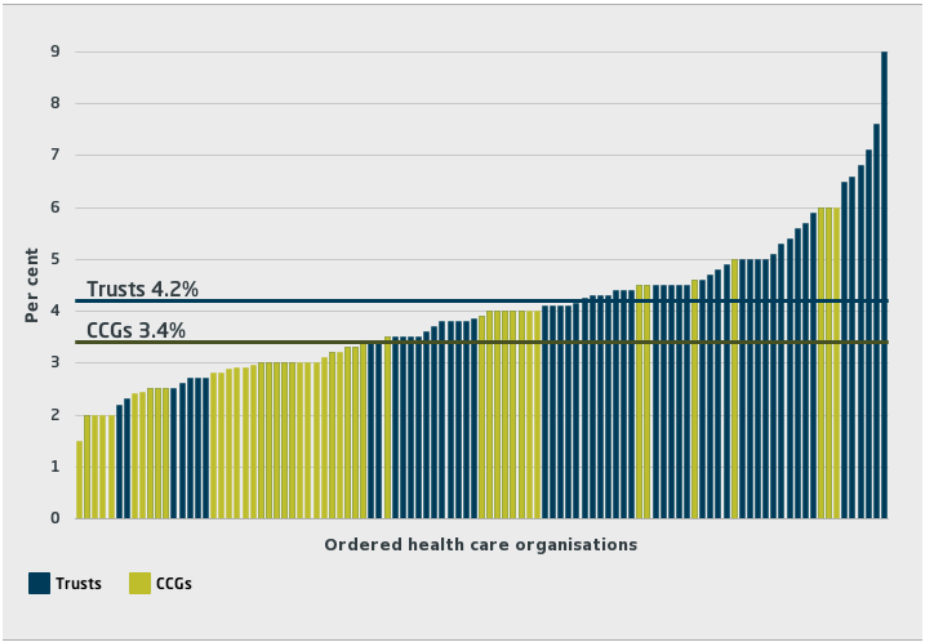

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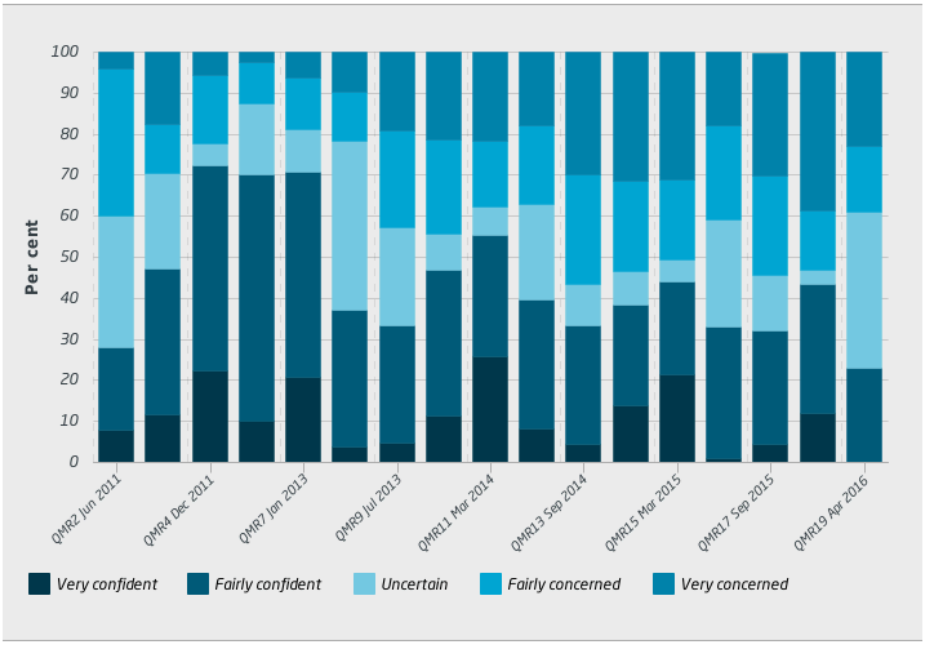
Figure 12: How confident are you of achieving your CIP target?



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

"In addition to trust CIP, commissioners are imposing further savings with county council seeking cuts of 7.5 per cent and CCGs 6 per cent."

– Community foundation trust (uncertain)

"Schemes identified, but the history of recent years suggests that further efficiency savings will be challenging."

– Teaching hospital with community services (uncertain)

"Urgent care pressures and social care cutbacks, high delayed transfers of care, no CCG measures to reduce demand. Lack of capacity."

– Acute (very concerned)

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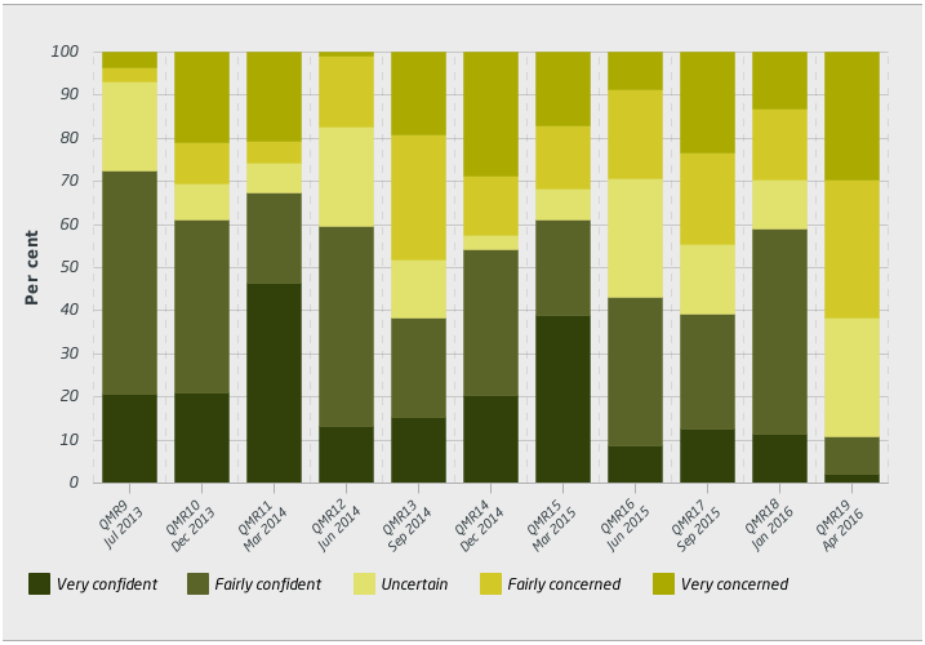
Figure 13: How confident are you of achieving your QIPP target?



42 CCG finance leads answered this question for the 47 CCGs they cover collectively; CCGs only surveyed since their establishment in April 2013.

Respondent comments

"50 per cent of schemes still unidentified."

– Fairly concerned

"Of necessity our QIPP plan requires a sizeable reduction in activity with local providers (especially acute) which has yet to be clinically agreed and is not matched by an equivalent impact in the providers' plans."

– Fairly concerned

"Delivery of QIPP depends ENTIRELY on co-operation of primary medical care – and they're under so much pressure they just can't/won't do it."

– Very concerned

"Real transformational savings difficult to achieve without headroom to invest and lack of flexibility with 1 per cent non-recurrent reserve."

– Fairly concerned

"Provider and commissioner goals remain non-congruent at a micro-level and NHS England planning requirements and impositions make designing and delivering QIPP harder. Clearly wider system working is the key to unlock this issue though much trust and shared risk will be required."

– Fairly concerned

"Contracts not agreed, particularly main acute contract worth +£170 million and this provider has a huge deficit."

– Uncertain

5. The state of patient care

- Continuing the worsening trend since our last survey in January, 65 per cent of trust finance directors and 54 per cent of CCG finance leads felt that patient care had worsened in their local area in the past year (Figures 14 and 15).

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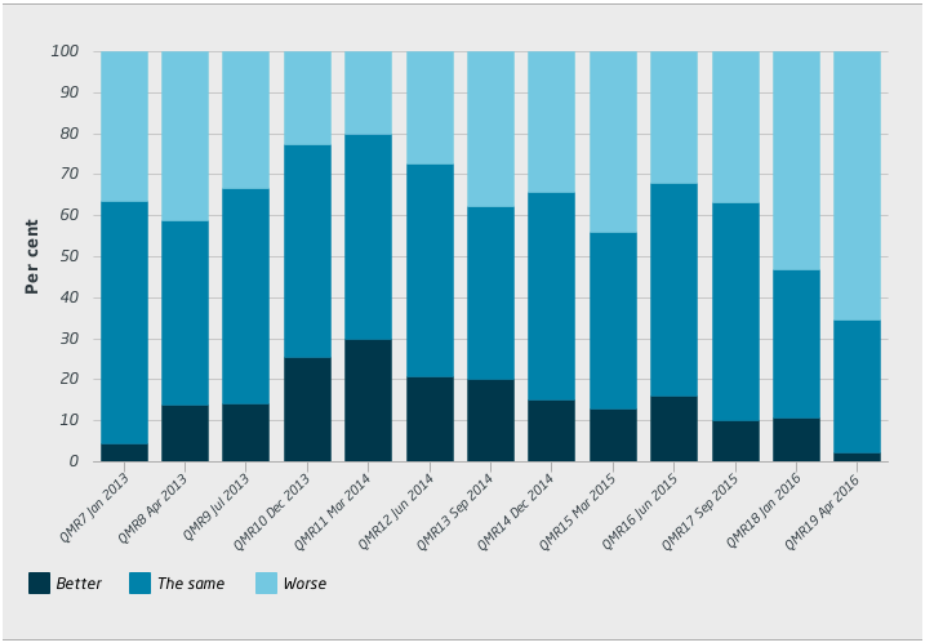
Figure 14: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



Question not asked before QMR6.

Respondent comments

"Acute trust and CCG positions much worse, our own severely compromised by local authority budget cuts and public health grant reductions – the centre don't seem to recognise that local authority and public health cuts directly impact the NHS – there is no coverage at all other than a brief mention of disappointment that the CSR [comprehensive spending review] did not protect social care. These cuts are real and biting."

– Community and mental health foundation trust (worse)

"NHS much more fragmented than I recall in the past 30 years. Seems to be becoming more fragmented despite papering over the cracks with system resilience groups and Sustainability and Transformation Plan places."

– Acute trust (worse)

"Relentless and overwhelming pressures in urgent care are compromising quality and patient experience, increasing risk of poor care significantly and making delivery of planned elective care volumes in some specialties impossible."

– Acute trust (worse)

"CCGs have no strategic vision or recognition of the issues they need to deal with, both have QIPP gaps of c£20 million each."

– Acute and community (worse)

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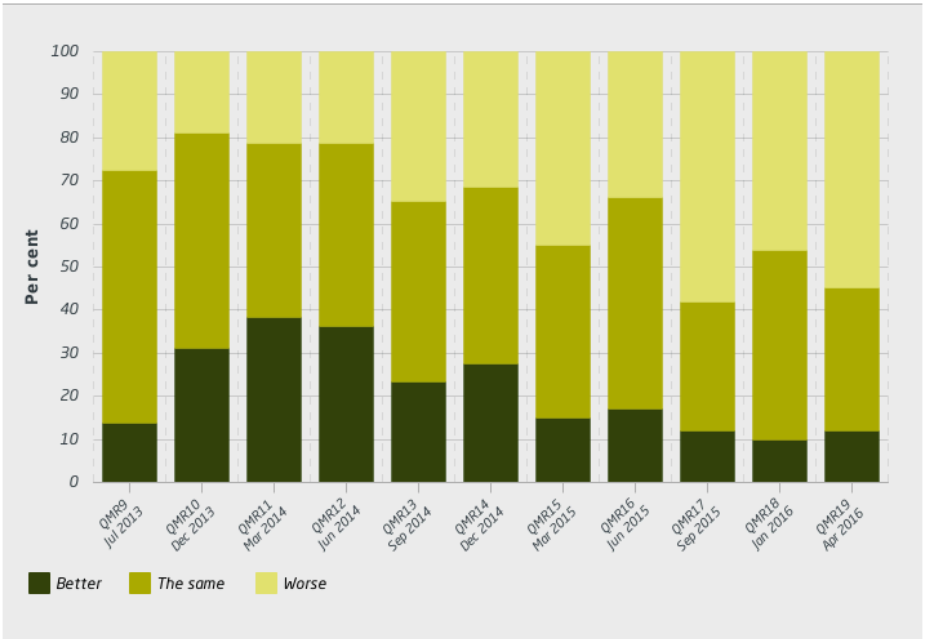
Figure 15: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"NHS Improvement (Trust Development Authority and Monitor) and NHS England seem to be setting trusts and commissioners against each other, which is damaging relationships and trust."

– Worse

"System working has deteriorated - mainly because no one has an answer to the money. Tariff system is unaffordable but no transformation from providers."

– Worse

"NHS staff genuinely doing their best but now real issues in terms of the increased levels of demand – now affecting seasoned professionals in terms of onward decision-making (eg, experienced GPs not having time to manage patients and now having to refer to secondary care)."

– Worse

"Financial pressures now being experienced by most organisations in the local area."

– Worse

"Due to capacity/workforce shortages in both health and social care – a mixture of inability to recruit and financial constraints."

– Worse

6. Organisational challenges

- For trust finance directors, delayed transfers of care is now their main concern, followed by the A&E four-hour waiting standard. Staff morale also continues to be one of the top three issues. (Figure 16).
- CCG finance leads continue to be most concerned about the four-hour waiting time target in A&E, delayed transfers of care and the cancer treatment waiting times targets (Figure 17).

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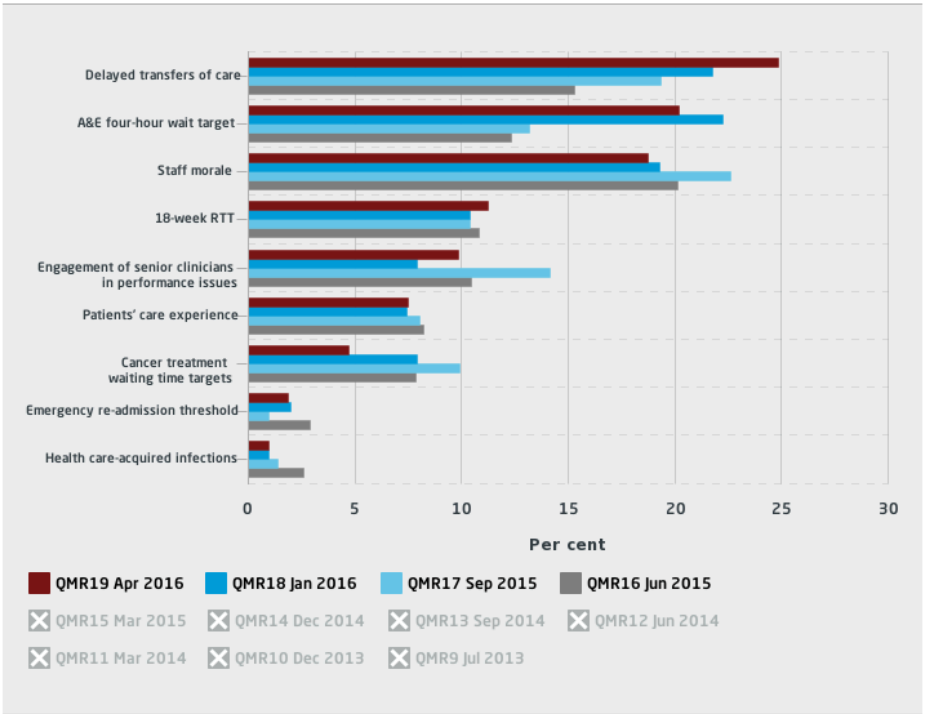
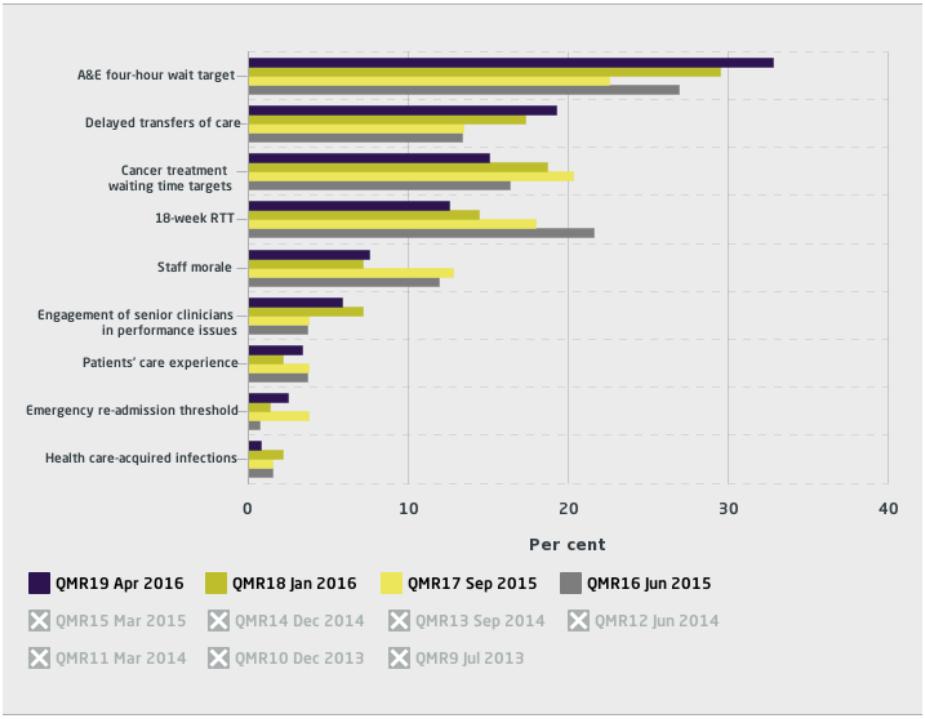
Figure 16: Which aspects of your organisation's performance are giving you most cause for concern at the moment?



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

CCG LEADS

Figure 17: 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.

7. Central control of provider spending

- As part of the strategy to return the provider sector to balance this year, and linked to access to additional funds, central controls on trust spending were announced earlier this year (NHS England 2015).
- However, it is clear that this 'money-with-strings' deal is not straightforward for many providers. For example, our latest survey finds that just under half of respondents (44 per cent) still do not have an agreed control total in place for 2016/17 (Figure 18). Furthermore, 73 per cent of those that do have an agreed control total in place are either concerned or uncertain about meeting their control totals for 2016/17 (Figure 19).

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Figure 18: Does your organisation have an agreed control total for 2016/17?

Respondent comments

"Yes as they refused to negotiate and if we didn't accept we would run out of cash with no ability to seek support from the Sustainability and Transformation Fund we were told."

– District general hospital plus specialist (Yes, as originally proposed)

"The trust is unable to accept the control total - due to local cost pressures, impact of tariff, an existing CIP target of 5 per cent and currently low levels of agency usage (and consequently minimal impact from the nursing ceiling/agency caps, etc)."

– Trust (no)

"Asked to deliver planned surplus of £1.8 million, plans deliver £1.3 million surplus. Due to elevated risks, board not able to accept level of risk, or confidently predict achieving £1.8 million without compromising quality."

– Community and mental health FT (no)

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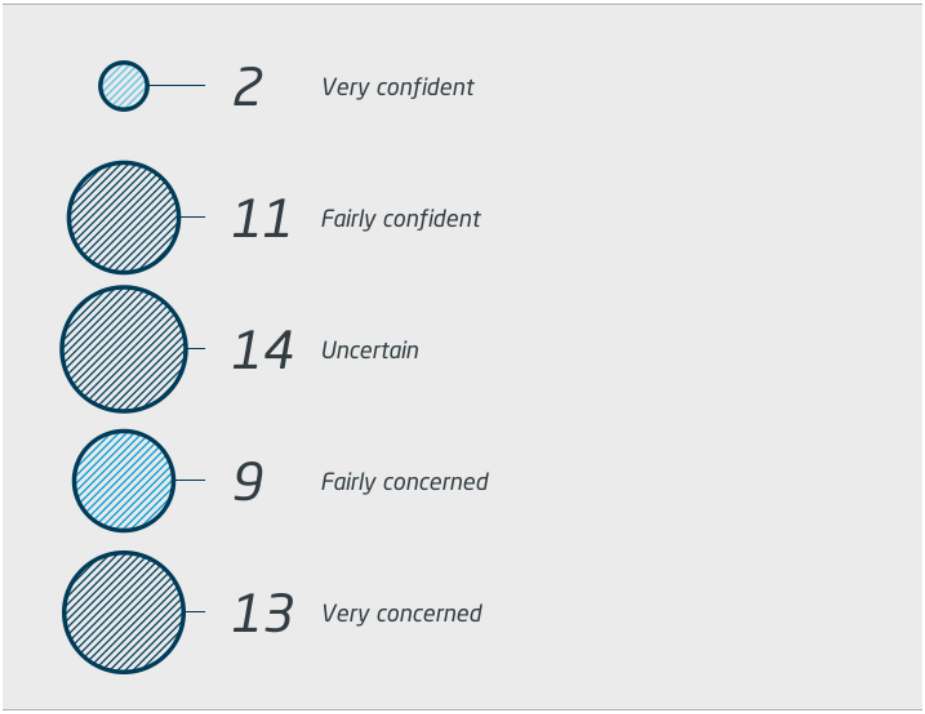
Figure 19: How confident are you that your organisation can meet its control total for 2016/17?



49 respondents who have agreed control totals in place

Respondent comments

"CCG affordability - will we be paid for the work that we do? If the CCG can't afford the activity what happens? Unclear on the conditionality around the Sustainability and Transformation Fund. How does A&E, Carter, agency spend play in to it? Some requirements may be mutually exclusive (A&E and agency spend for example). What will the new doctors' contract cost?"

– Small/ medium district general hospital (fairly concerned)

"Assumptions used in calculating the control total regarding price stability/ commissioner behaviour (CQUIN, QIPP, local prices, etc) not being played out in contract T&Cs and negotiations."

– Acute trust (very concerned)

"Still to finalise key contracts with one CCG and NHS England."

– Mental health foundation trust (uncertain)

- Another part of the strategy to control provider spending has been the imposition of trust-by-trust controls on spending on agency staff. These included setting a maximum hourly rate for agency doctors and nurses and placing a cap on total agency staff spending for each NHS trust.
- More than half of all providers in our survey (54 per cent) were fairly or very concerned about their organisation being able to secure agency nursing staff at the Agenda for Change (AfC) '+ 55 %' hourly rate cap as set by NHS Improvement (Figure 20).

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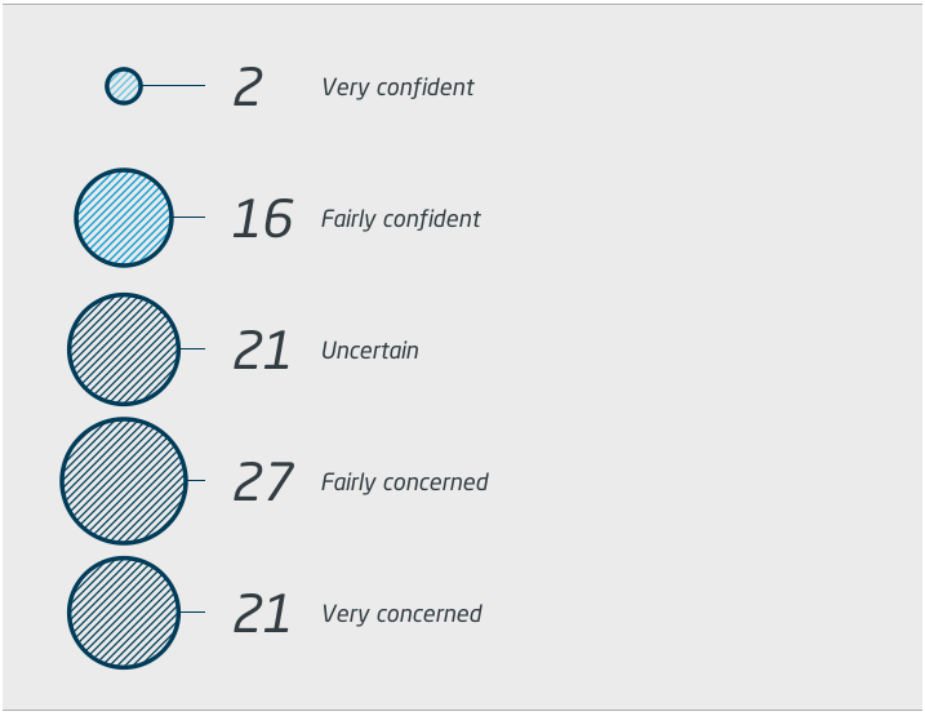
Figure 20: How confident are you that your organisation will be able to secure agency nursing staff at the Agenda for Change '+55%' hourly rate cap as set by NHS Improvement?



Respondent comments

"Major agencies are still not accepting the cap in key specialties."

– Large acute teaching (very concerned)

"Very difficult in geographically isolated areas when staff can choose to go elsewhere for the same or better money and without the time and travel costs."

– Acute trust, multiple small sites (very concerned)

"Risks of pushing problems around organisations and upward pressure on pay costs."

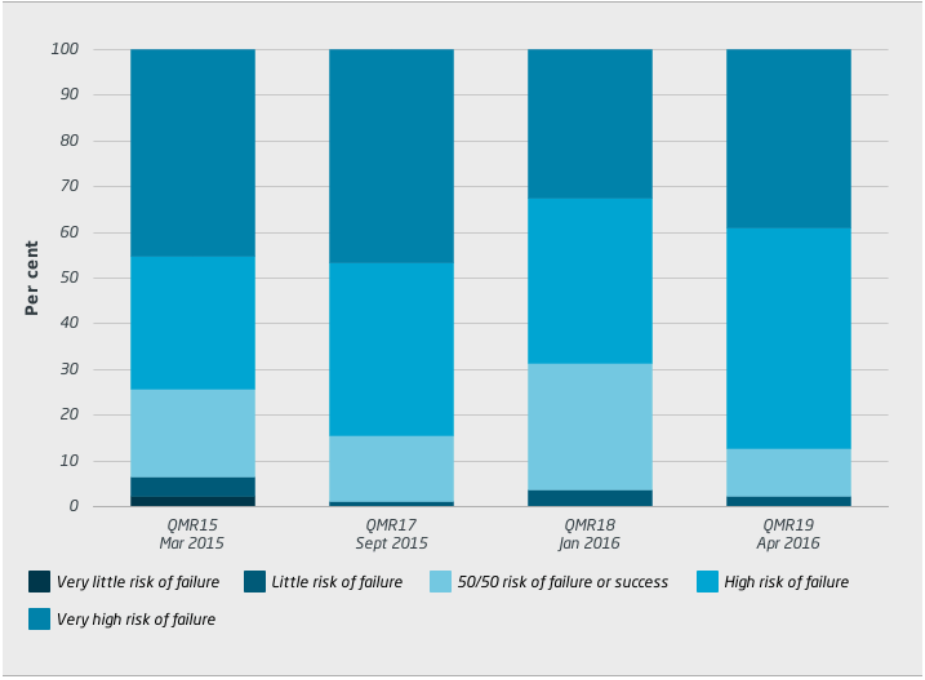
– Mental health foundation trust (uncertain)

8. NHS five year forward view - one year on

- Previous surveys have revealed a high degree of scepticism about the achievability of the productivity challenge as set out by the Forward View.
- This survey shows that around 87 per cent of trust finance directors and 79 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 21 and 22).

NHS TRUSTS

Figure 21: 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 problem is that the FYFV has got it wrong. The requirement is much greater."

– Acute teaching (little risk of failure)

"After six years of austerity there is little left to go for. This year's 4.3 per cent efficiency requirement (ie, well above the 2.5 per cent headline) belies claims that the NHS now has the funding to get back on its financial feet in 2016/17."

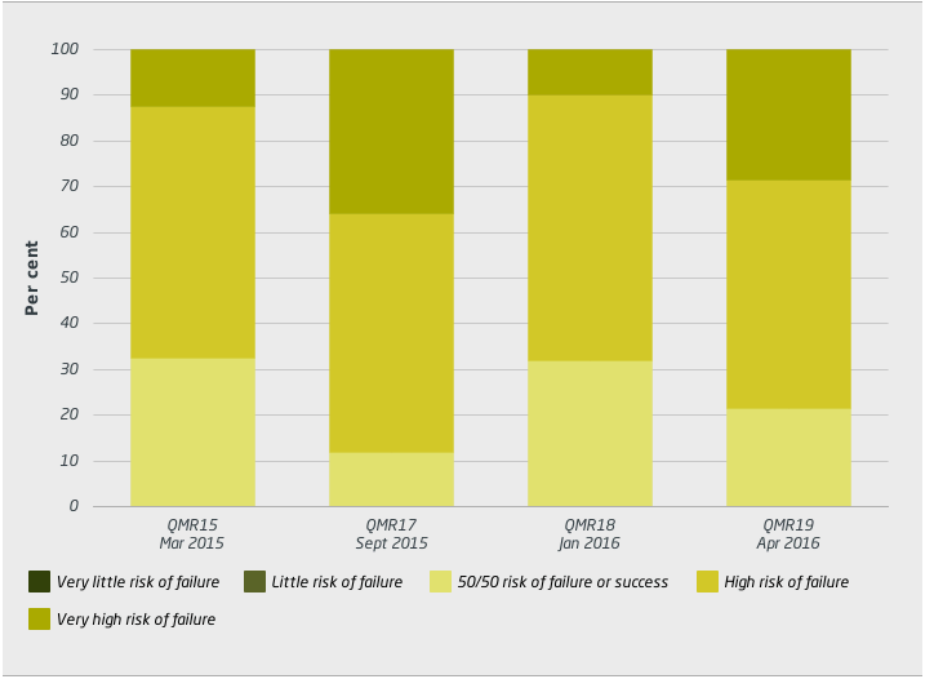
– Specialist provider trust (very high risk of failure)

"Many gains, if delivered, would adversely impact upon the quality of care or access to care. Change in organisational form (eg, towards ACOs [accountable care organisations]) may be necessary to deliver radical system-wide productivity improvements as to achieve through risk-share agreements, contracting relationships etc. while each organisation is being regulated as an individual entity may prove impossible."

– Acute provider (high risk of failure)

CCG LEADS

Figure 22: 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

"Productivity gains can be measured in a number of ways but this time they are required to deliver cash savings that take costs out of the system in order to balance the books."

– Very high risk of failure

"Patient expectation and demand will be the key problems for the NHS. Workforce is also a big issue."

– Very high risk of failure

"Acute trusts will not work together with us in reducing expenditure. Their focus remains on maximising income."

– Very high risk of failure

"Opportunities identified by the Carter review for trusts are in my opinion only partially deliverable. The Right Care information produced for CCGs is very valuable, but will take some time to work up schemes. Also some are longer-term issues (eg, lifestyle changes). But very important to tackle."

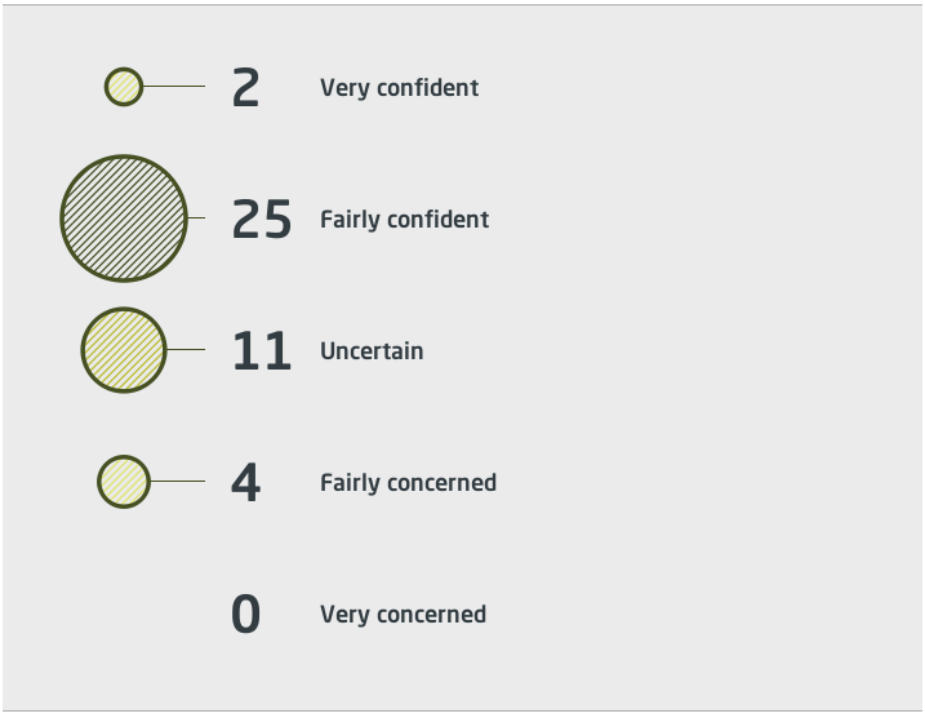
– High risk of failure

9. Mental health waiting time standards

- On 1 April 2016 the Department of Health introduced the first mental health access and waiting times standards (Department of Health 2014). Among these new targets is an Improving Access to Psychological Therapies (IAPT) programme and standards for Early Intervention in Psychosis (EIP).
- Just under two-thirds (64 per cent) of CCG finance leads are either fairly or very confident that the providers with which they contract will meet the new standards in mental health (Figure 23). However, 41 per cent of mental health trust finance directors are either very or fairly concerned about meeting the new standards (Figure 24).

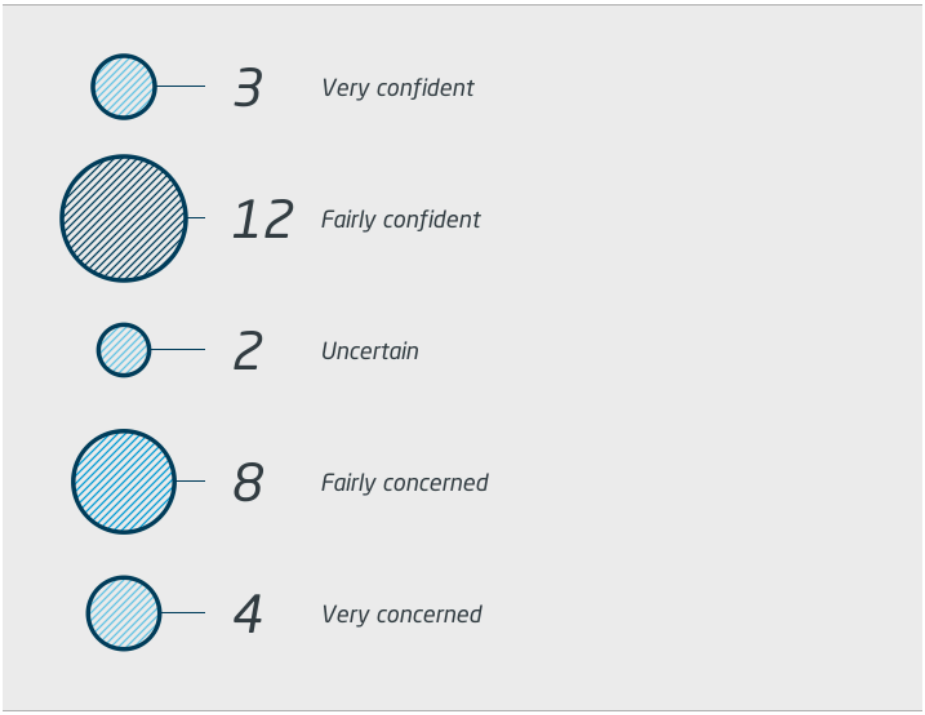
CCG LEADS

Figure 23: How confident are you that the organisations with which you contract will meet the new access and waiting time standards for Early Intervention in Psychosis (EIP) and Improving Access to Psychological Therapies (IAPT) introduced in April 2016?



NHS TRUSTS

Figure 24: How confident are you that your organisation will meet the new access and waiting time standards for Early Intervention in Psychosis (EIP) and Improving Access to Psychological Therapies (IAPT) introduced in April 2016?



29 respondents (for whom the question was applicable)

Respondent comments

"No funding is being offered by ANY commissioners for this target and the investment required is significant. Despite this we are still being tasked by regulators to deliver. The whole national system is not joined up with what is happening locally."

– Very concerned

"Commissioners do not recognise the need for investment to deliver."

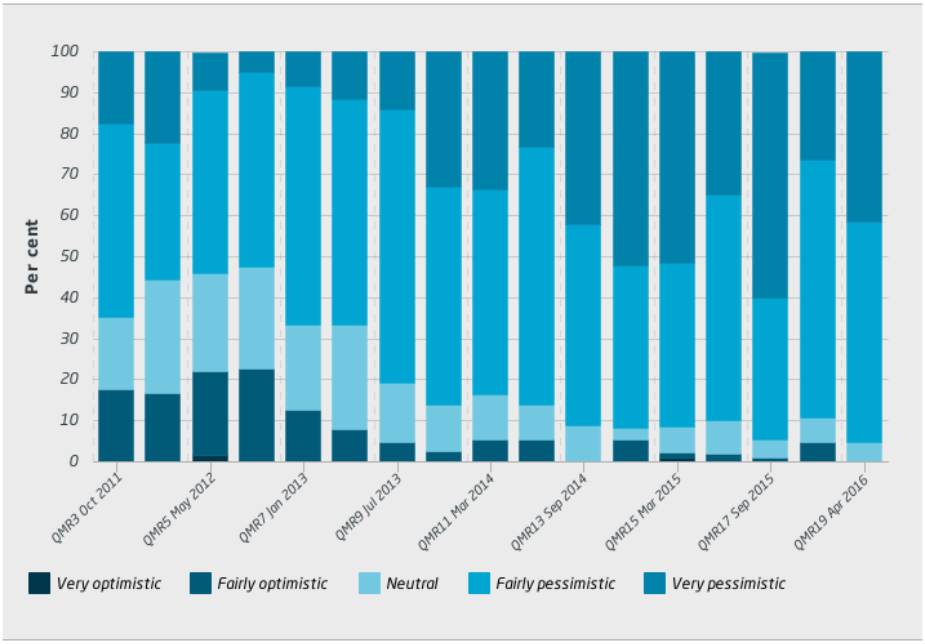
– Very concerned

10. Looking ahead to 2017/18

- When asked for their views about the financial state of their wider local health and care economy over the next 12 months, 95 per cent of trust finance directors are fairly or very pessimistic (Figure 25). Around 86 per cent of CCG finance leads feel fairly or very pessimistic (Figure 26).
- With slightly more than half of trusts (54 per cent) forecasting a deficit for 2016/17, the situation looks worse for 2017/18: 64 per cent of NHS trust finance directors are very or fairly pessimistic about balancing their books in 2017/18 (Figure 27).
- Overall, CCG leads are less optimistic than in previous surveys, and more than half (54 per cent) are very or fairly pessimistic about achieving financial balance in 2017/18 (Figure 28).

NHS TRUSTS

Figure 25: 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

"Organisations seem more desperate than ever to ensure that their individual positions are protected. This is often at the expense of increased cost in the system as a whole. The system of penalties is an industry in itself generating more cost for the NHS as a whole for no obvious benefit."

– Acute trust (very pessimistic)

"Not only are there finance shortfalls but commissioners are making poor decisions, eg, cutting intermediate care by 5 per cent without understanding consequences."

– Community foundation trust (very pessimistic)

"CCGs cannot afford current scope and scale of health care provision, but have no firm plans to restructure services to deliver structural savings."

– Unknown (very pessimistic)

"There is simply not enough money in the system. You can't have a health system costing 9-10 per cent of GDP when you're only prepared to spend 6 per cent!"

– Acute trust, multiple small sites (very pessimistic)

"The system is broken as it stands, although we do have a long-term plan to return to financial sustainability."

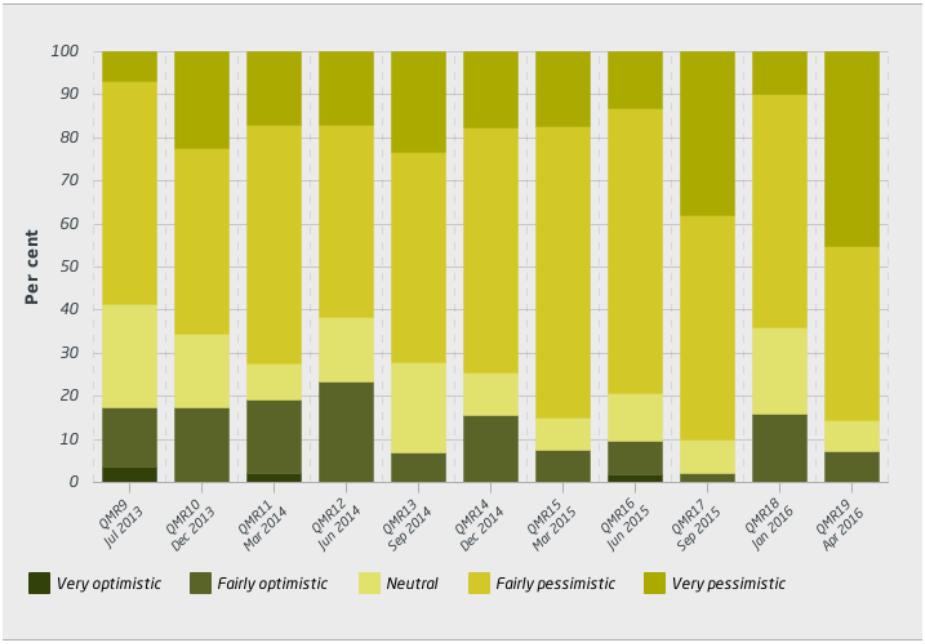
– Acute trust (very pessimistic)

"Acute and CCG positions are precarious, we hope to scrape through but will inevitably be impacted by wider pressures."

– Community and mental health (very pessimistic)

CCG LEADS

Figure 26: 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

"The local acute trust has an underlying deficit of £20 million which is equal to 10 per cent of turnover."

– Very pessimistic

"Quality concerns are growing with all provider organisations."

– Very pessimistic

"This is one of the financially stronger parts of the country historically – so this is serious. A lot is being pinned on Sustainability and Transformation Plans and shared control totals, but that isn't going to happen in time to solve the 2016/17 challenge."

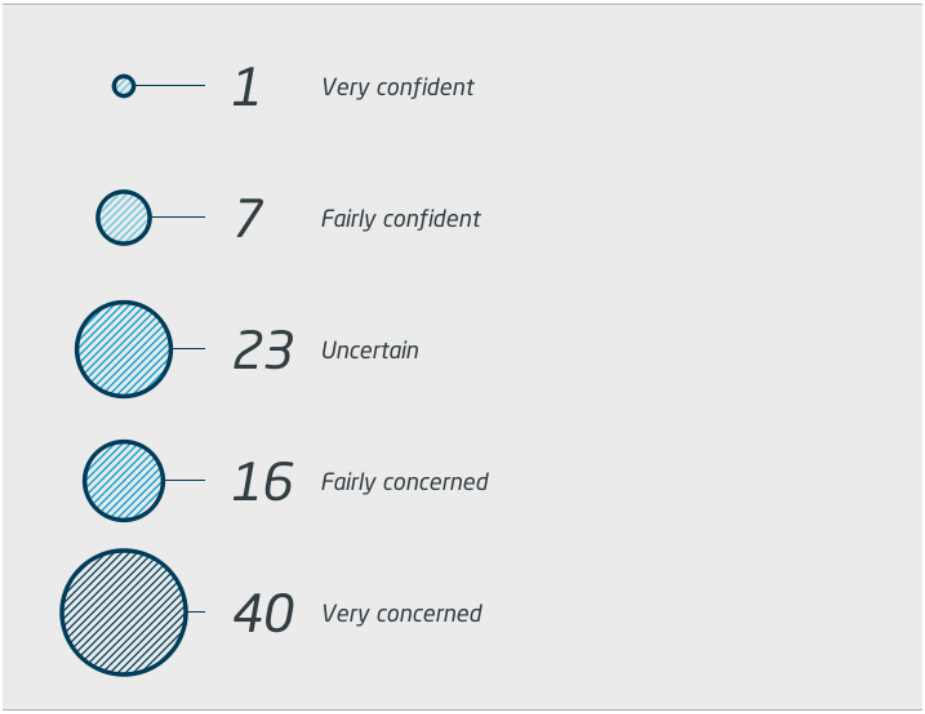
– Very pessimistic

"The overall financial situation is the worst I have known in a long NHS career."

– Very pessimistic

NHS TRUSTS

Figure 27: Looking ahead, how confident are you that your organisation will achieve financial balance in 2017/18?



Respondent comments

"Over-reliance on a tight tariff. Commissioners not commissioning just avoiding as much spending as possible."

– Acute trust (very concerned)

"Who knows? And who takes the rap for failure?"

– Acute and community trust (uncertain)

"Depends on how much of the growth monies put into the NHS feed through to prices."

– Acute (uncertain)

"There is no plan for 2017/18. Indeed, nationally we moved back to one-year plans for 2016/17 with the system plan for 2017/18 onwards being masterminded in a different room in splendid isolation, and in any case at this stage at hypothetical system not organisational level."

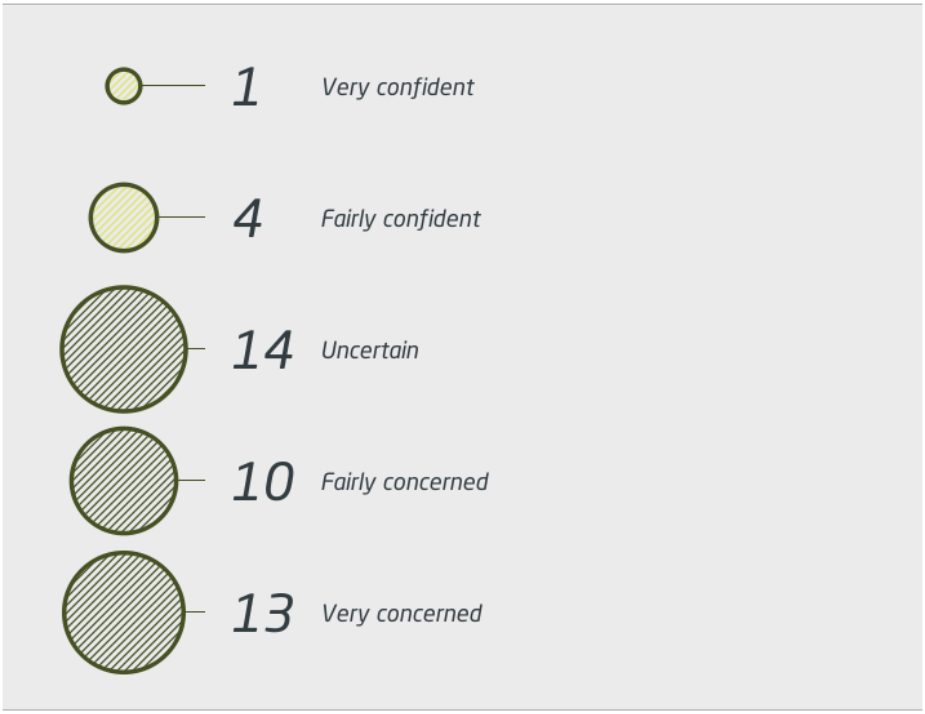
– Acute hospital (very concerned)

"It will take four years."

– Acute trust (very concerned)

CCG LEADS

Figure 28: Looking ahead, how confident are you that your organisation will achieve financial balance in 2016/17?



Respondent comments

"My CCG will deliver our target but our modest surplus is dwarfed by the combined provider deficits, and the stark reality is that the operational cost of delivery is currently greater than the total resource in the system."

– Fairly confident

"The notified allocation uplift of 2 per cent in 2017/18, taking into account current pressures, projections and pre-commitments against the very limited additional funding means that achieving financial targets in 2017/18 will be very very difficult. (Financial balance may be possible in year by utilising brought forward non recurrent surpluses.)"

– Very concerned

"2016/17 will see a movement to share existing provider deficits across the system. As pressures present this will put real strain on all parts of the health system."

– Very concerned

11. References

- NHS England, NHS Improvement, Care Quality Commission, Public Health England, Health Education England, National Institute for Health and Care Excellence (2015). *Delivering the forward view: NHS planning guidance 2016/17 – 2020/21.* Leeds: NHS England. Available at: www.england.nhs.uk/ourwork/futurenhs/deliver-forward-view/ (accessed on 13 May 2016).

- Department of Health (2014). *Achieving better access to mental health services by 2020.* London: Department of Health. Available at: www.gov.uk/government/publications/mental-health-services-achieving-better-access-by-2020 (accessed on 13 May 2016).

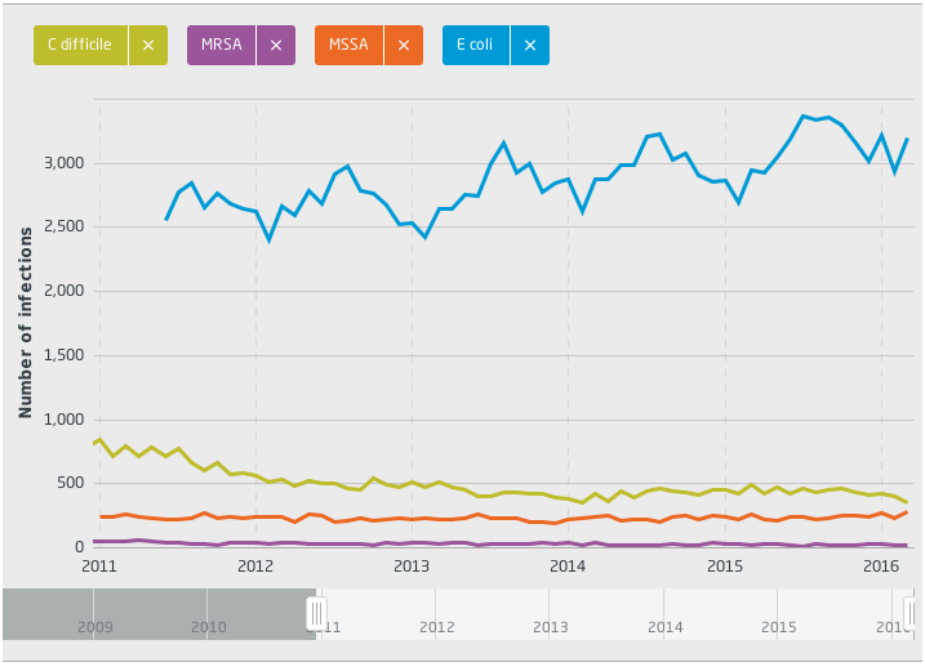
1. NHS performance dashboard

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 fell below 400 cases a month in March 2016 for the first time since June 2014, an achievement in the face of continued operational and financial pressures. Similarly, the number of MRSA infections remains low – a total of 22 in March across England (Figure 29).
- The number of reported MSSA infections in March 2016 was the highest (279) in this data series. Together with growing numbers of *E coli* infections (albeit with large seasonal variations) we will continue to monitor these to see if this reflects increases in population or is a sign of growing health care-acquired infections.

Figure 29: 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

- In April 2016 there was a significant change to the way the Health and Social Care Information Centre (HSCIC) presents figures on the NHS workforce. While data is still collected in the same way, the numbers published are only for those NHS staff who are involved in delivering patient care. Data for staff who are non-executive directors or staff on maternity leave, for example, are excluded.
- The result of the changes is that it is very difficult to compare the latest data with previous data. Once the HSCIC complete re-calculations of the historical workforce figures using the new methodology we will chart the data.
- On the basis of the new definitions, in January 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 1.024 million.
- Compared to January 2015, there has been an increase in all staff of 21,799 FTE posts (2.2 per cent). This has been across all staff groups: consultant numbers have increased by 3.7 per cent; total managers by 5.6 per cent; scientific, therapeutic and technical staff by 1.8 per cent; and nurses and health visitors by 1.1 per cent.

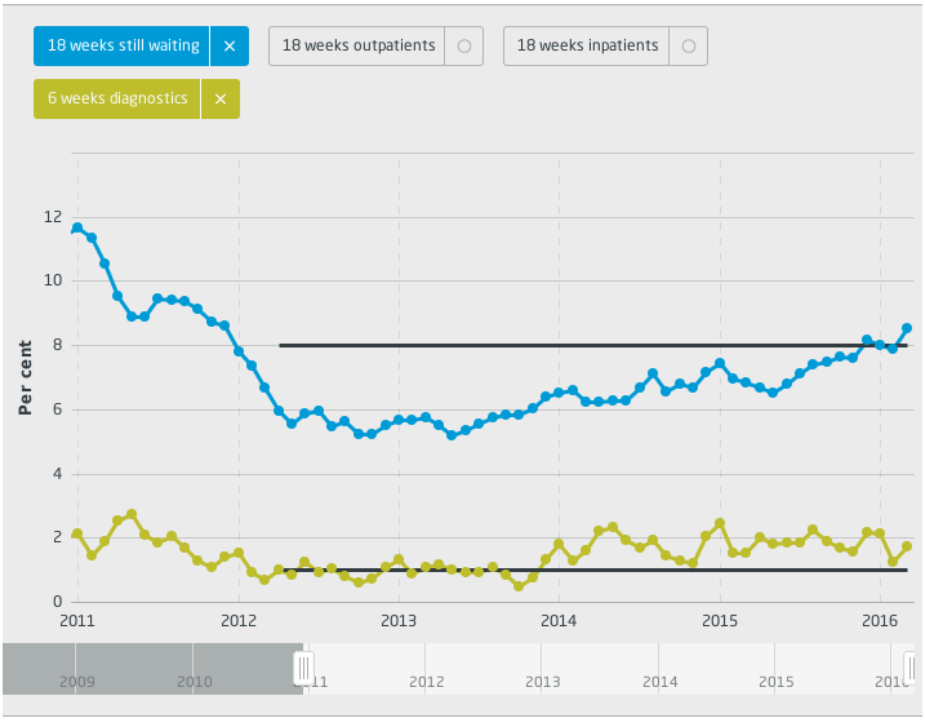
4. Waiting times

- Following Sir Bruce Keogh's review of waiting time measures in June 2015 (NHS England 2015) there are now just two official waiting times targets; however, some waiting times data that is still collected allows us to

estimate performance against previous targets.

- The proportion of patients on the waiting list for more than 18 weeks and still waiting to be seen increased to 8.5 per cent in March 2016 (Figure 30). This breaches the target (8 per cent) and is the worst performance since this target was introduced in April 2012. In total, there were more than 298,747 patients waiting to begin their treatment at the end of March 2016, and 865 of these patients have been waiting for more than a year.
- For the targets that were dropped last year, our estimates show that the proportion of (adjusted) admitted patients treated after having waited more than 18 weeks decreased in March 2016, and the proportion of non-admitted patients waiting more than 18 weeks increased in March 2016.

Figure 30: Percentage still waiting 18 weeks to begin treatment / having waited more than six weeks for diagnostics



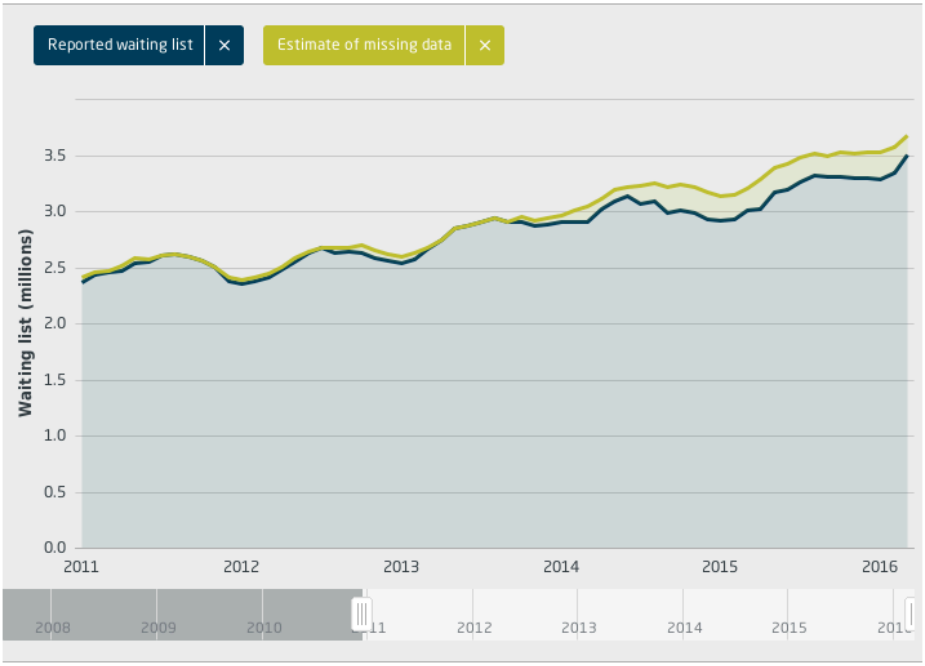
Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

Diagnostic waiting times statistics www.england.nhs.uk

NB: From October 2015 no official data has been collected for admitted (adjusted) waits. However, from the close historical statistical relationship between this dataset and the unadjusted admitted waits it is possible to model the missing data. The modelled figures are denoted with hollow data points from October 2015.

- The total elective waiting list increased each month in the final quarter of 2015/16. Between January and March 2016 the total waiting list increased by more than 212,000 patients, from 3.29 million to 3.5 million.
- 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 March 2016 was around 3.7 million patients (Figure 31). This puts the waiting list back to the highest level since December 2007.

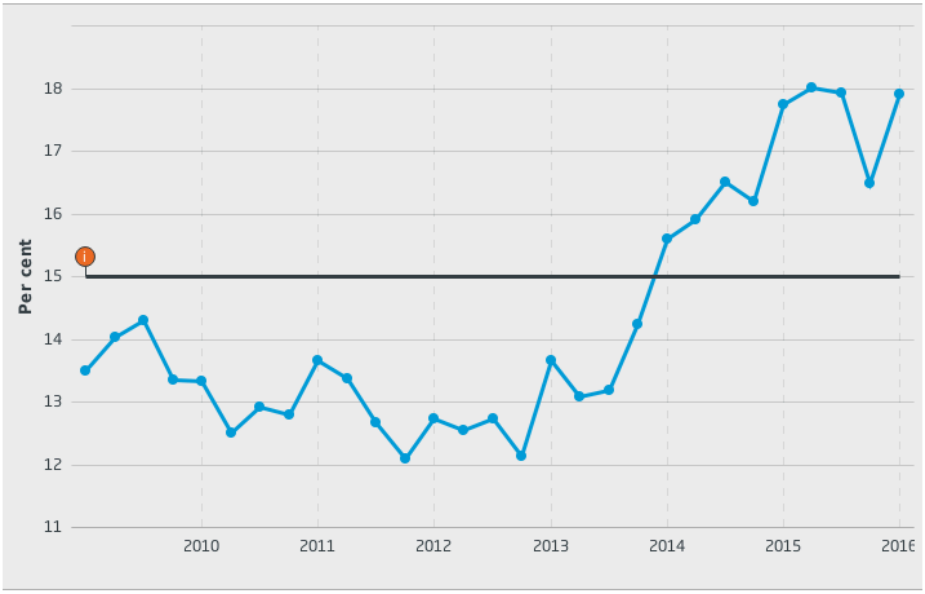
Figure 31: Referral-to-treatment total waiting list size in millions, England



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 28 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 (quarter 4 2015/16 – from January to March 2016) performance deteriorated to 17.9 per cent. This standard has not been met for the past two years (Figure 32)

Figure 32: Maximum 62-day wait for first treatment: all cancers (urgent GP referral to treatment)



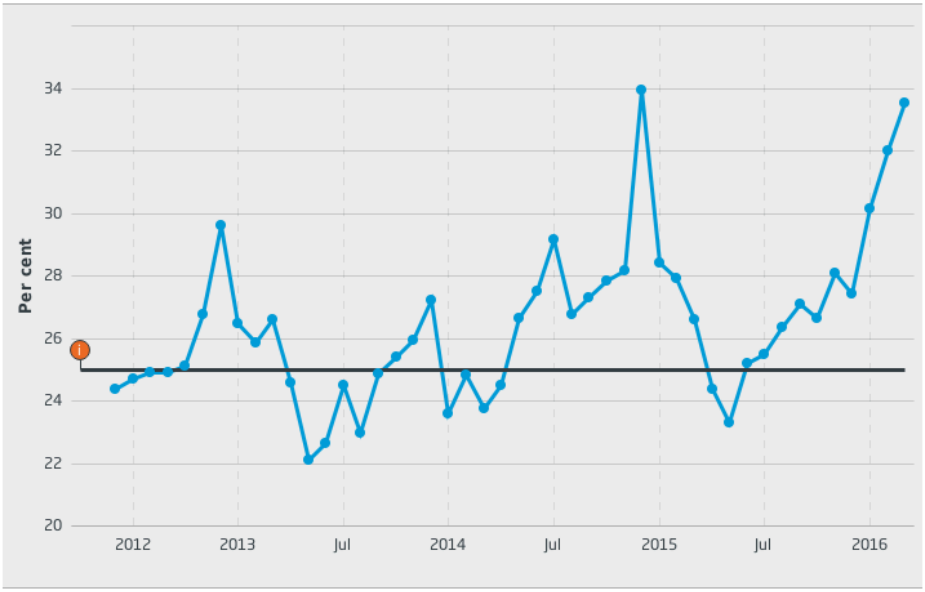
Data source: Provider-based cancer waiting times www.england.nhs.uk

5. Urgent care

Ambulance services

- Since June 2012 ambulance trusts have been given 8 minutes to respond to the most urgent cases, nationally no more than 25 per cent of these calls should be responded to outside this time (Figure 33).
- This standard was met in 2013/14 but for all subsequent years has been missed. In the most recent data for March 2016 performance worsened to 33.5 per cent of calls being responded to after 8 minutes. Performance hasn't been this low since December 2014 and is the worst ever performance seen in March since this target was introduced.

Figure 33: Monthly performance of ambulance trusts in England for Red 1 calls

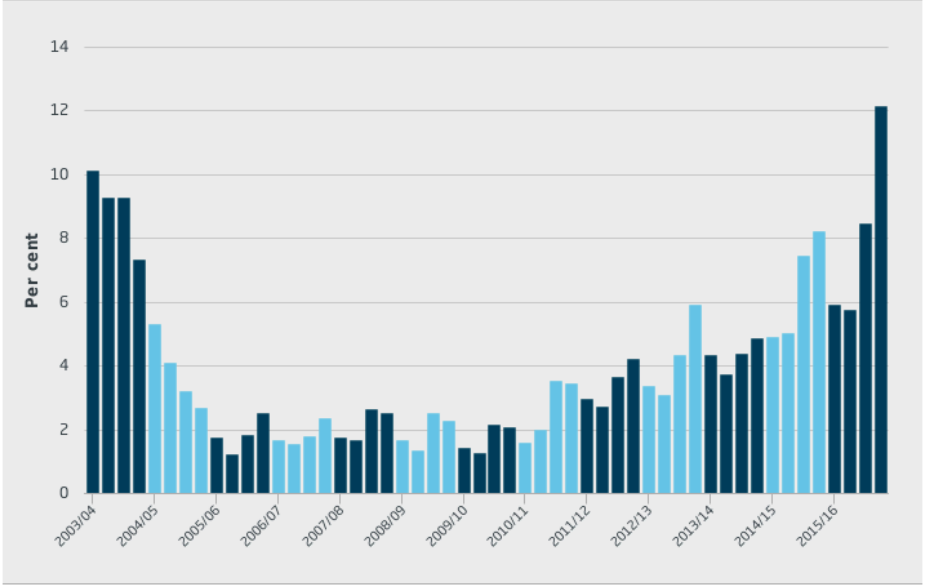


Data source: Ambulance quality indicators www.england.nhs.uk

Accident and emergency

- In quarter 4 2015/16 the proportion of patients waiting more than four hours from arrival to discharge, admission or transfer in all A&E departments was 12.1 per cent. This is above the 5 per cent target and is the highest proportion spending more than four hours in A&E in any quarter since targets were introduced (Figure 34).
- For the year as a whole, more than 8 per cent of patients spent longer than four hours in A&E departments, the worst annual performance since 2003/4.

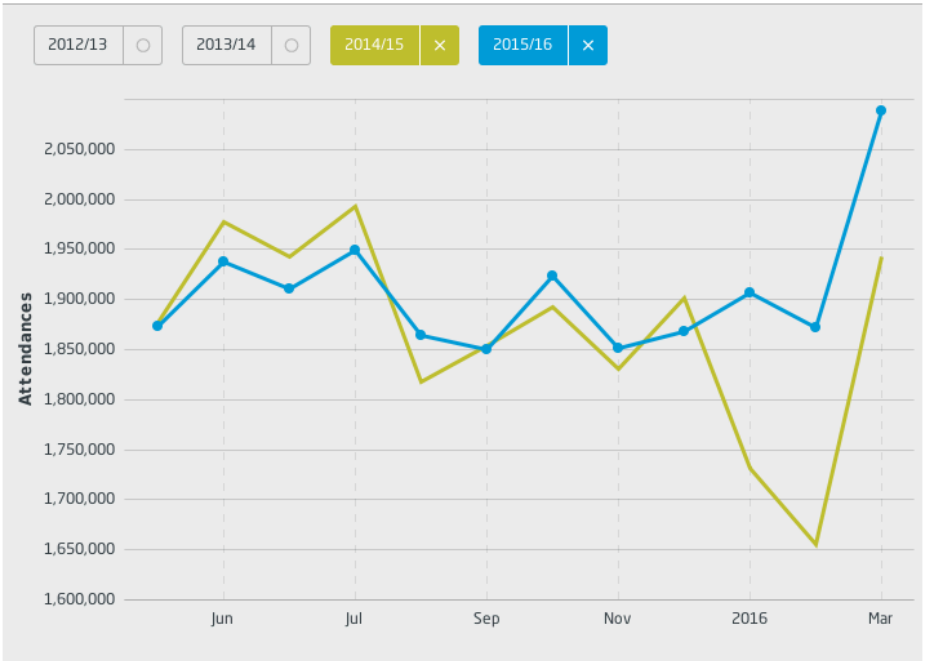
Figure 34: Percentage spending more than four hours in A&E from arrival to admission, transfer or discharge; quarterly data



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

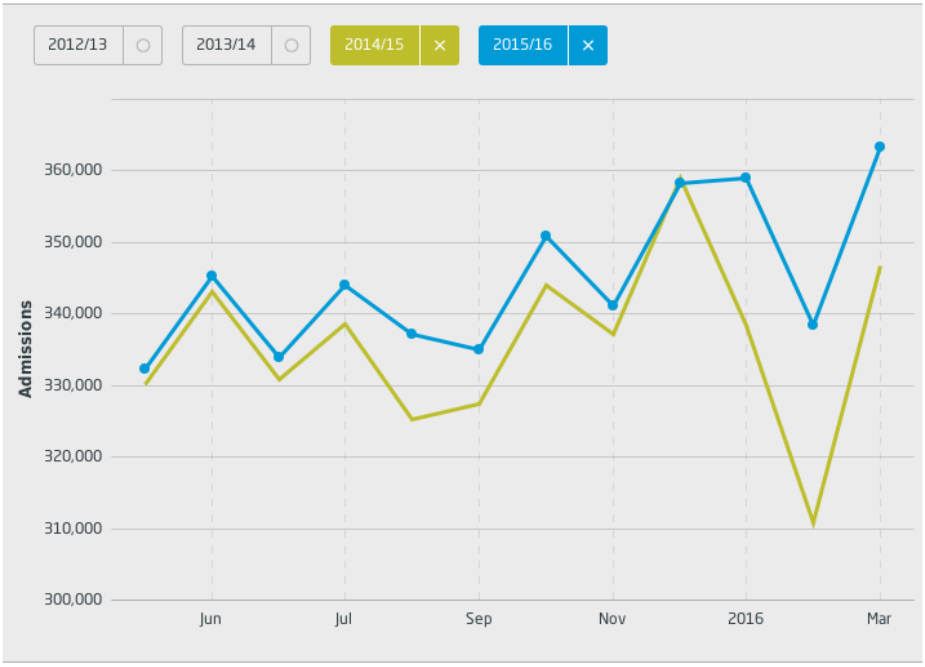
- Performance against the four-hour target fell in the final quarter of the year as the pressures to admit more patients increased (Figures 35 and 36). In 2015/16 A&E attendances were 2.5 per cent higher than the previous year and hospital admissions from A&E increased by 3.1 per cent.
- These small percentages represent large numbers. The increase equates to more than 567,700 more attendances and almost 125,000 more admissions to hospital in 2015/16 compared to 2014/15.
- To put it another way, for each month in 2015/16 it's the equivalent of an additional 47,308 attendances at A&E departments and 10,416 admissions from A&E compared to the previous year.

Figure 35: Total attendances at accident and emergency departments, monthly data



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

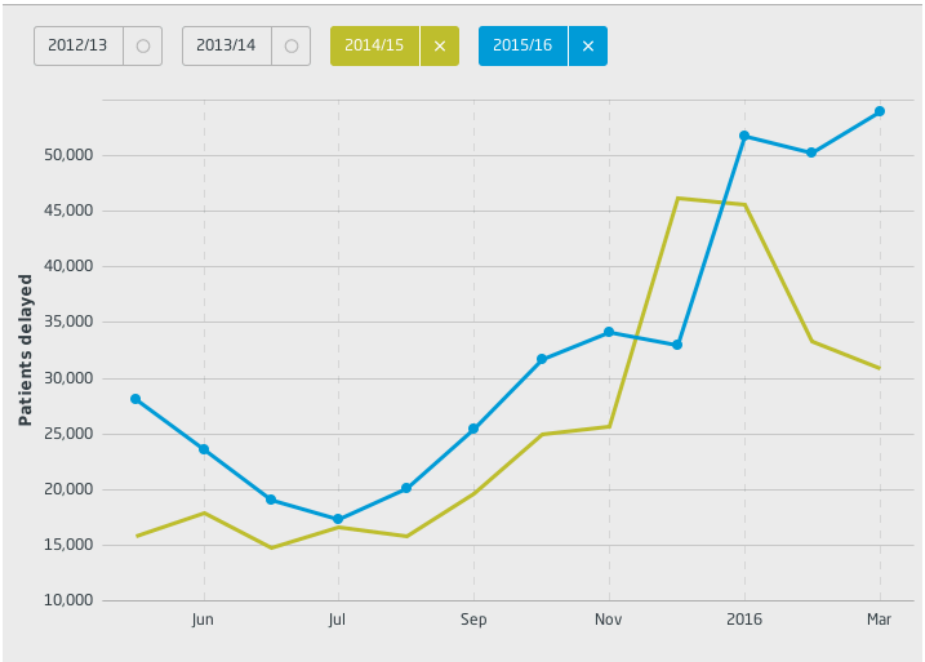
Figure 36: Emergency admissions from accident and emergency departments, monthly data



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 389,420 patients in 2015/16, 83,889 patients (27.5 per cent) more than 2014/15 (Figure 37). Overall, trolley waits were 131 per cent higher in 2015/16 than in 2013/14.

Figure 37: Patients waiting more than four hours in A&E from decision to admit to admission, monthly data

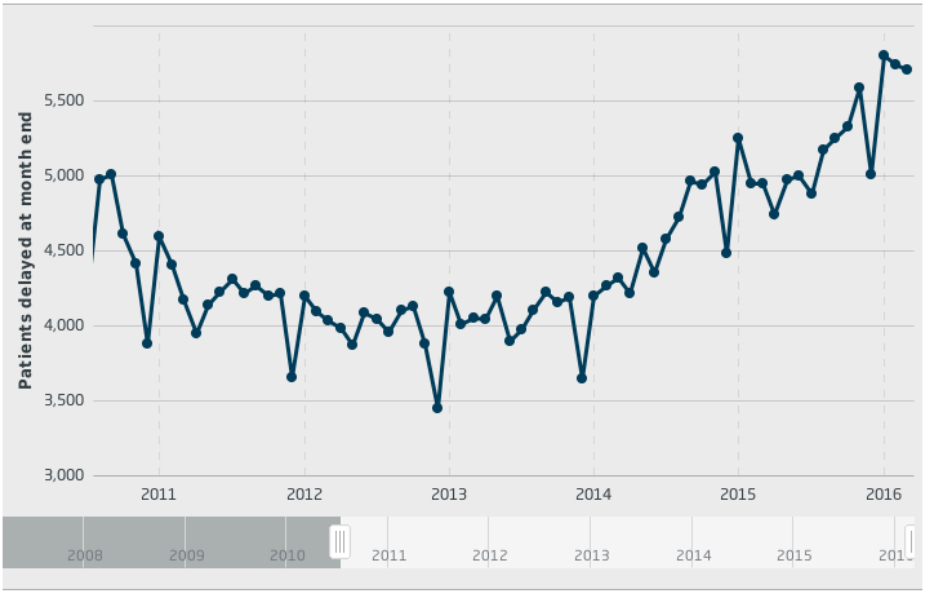


Data source: A&E attendances and emergency admissions www.england.nhs.uk

6. Delayed transfers of care

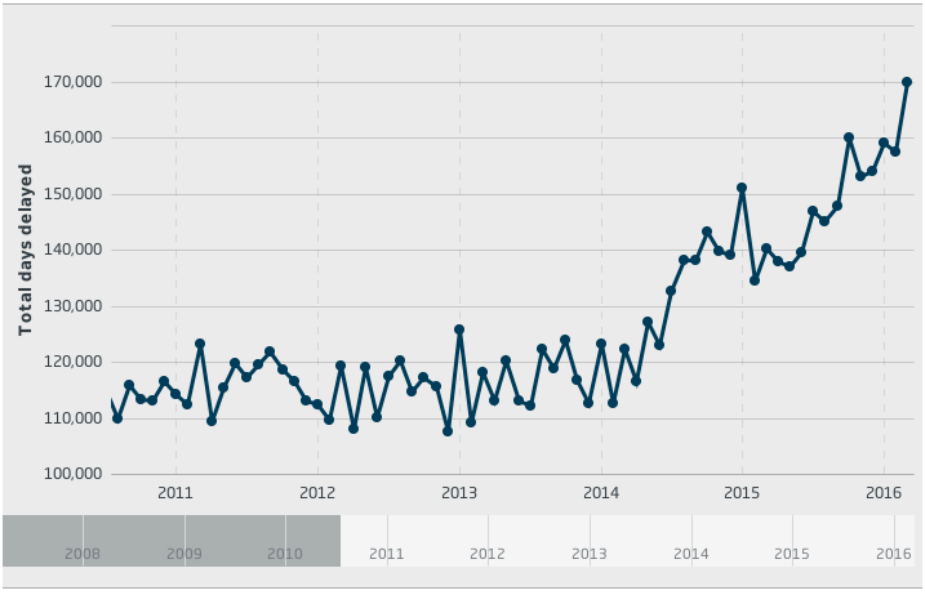
- At the end of March 2016 more than 5,700 patients were delayed in hospitals, an improvement on previous months but still historically high. Comparing figures in March 2016 to those in March 2015 shows an increase of more than 15 per cent this year (Figure 38). Across the year there were an additional 6,241 patients delayed at the end of the month in 2015/16 compared to 2014/15.
- The number of total days delayed increased to 169,928 in March 2016, the highest number of delayed days we have seen in this data (Figure 39). In 2015/16 there were more than 1.8 million total delayed days reported; this was up 11 per cent – or an additional 184,849 delayed days – compared to the previous year.

Figure 38: Delayed transfers of care: number of patients delayed on last day of month



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

Figure 39: Delayed transfers of care: total number of days delayed each month



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

7. References

- NHS England (2015). 'Making waiting time standards work for patients'. Letter from Sir Bruce Keogh to Simon Stevens, 4 June. Available at: www.england.nhs.uk (accessed on 8 July 2015).

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