QMR 16 JULY 2015

How is the NHS performing?

ABOUT THIS REPORT

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

REPORT AUTHORS

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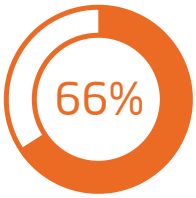
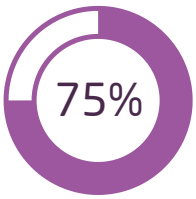
"Rising costs, cuts in the payments they receive for treating patients and increasing demand make 2015/16 the most challenging year for NHS providers this century."

John Appleby, Chief Economist



66% of trusts are forecasting a deficit by the end of 2015/16 – the highest proportion since we began surveying in 2011.



Three-quarters of NHS trust finance directors are planning to increase the number of permanent nursing staff in the next six months.

71k

In the last quarter, 71,382 patients (7.2%) waited for more than four hours to be admitted into hospital from A&E – the highest number at this time of year for more than a decade.

1 in 10

Only 1 in 10 NHS trust finance directors think that new controls will significantly reduce spending on agency staff.

47%

Less than half of mental health trusts are confident that commissioners will increase their funding in line with government commitments.

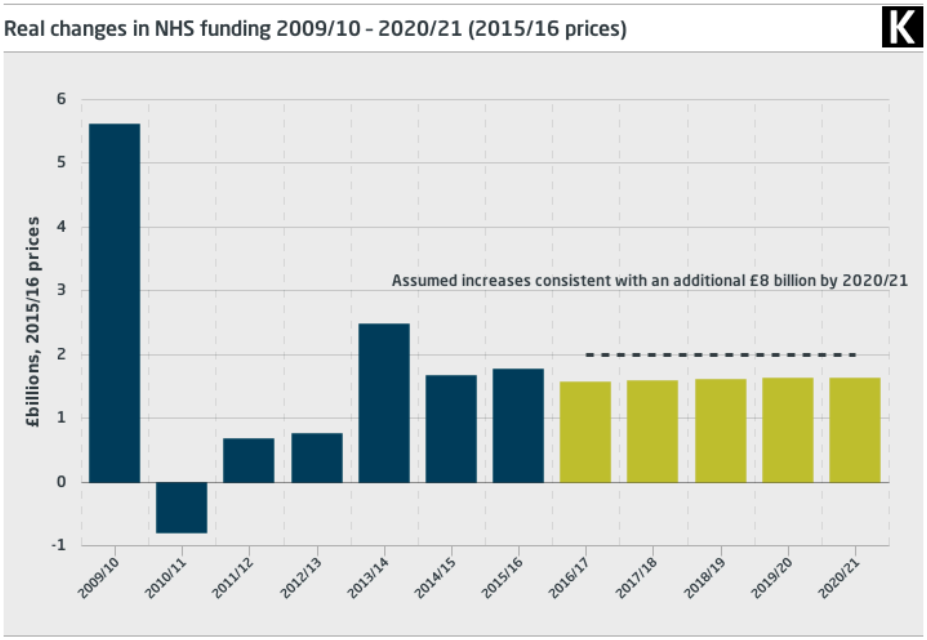
Headlines

How is the NHS performing?

- Our latest survey of finance directors carried out during the first quarter of the new financial year reveals an extremely challenging financial situation for most NHS organisations. A continuation of limited growth in national funding, increased demand, rising costs, real price cuts and the prospect of large cash transfers to the Better Care Fund make 2015/16 the most difficult year for the NHS this century.
- With 114 providers ending 2014/15 in deficit and with a net overspend of more than £800 million, our survey suggests that 66 per cent of all provider organisations are forecasting a deficit this year – with an unprecedented 89 per cent of acute trusts expecting to overspend. Estimates by NHS Providers indicate that overspending by all trusts could amount to more than £2 billion by April 2016 (Wintour and Campbell 2015). Following the latest forecast outturn for foundation trusts of £989 million, Monitor has warned the sector that their freedoms could come under pressure unless they demonstrate faster improvements in productivity (Monitor 2015).

The national funding context

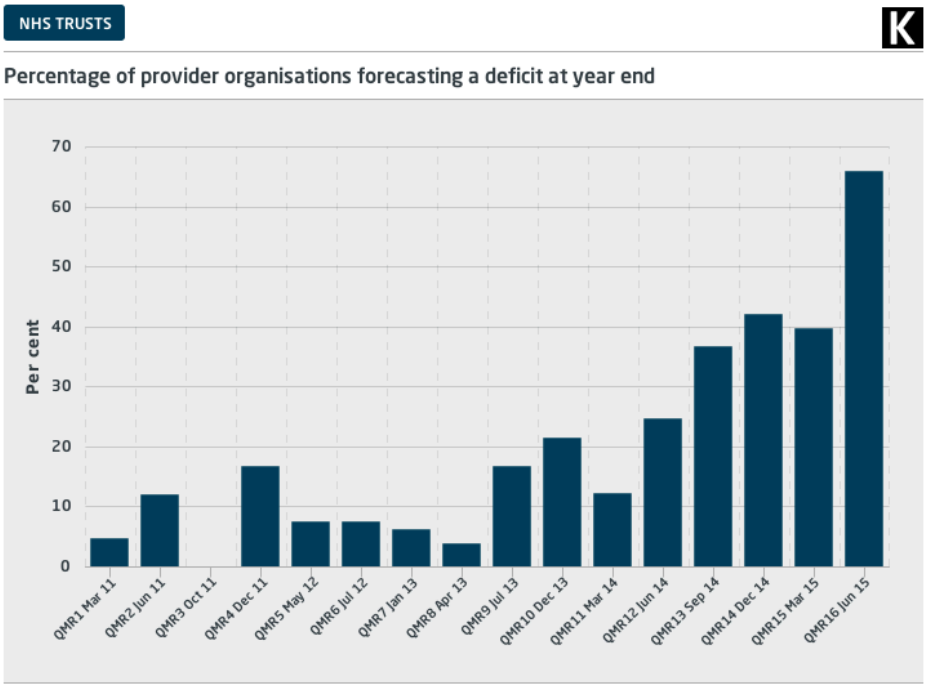
- Nationally, funding remains very tight. This year so far the NHS across England received a cash increase of around £3.4 billion – equivalent to a rise after inflation of around £1.8 billion. Although double the average real increases per year in the last parliament, not only does this 1.6 per cent rise remain low historically, but the planned transfer from the NHS budget to the Better Care Fund will absorb all of this year's budget increase. The extent to which the opportunity cost of this investment in the Better Care Fund will be balanced by reductions in demand for the NHS and will lead to overall better care for patients remains to be seen.



- For the rest of the new parliament, the government's pledge of a real increase of £8 billion by 2020/21 (similar to the increase over the last parliament), represents an average annual real increase of just 1.3 per cent. The actual staging of this increase will be important; smaller increases now – even if balanced with larger increases later - will be problematic for the NHS as it grapples with its current financial challenges.
- Given this national funding context, it is perhaps not surprising that our latest survey of 153 NHS finance directors suggests that this year will be the most difficult for the NHS for many years.

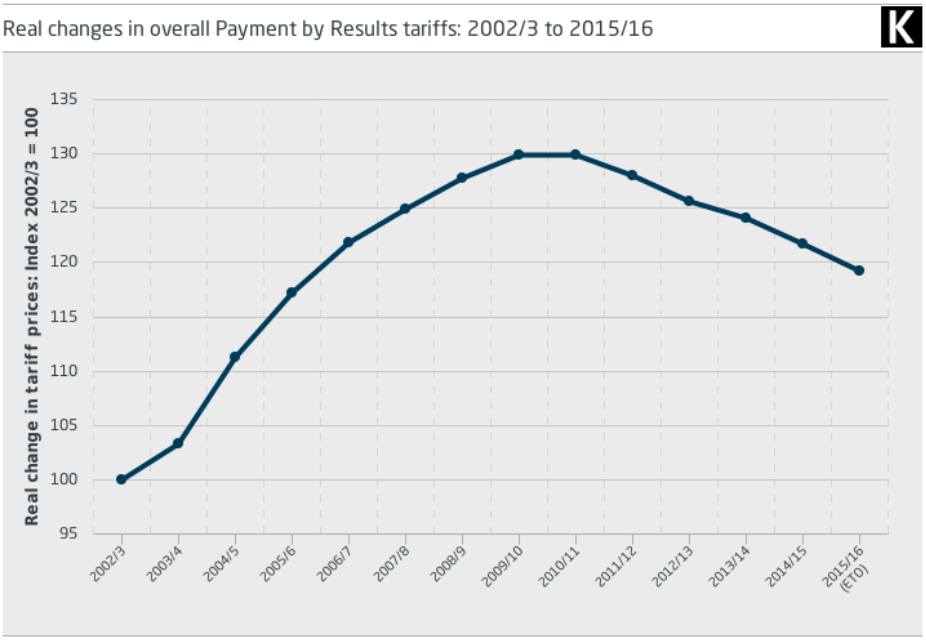
Financial prospects for 2015/16

- The seriousness of the financial situation this year has been underlined by a raft of national actions this month designed to try to contain overspending and deal with the deficit position from last year. While emphasising at this year's NHS Confederation annual conference that there is '...no likelihood that the NHS will receive additional infusions of cash this year', the chief executive of NHS England, Simon Stevens, announced caps on agency spending, management consultancy expenditure and senior management pay, as well as a termination of the National Institute of Health and Care Excellence (NICE)'s work on safe nurse staffing (to be replaced by work overseen by the Chief Nurse, Jane Cummings). And following Sir Bruce Keogh's review of waiting time targets, while the four-hour accident and emergency (A&E) target remains, two elective admission targets are to be abolished; this will help hospitals to focus efforts to reduce the time patients spend still waiting without being penalised and will also limit demand.
- In addition, Lord Carter published an interim report of his efficiency review (Carter 2015), the Care Quality Commission will in future take account of 'use of resources' in its review of provider performance and Monitor will make changes to its risk assessment process. Together with action on 'troubled heath economies' through the new success regimes and action to push changes in services in line with the *NHS five year forward view*, it is clear that the pendulum has swung away from 'quality trumps finances' and towards much tougher action to assert financial control.
- Whether these and other actions have the intended effect remains to be seen. But the views of finance directors in the first quarter of this year are sobering: 66 per cent of trust finance directors in our survey forecast an overspend by the end of this year; for acute trusts this rises to 89 per cent.
- As the figure below shows, this represents the worst end-of-year forecast since our QMR surveys started.



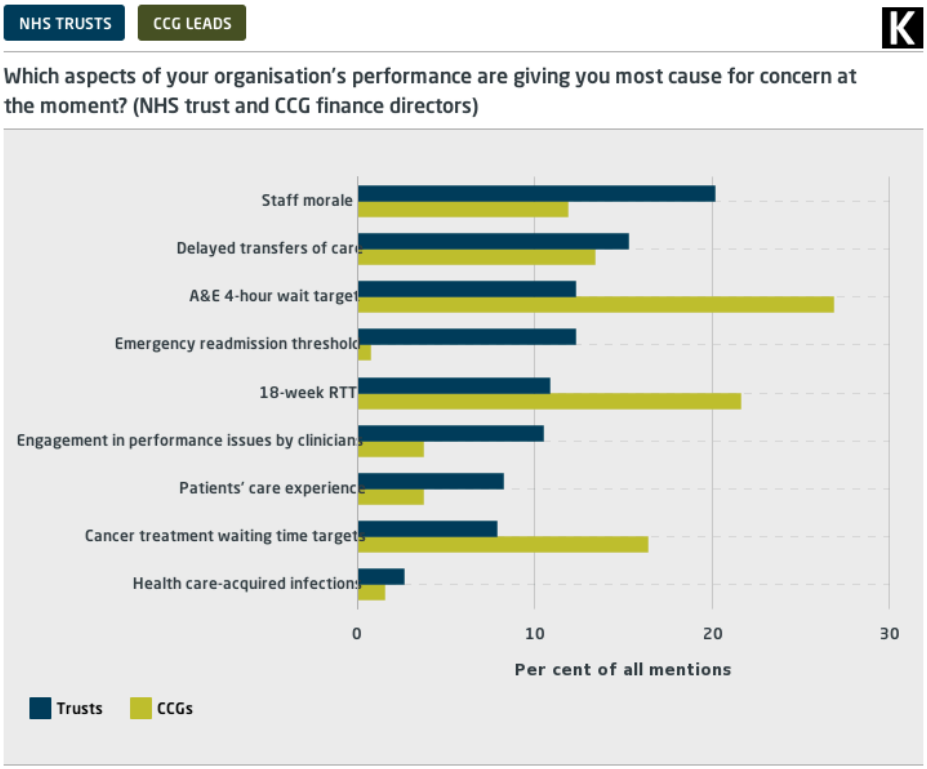
QMR 1-4 based on a panel of 50 finance directors.

- The reasons for this very gloomy forecast are, as ever, a combination of income and expenditure pressures. On income, following the rejection of the 2015/16 Payment by Results tariff schedule by NHS providers and the acceptance – albeit very reluctantly by many trusts – of revised proposals, 211 out of 240 trusts remain under pressure with the 'enhanced tariff option.' This option continues the past year's real reductions in tariff prices (which have been cut by around 9 per cent in real terms since 2010/11) and a variety of financial penalties designed, for example, to reduce emergency activity. The remaining 29 trusts on the 'default tariff rollover' remain on last year's tariff prices and arrangements, while also forgoing any commissioning for quality and innovation (CQUIN) payments (worth around 2 per cent of clinical income) (Monitor and NHS England 2015).



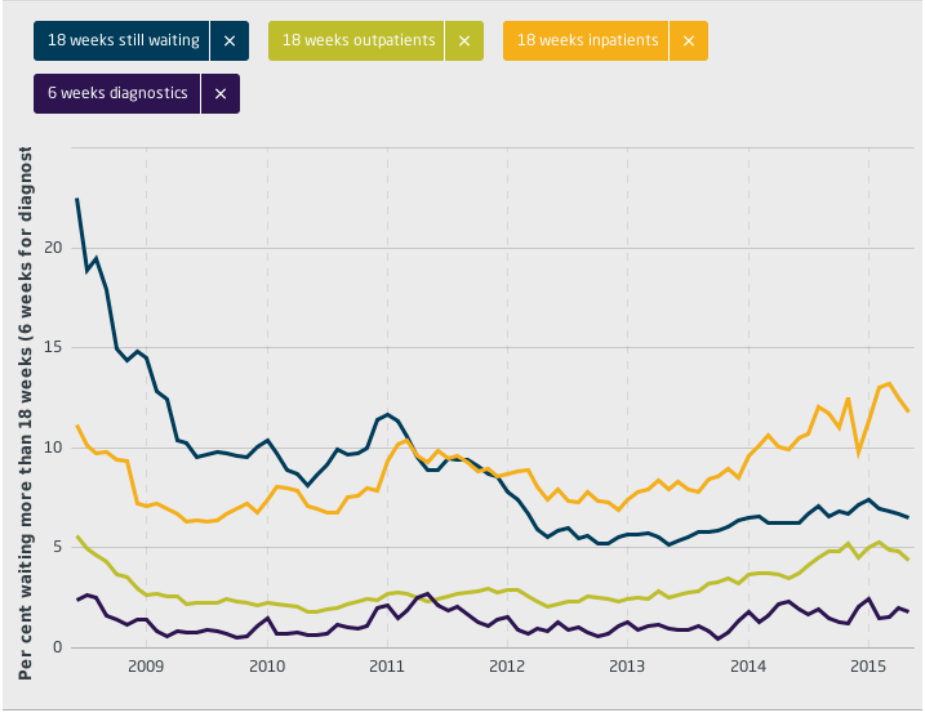
ETO = 'enhanced tariff option'

- The continued downward pressure on prices and income leaves providers with the bulk of the financial risk in most health economies; only 10 per cent of CCGs forecast an overspend – similar to previous surveys. Moreover, with around 60 per cent of providers in our survey reporting that their end-of-year forecast includes the use of reserves and loans, it is clear that tactics to contain spending are not sustainable. Somewhat worrying is the fact that of the 35 mental health trusts in our survey (67 per cent of all mental health trusts), nearly 30 per cent said they were either very or fairly unconfident that commissioners will increase their funding in real terms this year in line with commitments in the Forward View (NHS England 2014). CCGs were more positive – although just under 10 per cent were also concerned about this commitment.
- Even though the historic rise in A&E attendances appears to have plateaued, recent trends suggest that demand for secondary care services remains largely unchanged, with referrals, elective and non-elective activity all rising. Increased activity normally generates increased income, but reduced prices and the use of financial penalties to encourage reductions in some activities such as emergency admissions serve to increase financial pressure rather than income. Indeed, as the Trust Development Authority (TDA) have reported, fines and other financial penalties cost trusts around £370 million last year (NHS Trust Development Authority 2015) – equivalent to around £900 million if scaled up to include foundation trusts.
- Trusts are also facing increases in costs. The Litigation Authority, for example, has increased its premiums substantially this year, which will affect some trusts particularly. Agency costs continue to increase too as trusts recruit to fill nursing and other clinical posts; three-quarters of providers we surveyed planned to increase their permanent nursing workforce this year – though many commented that nurses were in short supply. Although lacking detail at the time of the survey, just over 60 per cent of trust directors did not think the proposed controls on agency staff would reduce their agency spend, while a sizeable minority – around a quarter – thought such controls could affect their ability to recruit the staff they needed to provide safe care.
- Finally, making ends meet through cost improvement programmes remains very difficult for many organisations. We found that just over 40 per cent of trust finance directors were very or fairly concerned about achieving their planned CIPs this year.
- While the overall state of their organisation's finances is clearly a worry for many, other aspects of their organisation's performance are also of concern. As the figure below shows, staff morale remains a top concern for trust finance directors, with delayed transfers of care, the four-hour waiting time target for A&E and, the emergency readmission threshold (which can attract financial penalties). CCG finance directors, on the other hand, remain primarily concerned about waiting time targets for A&E, elective and cancer care.



- Concerns about waiting times follow the worst year for breaches of the national 18-week target for admitted patients since it was introduced. The abolition of this and the target for non-admitted patients – leaving the targets for those still waiting and for diagnostics – may help trusts to focus on long waits and avoid the disincentives apparent with all three targets for elective treatment – but it also provides some respite for trusts as the percentage of patients still waiting remains below its target level. The continued increases in the total number of patients on the waiting list – at 3.4 million, its highest since 2008 – is worrying and will need to be addressed sooner rather than later.

Figure 23: Percentage still waiting/having waited more than 18 weeks (more than six weeks for diagnostics)



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

Diagnostic waiting times statistics www.england.nhs.uk

- The four-hour target for A&E was missed in quarter 1 of 2015/16, the first time this has happened at the start of a year for more than a decade. The number of patients waiting more than four hours for admission to a bed from emergency departments – so-called 'trolley waits' – are 47 per cent higher in the first quarter of this year compared to last year.

Beyond 2015/16

- With the only committed additional funding in real terms by 2020/21 being £8 billion, funding for the rest of this parliament will remain very tight in relation to the future demands on the service. The estimated remaining £22 billion funding-needs gap presents the NHS with the ongoing productivity challenge it has faced each year since 2010/11.
- Looking beyond this financial year, nearly 9 out of 10 trusts, and nearly 7 out of 10 CCGs, finance directors say they are either uncertain or concerned about achieving financial balance in 2016/17.
- The scale of the financial crisis that now extends to most NHS provider organisations poses a huge challenge that can only get more difficult given current funding commitments over the next five years. Overspending is clearly not sustainable, but the fact that it has become endemic is indicative of the equally unsustainable pressures caused by the continued squeeze on provider incomes.
- To avoid eroding the quality of care for patients, in the short term at least, it now looks inevitable that for providers to regain financial control (and to allow the financial space to transform services in line with the Forward View) will require more funding than currently committed this year. How much this will need to be depends on how accurate current deficit forecasts are and how far those deficits can be offset by trusts' savings programmes.
- Although there is scope for the NHS to deliver increases in productivity and better value for patients – as set out in our recent review (Alderwick *et al* 2015) – this will take time and will not deliver sufficient improvements soon enough to cover forecast deficits.

References

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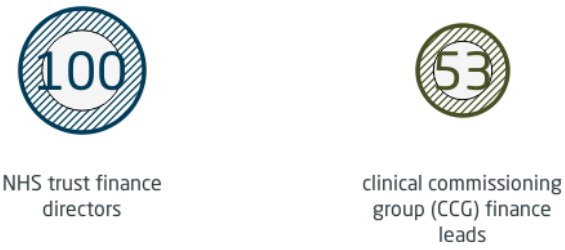
1. Health care surveys

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



This report details the results of an online survey of NHS trust finance directors carried out between 5 June 2015 and 22 June 2015. We contacted 254 NHS trust finance directors to take part and 100 responded (39 per cent response rate). The sample included 44 acute trusts; 35 community and mental health trusts; 6 specialist trusts; 3 ambulance trust and 12 unknown.

In addition, we contacted 202 clinical commissioning group (CCG) finance leads and 53 responded (26 per cent response rate). Between them these finance leads covered 58 CCGs (27 per cent of CCGs).

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

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

Nationally, NHS foundation trusts' financial performance declined significantly in 2014/15, for the first time ending the year with an overall net deficit of £349 million. A total of 77 foundation trusts reported a deficit for 2014/15, totalling £636 million (Monitor 2015). For NHS trusts, at the end of 2014/15 the NHS Trust Development Authority reported deficits in 40 trusts and an overall net deficit of £472.6 million (NHS Trust Development Authority 2015). NHS England reported that CCGs in aggregate ended the year (2014/15) with a surplus of £151 million (0.2 per cent of allocation) (NHS England 2015).

Against that backdrop, our first survey of 2015/6 shows a deepening crisis across trusts, with around two-thirds (66 per cent) of all providers forecasting a deficit for the end of year (2015/16) and 89 per cent of acute trusts expecting to overspend. (Figure 1). This is the worst position for trusts since we began the survey. On the other hand, only around 10 per cent of CCGs forecast an overspend by the end of 2015/16 (Figure 2). NHS Providers indicate that overspending by all trusts could amount to more than £2 billion by April 2016 (Wintour and Campbell 2015). Following the latest forecast deficit from all foundation trusts of £989 million for 2015/16, Monitor has warned the sector that their freedoms could come under pressure unless they demonstrate faster improvements in productivity (Monitor 2015).

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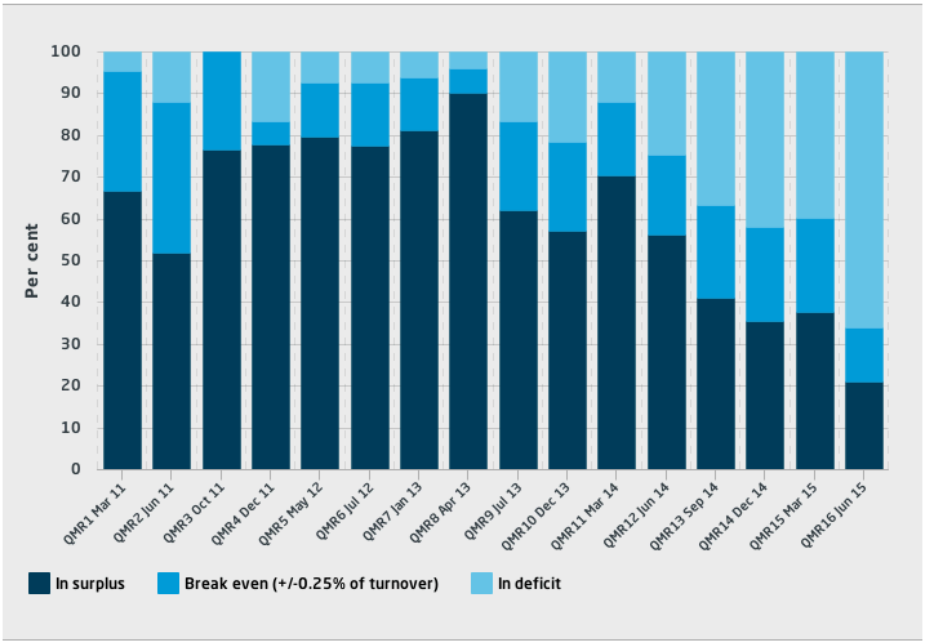
Figure 1: Trends: What is your organisation's forecast end-of-year financial situation



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

Respondent comments

"'Budgeted a deficit of £10 million, but slow start to cost improvement programme and burgeoning agency costs suggest our outturn will significantly exceed this.'"

– Large acute teaching foundation trust

"'While the trust is in surplus this will be below the level required to sustainably pay off our loans as we continue to invest in transformation and plan for the impacts of delays in meeting planned recurring savings.'"

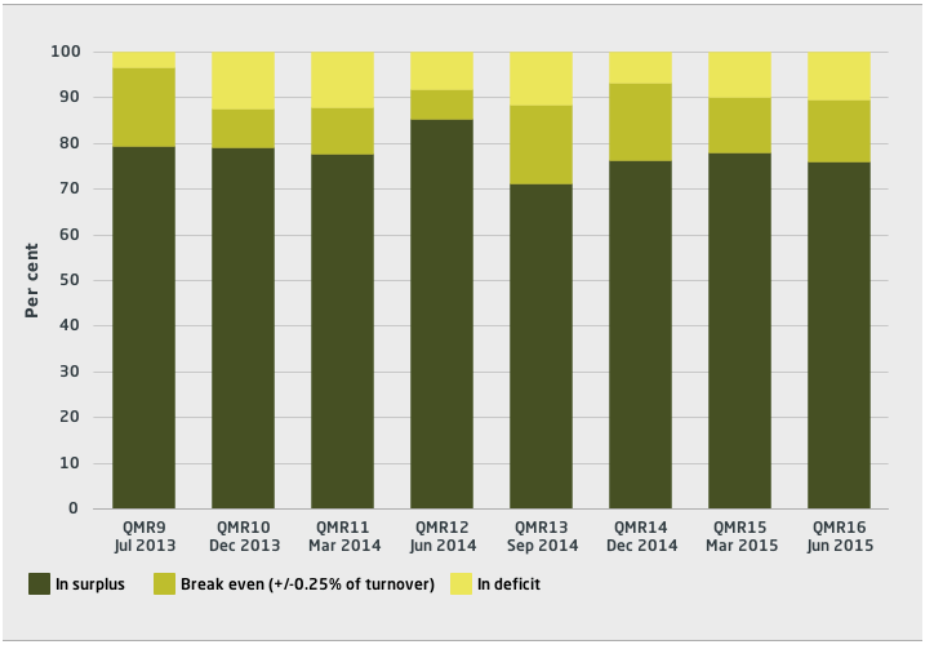
– Mental health trust

"'Commissioners simply passing on all efficiency pressures to providers, take no account of relative efficiency of different providers, protect CCG bottom lines by pushing trust sector into deficit. NHS England clearly running the show. Monitor weak, ineffective and allowing this to happen.'"

– Ambulance trust

CCG LEADS

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



53 CCG finance leads answered this question for the 58 CCGs they cover collectively.
CCGs only surveyed since their establishment in April 2013.

Respondent comments

"'In surplus but already warned this is in jeopardy if financial risks conspire. A very tight position.'"

"'CCGs are obligated to make a 1 per cent surplus as part of their business rules.'"

"'We have a planned 1.2 per cent surplus requirement, but currently still have significant unmitigated risk in the plan (in excess of 1.2 per cent).'"

"'Have submitted a plan to deliver a 1 per cent surplus under pressure from NHS England but think our original plan to deliver only 0.5 per cent was more realistic and would have increased the likelihood of the CCG being able to pump-prime service changes.'"

3. In-year financial support

Just under two-thirds of finance directors reported that their forecast position this year would include additional financial support, either loans, additions to their Public Dividend Capital (PDC) from the Department of Health, or drawing on their own reserves (Figure 3).

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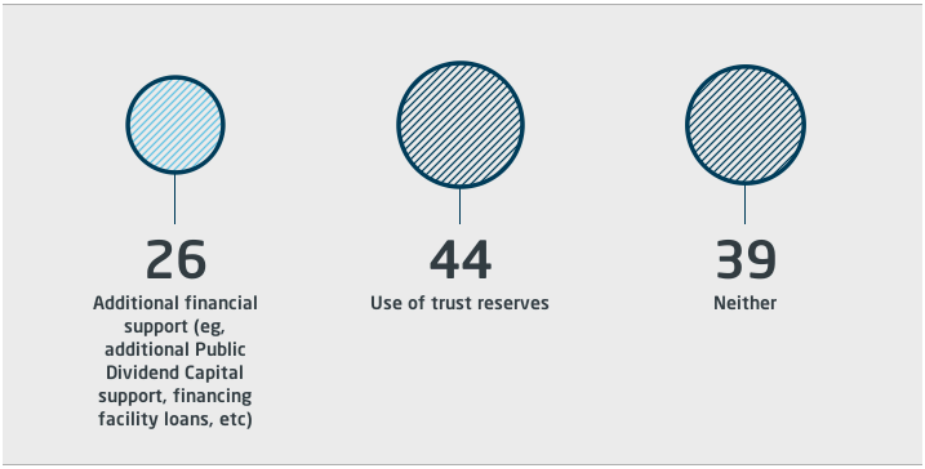
Figure 3: What is your forecast end-of-year outturn likely to depend on?



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

Respondent comments

"'The Public Dividend Capital we are receiving is linked to an acquisition that we have made and was planned as part of that transaction.'"

– Acute trust

"'We are experiencing a transfer of financial risk from commissioners to providers. The Enhanced Tariff Option arrangements have prompted our commissioner to significantly increase the risk within CQUIN (commissioning for quality and innovation).'"

– Community and mental health foundation trust

"'Reserves are long gone. The ability to deliver even the planned substantial deficit relies on being able to recruit more nurses and free elective beds from acute medical patients (given the more than doubling of delayed transfers of care for medically fit for discharge patients).'"

– Acute trust

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

The average cost improvement programme (CIP) target for trusts for 2015/16 is 4.5 per cent, ranging from 1.5 per cent to 9 per cent of turnover. The average quality, innovation, productivity and prevention (QIPP) target for CCGs for 2015/16 is 2.7 per cent, ranging from 0.8 per cent to 5 per cent of allocation (Figure 4).

Confidence in achieving planned CIPs/QIPPs has been reducing each year since 2011. Around 40 per cent of all NHS trust finance directors now feel fairly or very concerned about achieving their CIP plans this year (Figure 5).

Similarly, around 30 per cent of all CCG finance leads were fairly or very concerned about achieving their QIPP plans this year (Figure 6).

NHS TRUSTS CCG LEADS

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

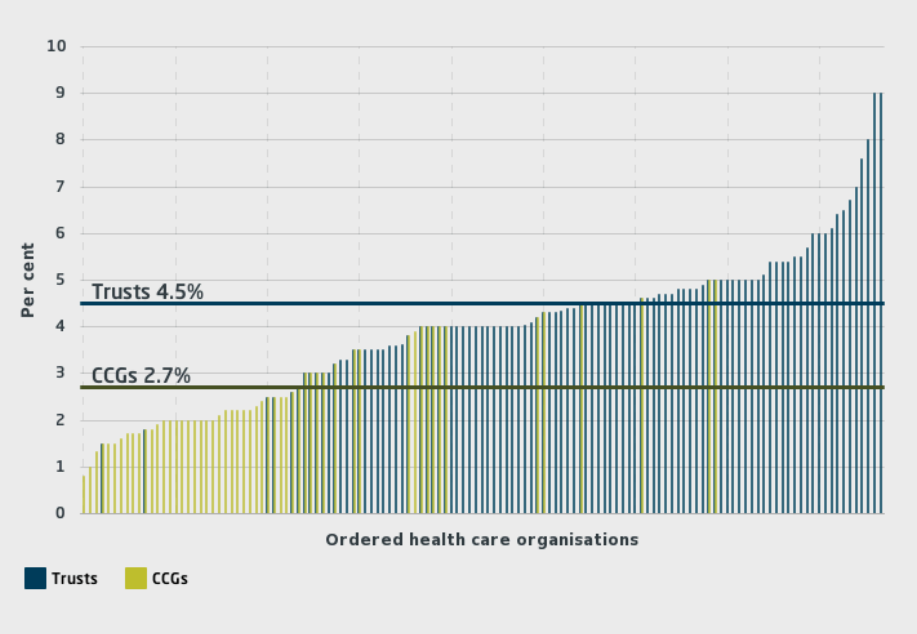


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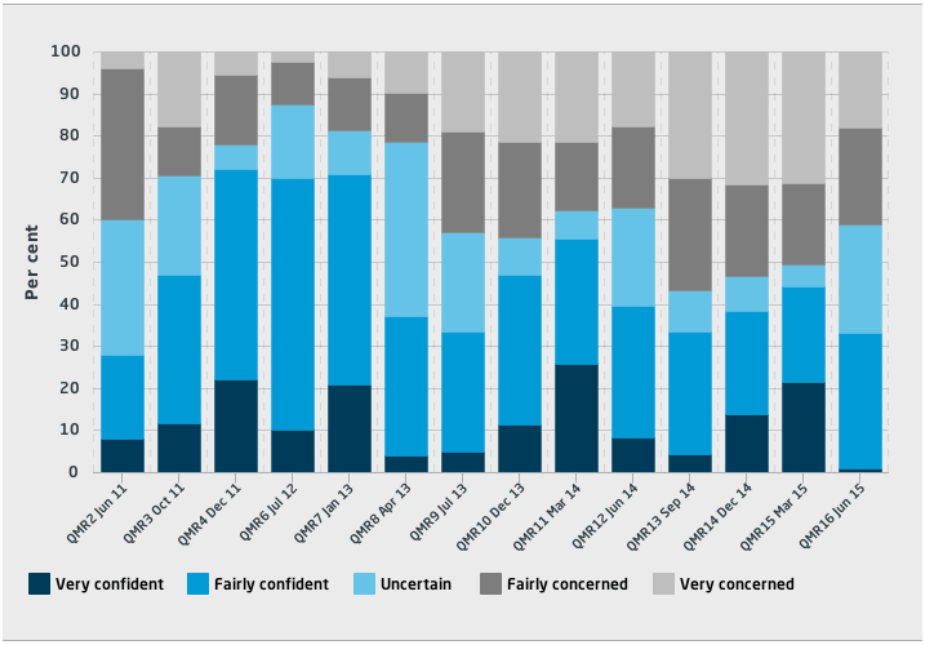
Figure 5: Trends: How confident are you of achieving your cost improvement programme (CIP) target?



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

Respondent comments

"'We currently have a recurrent gap in the cost improvement programme of £1.2 million which has been funded non-recurrently by commissioners.'"

– Mental health and community foundation trust

"'We will achieve the corporate and procurement elements but the scope for operational savings given both the pressures on beds and focus on inputs (ie, nurse levels) is rapidly diminishing.'"

– Acute trust

"'All the low hanging fruit has gone. Maybe non-recurring will allow us to get somewhere near but that is just transferring the issue to another year (as we did from last to this). Whether this financial year or next we will run out of this ability – but will still have a deficit this year of £3.5 million despite a 6.1 per cent cost improvement programme.'"

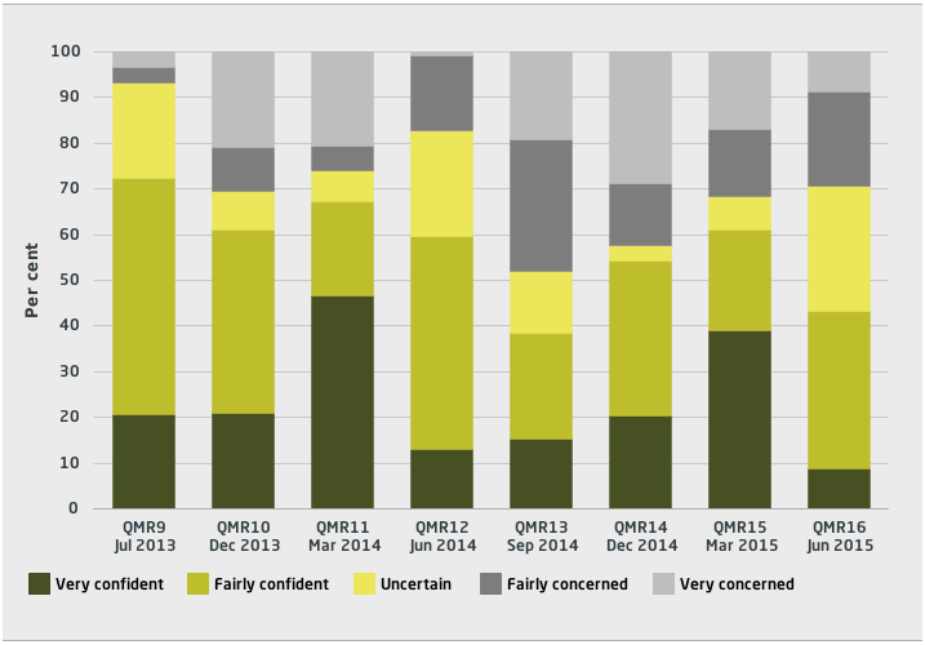
– Ambulance trust

"'While we have reasonable confidence in the current year, we currently have little planned for 2016/17. As our current transformation plans reach their conclusion, significant risks are building for ongoing delivery at this level.'"

– Mental health trust

CCG LEADS

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



53 CCG finance leads answered this question for the 58 CCGs they cover collectively.
CCGs only surveyed since their establishment in April 2013.

Respondent comments

"'Non-elective schemes are not delivering the required return on investment. Schemes are impacting on demand but not reducing demand under the 2013/14 activity levels which is a requirement of the non-elective QIPP schemes.'"

"'QIPP target has increased as a result of NHS England instruction to plan for more activity.'"

"'The delivery of acute-related QIPP is the greatest area of concern.'"

5. The state of patient care

Around a third of both NHS trust finance directors and CCG finance leads felt that care in their local area had worsened over the past year (Figures 7, 8). For finance directors, this is broadly consistent with views expressed in previous surveys.

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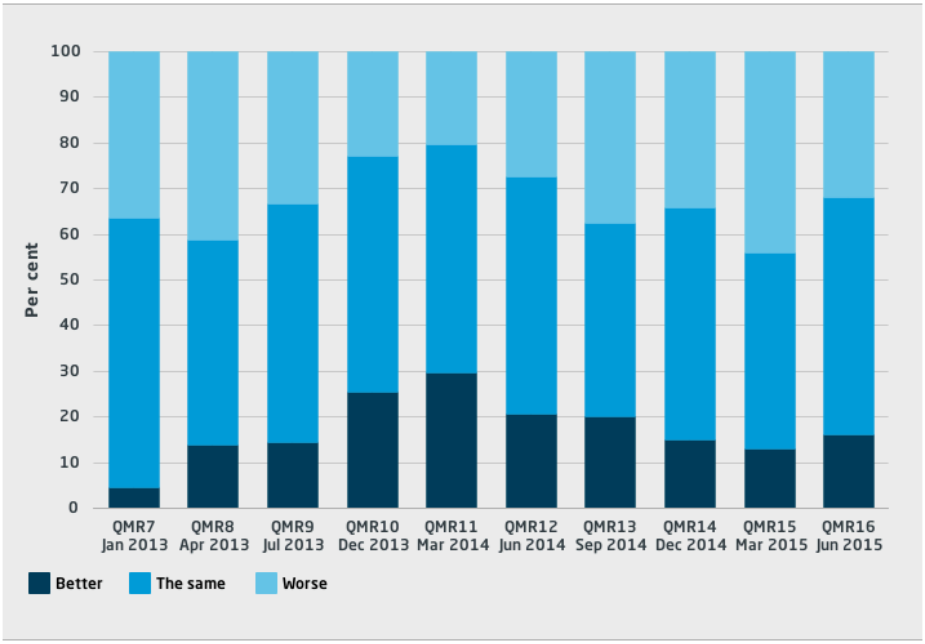
Figure 7: Trends: Thinking about the NHS in your local area, in the past 12 months, do you think it has got better, worse, or stayed the same in terms of patient care?



Question not asked before QMR6.

Respondent comments

"'Overall the cracks are starting to show. The impact of reductions in social services are increasing pressures on A&E, and non-elective activity is pushing up. Pressures on voluntary organisations are increasing and, while in secondary care we are managing to deliver to required standards, the system is increasingly stretched.'"

– Mental health trust

"'Acute bed pressures, waiting times and social care (local authority budget) reductions are impacting the whole system. For example, nursing homes are re-registering as care homes due to unsustainable fees and trouble attracting sufficient nursing staff.'"

– Community and mental health provider

"'In 2014/15 commissioners in local area all in surplus (£103 million) but providers almost 100 per cent in deficit.'"

– Community and mental health foundation trust

"'Information is not available that's inclusive and relevant. Some good service improvements in the local economy and some stark pressures, particularly in relation to social care, GP services, A&E, crisis and out-of-hours care. I'm not sure things are much worse but it's getting harder to paper over the cracks.'"

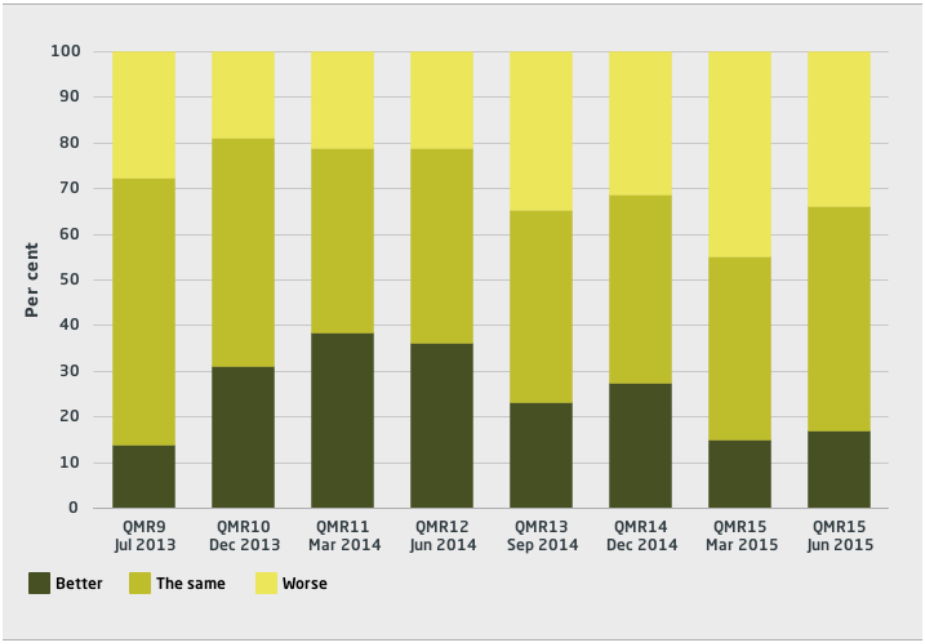
– Mental health and social care trust

"'GP services in particular seem to be extremely stretched.'"

– Mental health foundation trust

CCG LEADS

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



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"'The main acute providers have missed waiting times, A&E clearance and cancer targets, but have improved mortality and infection control performance.'"

"'Waiting times have increased significantly. Primary care overworked and can't be doing the best for patients.'"

"'Issues in staffing-up non-elective peaks; issues in recruiting to key consultant posts; backlog on waiting lists due to non-elective activity; lack of care homes/domiciliary care.'"

6. Organisational challenges

For trust finance directors, staff morale remains at the top of the list of concerns (the fourth quarterly survey in a row), along with the four-hour A&E waiting time target and delayed transfers of care (Figure 9).

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

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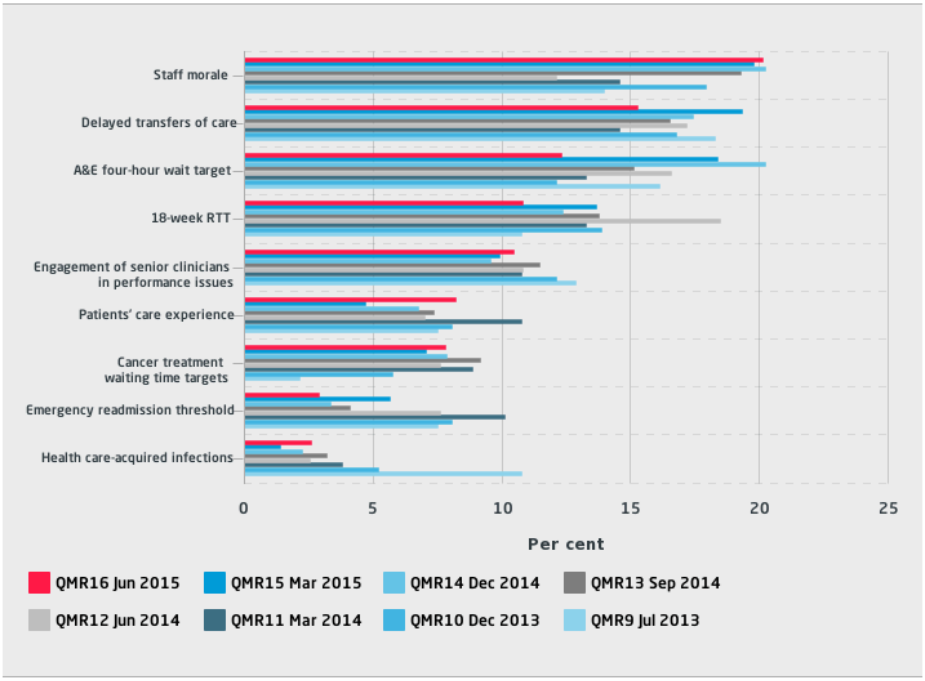
Figure 9: Trends: Which aspects of your organisation's performance are giving you most cause for concern at the moment? Please select top three



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

Respondent comments

"'A key area for concern is the ongoing sustainability of services. Over the past three years we have successfully closed over 300 beds and have invested in transforming our community services and in safer staffing on wards. This has enabled us to remain sustainable and improve the quality of our service delivery. By taking cash out of the system it will be destabilised.'"

– Mental health trust

"'Length of stay is being impacted upon by increasing delays outside of the hospital. Imposing cuts on services and organisations linked to the NHS imposes a cost pressure which has the same impact as a funding cut to the NHS.'"

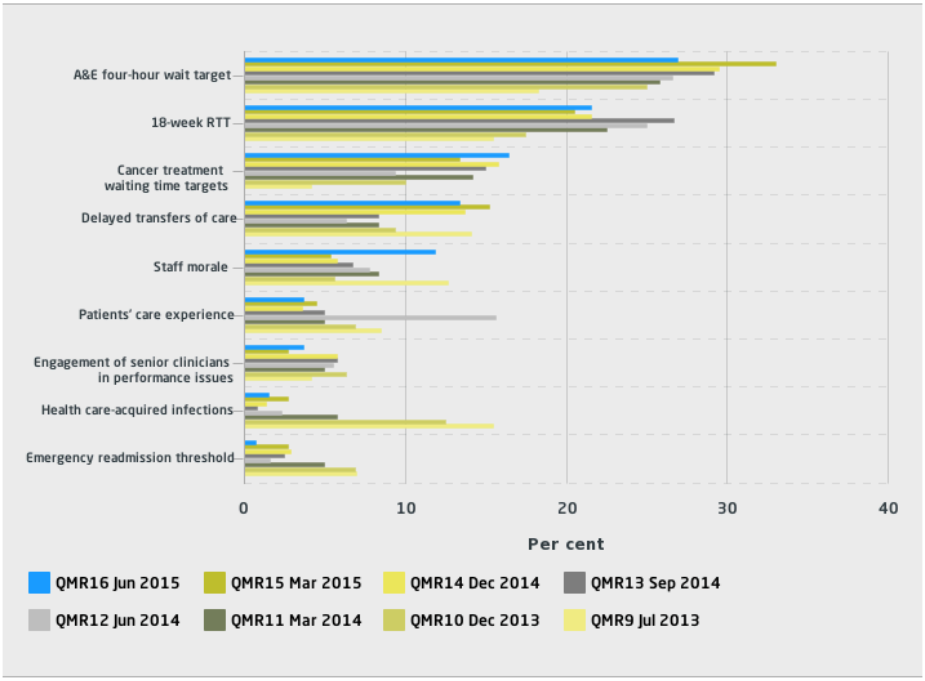
– Acute foundation trust

"'Extremely high mental health inpatient occupancy rates (c100 per cent) which are unfunded by commissioners, and no capacity elsewhere in system to reduce our occupancy rates. Operating at this level of occupancy causes both financial overspends and increased clinical risk.'"

– Mental health trust

CCG LEADS

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



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

Respondent comments

"'The tension between providers and commissioners is becoming more apparent. The provider sector is very focused on financial sustainability irrespective of the whole health economy position. Also very concerned about councils and their ability to fund adult social care.'"

"'Capacity of provider organisations to deliver transformation change at the same time as fire-fighting to deliver performance targets.'"

"'Primary care capacity and morale.'"

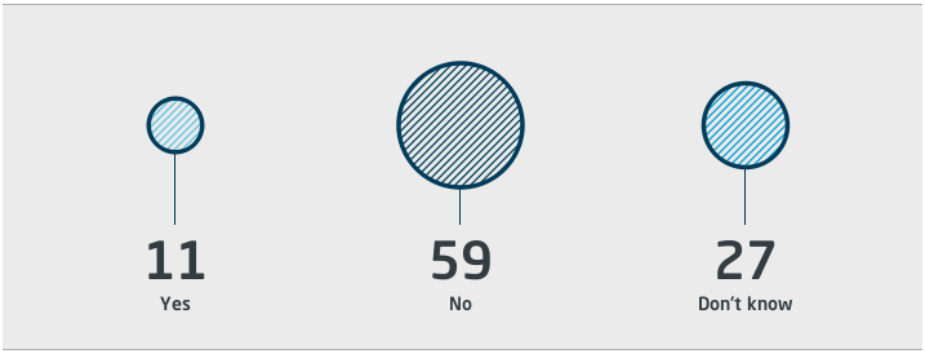
7. Workforce

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

When asked whether the proposed controls would significantly reduce their agency spend, 61 per cent of NHS trust finance directors indicated that they were unlikely to reduce their agency spend (Figure 11). Respondents gave a number of reasons for this, including the importance of being able to fill short-term gaps in service with locums and the fact that providers are already purchasing locum services within the agreed framework. Just over a quarter of NHS trust finance directors thought the proposed controls could affect their ability to recruit the staff needed to provide safe care (Figure 12).

NHS TRUSTS

Figure 11: Do you think the government's proposed new controls on agency staff will significantly reduce your agency spend?



97 respondents (for whom the question was applicable).

Respondent comments

"'We need a workforce solution to ensure that we can recruit sufficient nurses and doctors. The increase in temporary staffing is not just down to a lack of controls.'"

– Acute trust

"'It will put additional pressures on safe staffing and on existing staff to work bank hours, leading to higher stress levels and sickness. It's a publicity stunt and not well thought through.'"

– Mental health trust

"'Agency staff can be a very effective way of filling a short-term gap in the service without having to recruit to a full-time post. The way in which the proposal is being publicised demonstrates a profound lack of understanding of the service.'"

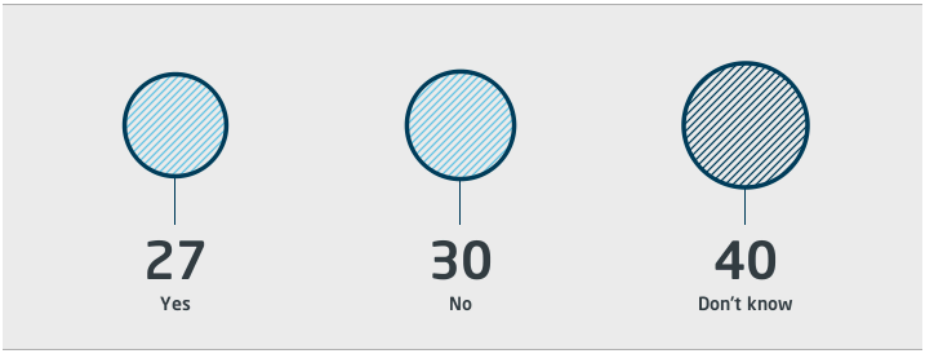
– Acute trust

"'I do wonder whether the government understand that the shortage of nurses compared to the number working for agencies may reflect the two years of no pay awarded to the NHS, followed by a very poor pay settlement the last two years?'"

– Community foundation trust

NHS TRUSTS

Figure 12: Do you think the proposed new controls on agency staff will affect your ability to recruit the staff you need to provide safe care?



97 respondents (for whom the question was applicable).

Respondent comments

"'If push comes to shove we won't be unsafe in order to stay compliant with the new controls. But don't tell anyone at the agencies...'"

– Acute and community trust

"'If it works properly it should reduce the attractiveness to nurses of working for agencies, thus there will be more available for substantive recruitment.'"

– Community trust

"'We are not a foundation trust in breach of our licence for financial reasons, and so would not expect to fall under these controls.'"

– Mental health trust

"'The differential between living costs in London versus salaries compared to the rest of the country means that, if staff are required to take permanent roles, they are most likely to move away from London to do that.'"

– Acute trust

Three-quarters of NHS trust finance directors plan to increase the number of permanent nursing staff in the next six months (Figure 13). At the same time, 33 per cent of NHS trust finance directors plan to reduce the number of directly employed staff posts this year (2015/16) (Figure 14). Out of the 33 trusts planning to reduce their workforce, 19 plan to increase the number of nurses in the next six months (58 per cent). Comments from trust finance directors suggest that non-clinical staff will be most affected by the cuts in posts.

NHS TRUSTS

Figure 13: Is your organisation planning to increase the number of permanent nursing staff in the next six months?

99 respondents (for whom the question was applicable).

Respondent comments

"'We are cruising the world for nurses, with a big bag of cash for golden hellos. How did we sink so low?'"

– Acute and community trust

"'The trust would like to increase its permanent workforce, however is increasingly reliant on agency staff.'"

– Acute and community trust

"'We can't recruit to current establishments! If we could recruit to current establishments that would be a huge improvement.'"

– Acute trust

"'A constant battle at the moment to fill vacancies and some service expansions are ongoing.'"

– Teaching hospital (and community trust)

NHS TRUSTS

Figure 14: Is your organisation planning/implementing an overall reduction in directly employed staff posts this year (2015/16)?

Respondent comments

"'Reductions can be anticipated from 2016/17. Numbers uncertain at this point.'"

– Community trust

"'Circa 50 reduction in established posts in community services - major component of cost improvement programme for 2015/16 is reconfiguration of community mental health teams across the trust.'"

– Mental health trust

"'Approximately 50 posts. You can't take 4 per cent of expenditure out of the system without removing posts.'"

– Acute trust

8. Funding for mental health services

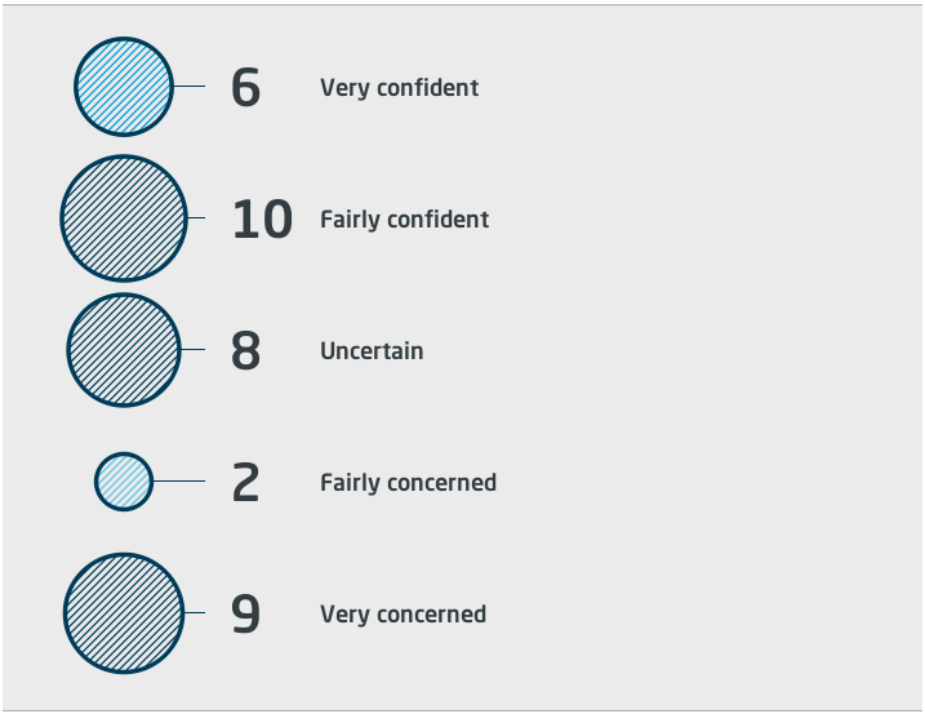
As part of the ambition to achieve parity of esteem between mental and physical health by 2020, CCGs are expected to increase spending on mental health services in 2015/16 in real terms, and grow by at least as much as each CCG's allocation increase (NHS England 2014).

Just under a third of all NHS trust finance directors working in mental health trusts are fairly or very concerned that the planned increase in funding for mental health services this year will be not met (Figure 15).

At the same time, around 8 in 10 of all CCG finance leads are fairly or very confident about making the planned increases in funding available for mental services this year (Figure 16).

NHS TRUSTS

Figure 15: FOR MENTAL HEALTH TRUSTS ONLY: How confident are you that your commissioners will increase funding for mental health services in 2015/16 in real terms, in line with the NHS five year forward view?



35 respondents (for whom the question was applicable).

Respondent comments

"'There is a mixed picture among our commissioners. Certainly we have not seen anywhere near the expected level of funding identified in the NHS five year forward view.'"

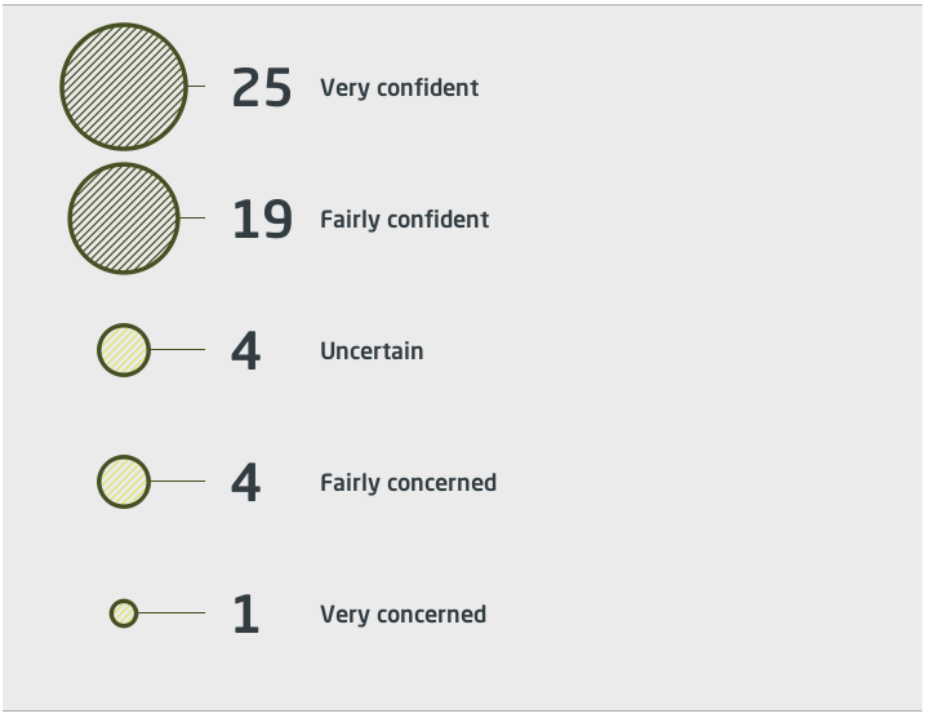
"'Most CCGs are providing an element of investment. Some are still looking to reduce their mental health investment.'"

"'Our income from CCG commissions will fall in absolute terms in 2015/16. We are unaware of any significant investments with alternative providers in our system.'"

"'To secure funding we have needed to go at risk upfront during 2014/15 to 'prove concept' for developments. CCGs want to invest but their funds are being massively stretched as a result of NHS England budget pressures (primary care, specialist commissioning), continuing health care cost growth, acute activity, enhanced tariff option impacts and inability to achieve recurrent QIPP. The system needs to generate investment to save funding.'"

CCG LEADS

Figure 16: How confident are you that you will be able to increase funding for mental health services in 2015/16 in real terms, increasing this at least in line with the CCG's overall growth as suggested by the NHS five year forward view?



Respondent comments

"'The investment resources required have been planned, however the important thing will be to ensure that they are invested wisely and drive good value for money.'"

"'The money is ring-fenced but not committed. If financial pressures occur then could come under pressure to slip investment.'"

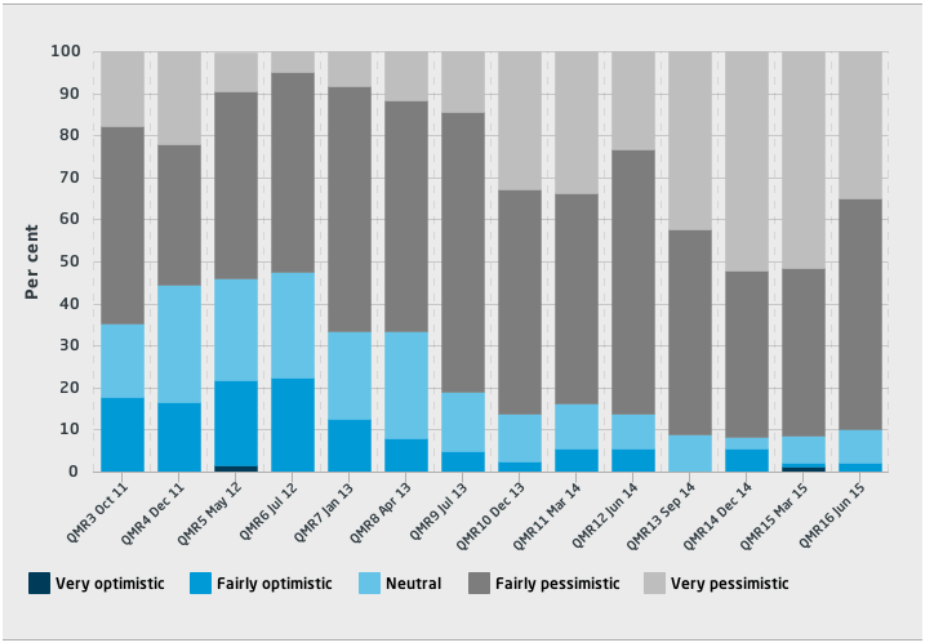
"'For my CCG this would amount to nearly £5 million. Even if we could afford it, which we can't, there aren't the staff out there to recruit. It's a crude target – we were a relatively high spender on mental health to begin with.'"

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

As for views about the financial state of their wider local health and care economy over this financial year, around 90 per cent of trust finance directors were fairly or very pessimistic (Figure 17). Similarly, 80 per cent of CCG finance leads feel fairly or very pessimistic (Figure 18). Both are slightly worse compared to our survey in June 2014.

NHS TRUSTS

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



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

Respondent comments

"'The acute sector is now experiencing deficits which will impact on the overall ability of the health and social care economy to function, significantly exacerbated by the continuing pressure on social care. This in turn puts pressure on mental health services.'"

– Mental health trust

"'The impact of the allocations to the local CCG and the Better Care Fund mean that commissioners and local authorities will make surpluses. That will mean that there is a chance of equilibrium for the system. The problems are that these authorities have a habit of spending the money they have badly, often on hare-brained "transformation" projects which fail to deliver, and that the funds never reach the frontline when the financial pressures are intense.'"

– Acute trust

"'For the first time, every organisation within the local economy will be in deficit.'"

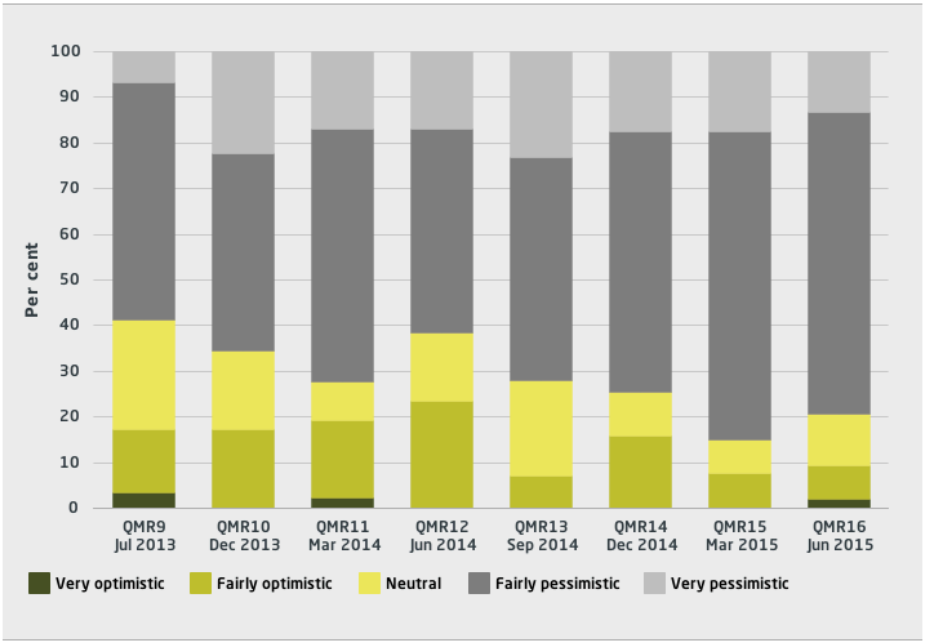
– Acute trust

"'We are in a bizarrely named "success regime", comprising five acute providers with a combined planned deficit of more than £100 million in 2015/16. Our local CCG has a deficit of £10 million. Success indeed! We are trying to run up a down escalator that is getting faster.'"

– Acute trust

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 year?



CCGs only surveyed since their establishment in April 2013.

Respondent comments

"'Instead of trying to keep the strategic and operational "ask" simple in order to ensure success, we seem to be loading more complex and often contradictory requirements onto the service.'"

"'A number of NHS organisations are planning deficits. We need to get on with the transformation agenda, not talk about it anymore!'"

"'CCG, providers and local authorities are all struggling financially.'"

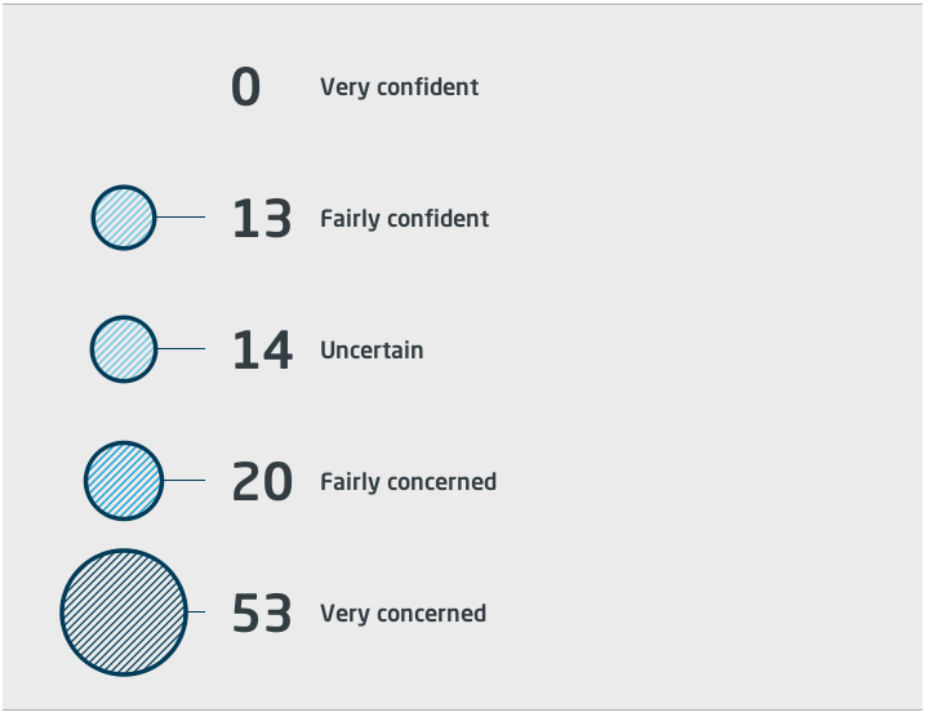
10. Looking ahead to 2016/17

With two-thirds of trusts forecasting an end-of-year deficit for 2015/16, the situation looks even worse for 2016/17. Just under three-quarters (73 per cent) of NHS trust finance directors are pessimistic about balancing their books next year (Figure 19).

Around 30 per cent of CCG finance leads felt fairly or very concerned about achieving financial balance in 2016/17, reflecting the greatest degree of pessimism for CCG finance leads since we started surveying (Figure 20).

NHS TRUSTS

Figure 19: Looking ahead, how confident are you that your organisation will achieve financial balance in 2016/17?



Respondent comments

"'It is frankly impossible.'"

– Acute trust

"'We will struggle to achieve our "planned" deficit.'"

– Community and mental health trust

"'Under the current regime of tariff not reflecting costs, unreflective rural market forces factors, burgeoning fines and unrealistic year on year savings targets it will only get significantly worse each year.'"

– Acute trust

"'Having lost £16 million in CQUIN payments this year, and presumably facing a similar tariff next year, we are very concerned.'"

– Acute teaching hospital

"'Potential local authority cost reductions could have a significant impact on individuals' access to social care and delayed discharges.'"

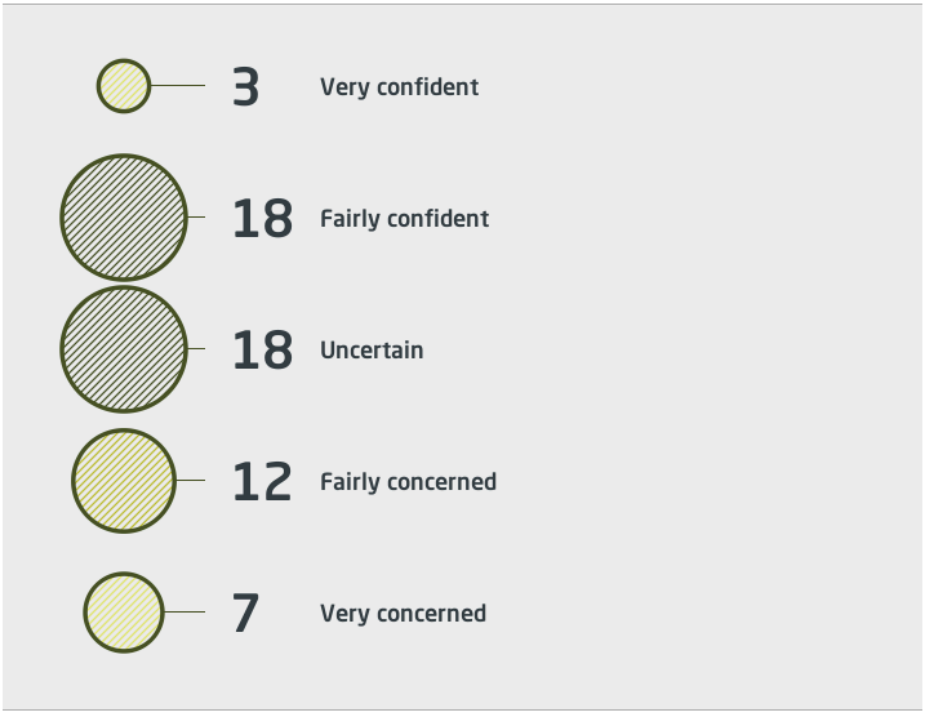
– Mental health trust

"'Trust unsustainable under current planning assumptions.'"

– Acute teaching hospital

CCG LEADS

Figure 20: Looking ahead, how confident are you that your organisation will achieve financial balance in 2016/17?



Respondent comments

"'We are edging towards deficit over next few years unless we restrict the level of funding we are able to give to individual packages of care. Cost should not be unlimited, even if based on need.'"

"'CCG close to target allocations, so no growth expected to offset significant provider pressure.'"

"'Increased QIPP target as a result of NHS England instruction to increase contracted activity.'"

11. References

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- Monitor (2015). *Quarterly report on the performance of the NHS foundation trust sector: year ended 31 March 2015*. Board meeting, 28 May. Available at: www.gov.uk (accessed on 10 July 2015).
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- NHS England (2014). *The 'forward view' into action: planning for 2015/16.* Available at: www.england.nhs.uk (accessed on 10 July 2015)

- NHS Trust Development Authority (2015). *Paper D: NHS Trust Service and Financial Performance Report for the period ending 31 March 2015.* Board meeting, 21 May. Available at: www.ntda.nhs.uk (accessed on 10 July 2015)
- Wintour P, Campbell D (2015). 'Ed Miliband warns that NHS faces financial bombshell'. News story, 5 May. Available at: www.theguardian.com (accessed on 6 July 2015).

1. NHS performance dashboard

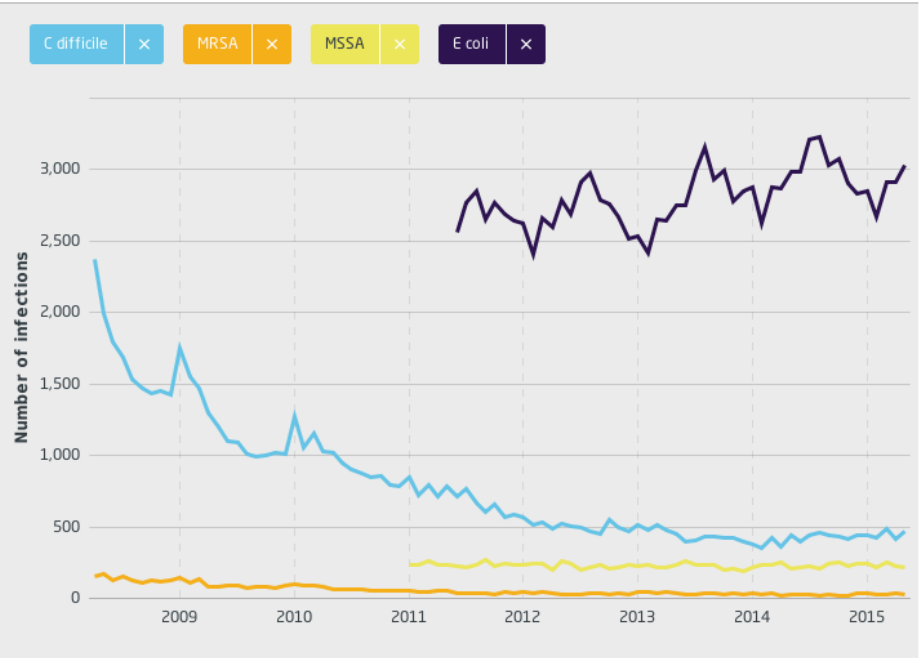
There are thousands of possible statistics available to measure the performance of the NHS. Here, we have selected a small group that reflect key issues of concern to the public and patients as well as providing some indicative measures of the impact of tackling the productivity and reform challenges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

2. Health care-acquired infections

Numbers of *C difficile* infections decreased over the latest quarter, from 490 in March 2015 to 473 in May (Figure 21). And there continue to be low numbers of MRSA infections; in May 2015 there were 30.

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

Figure 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

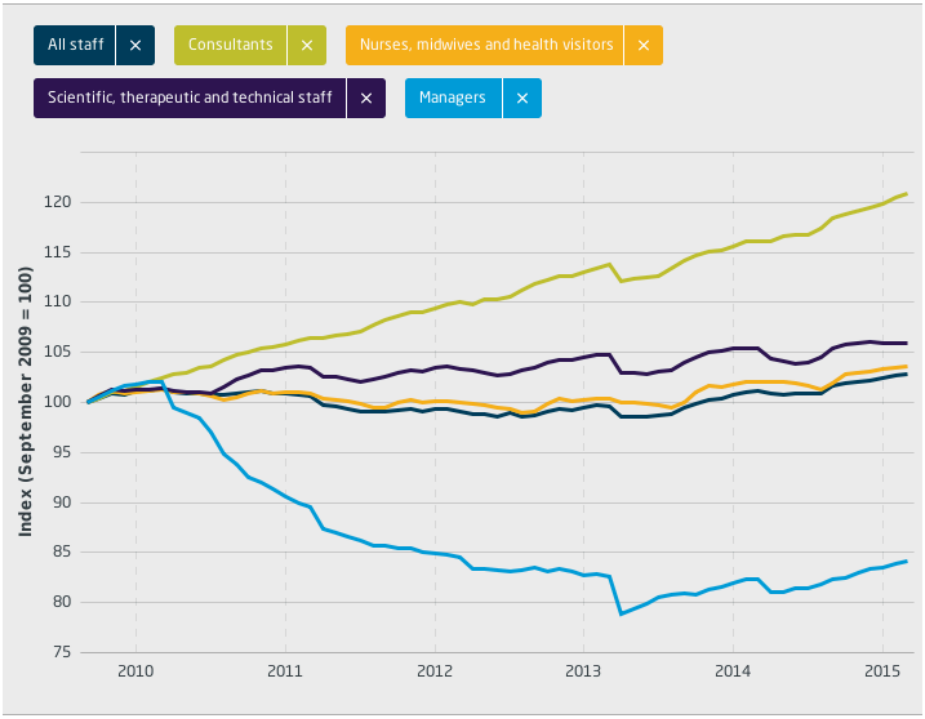
Monthly counts of Escherichia coli (E coli) bacteraemia by NHS acute trust http://www.gov.uk

3. Workforce

The total full-time equivalent (FTE) number of staff working in hospital and community health services (excluding, for example, general practitioners) was more than 1.077 million in March 2015. There have now been four months in a row of continuous growth in total staff numbers.

Compared to March 2014, there has been an increase in all staff of more than 17,550 FTE posts (1.7 per cent) (Figure 22). This increase has been across all staff groups: consultant numbers have increased by almost 4 per cent; total managers by 1.7 per cent; nurses, midwives and health visitors by 1.3 per cent and scientific, therapeutic and technical staff by 0.7 per cent.

Figure 22: Index change in NHS full-time equivalent staff: September 2009 - March 2015



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

4. Waiting times

Having reinstated contractual penalties for missing referral-to-treatment waiting time performance standards in December 2014, these were dropped in 2015 as part of a 'managed breach' policy to deal with patients still waiting to be seen and waiting longer than 18 weeks.

This policy has now gone one stage further, following Sir Bruce Keogh's review of waiting time measures, with the removal of the admitted and non-admitted waiting time targets (NHS England, 2015). Though the data will still be collected, only the incomplete waiting time target will be used for performance management from June 2015 onwards.

The latest figures show continued, but reducing, breaches of the previous target for admitted (inpatient) patients and a return to target performance for non-admitted (outpatient) patients up to and including May 2015 (Figure 23).

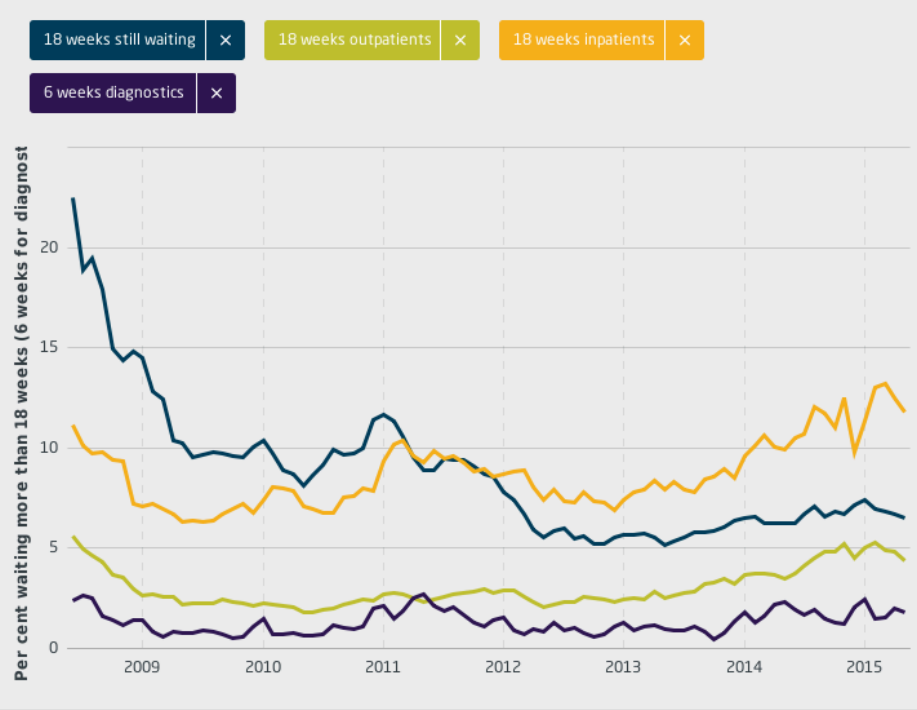
The proportion of admitted patients waiting longer than 18 weeks reduced to 11.8 per cent, the second month in a row that performance against this (now abolished) target improved.

The proportion of non-admitted patients waiting more than 18 weeks reduced to 4.4 per cent, the best performance against this (now abolished) target for 10 months.

The number of patients still waiting to begin their treatment (both admitted and non-admitted) reduced to 6.5 per cent. This suggests the managed breach is having some positive impact.

The proportion of patients waiting more than six weeks for a diagnostic test has now missed its target (1 per cent) for the past 18 months in a row.

Figure 23: Percentage still waiting/having waited more than 18 weeks (more than six weeks for diagnostics)

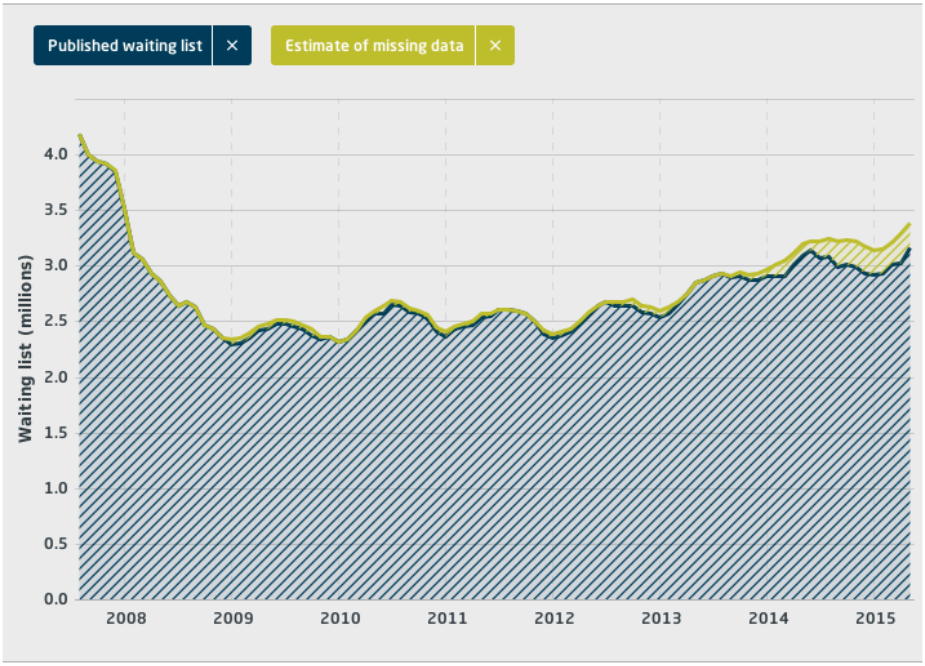


Data source: Referral-to-treatment waiting times statistics www.england.nhs.uk

Diagnostic waiting times statistics www.england.nhs.uk

The total elective waiting list increased for four months in a row from January to May 2015 and furthermore is now at its highest since February 2008 at 3.17 million. However, this still does not include several trusts that have not been reporting their waiting lists. Including these, NHS England estimate the true waiting list in May 2015 to be around 3.4 million (Figure 24).

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

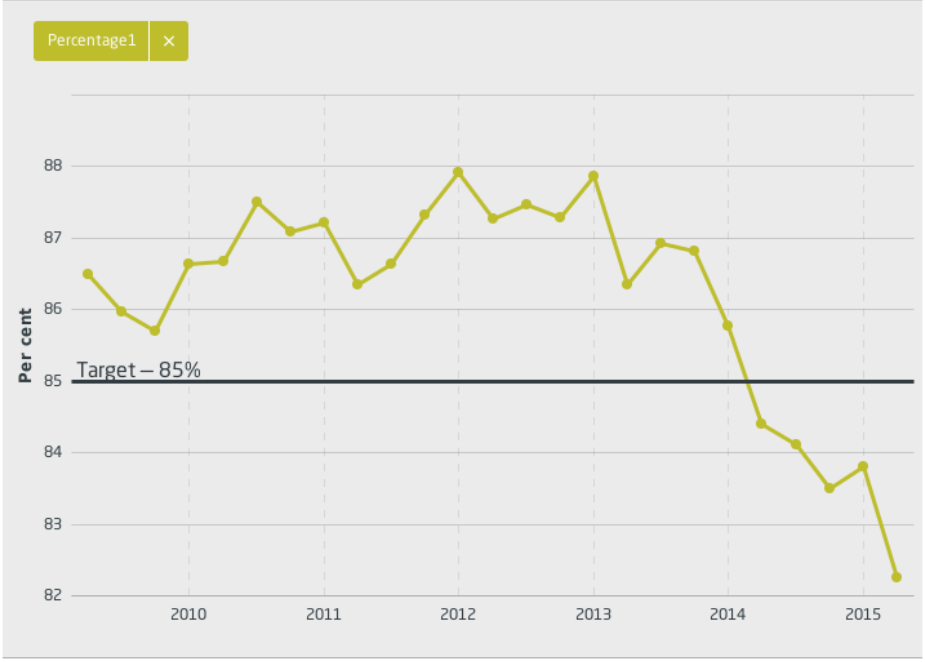


Data source: Referral-to-treatment waiting times statistics, www.england.nhs.uk

The overall waiting time target for cancer treatment is that 85 per cent of patients receive treatment for their cancer within 62 days of urgent referral from their GP. This was met from quarter 4 2008/9 until quarter 4 2013/14 , when it went below the target. In the latest quarter (quarter 4 2014/15 – from January to March 2015) performance reduced to 82.3 per cent, the lowest on record (Figure 25).

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

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

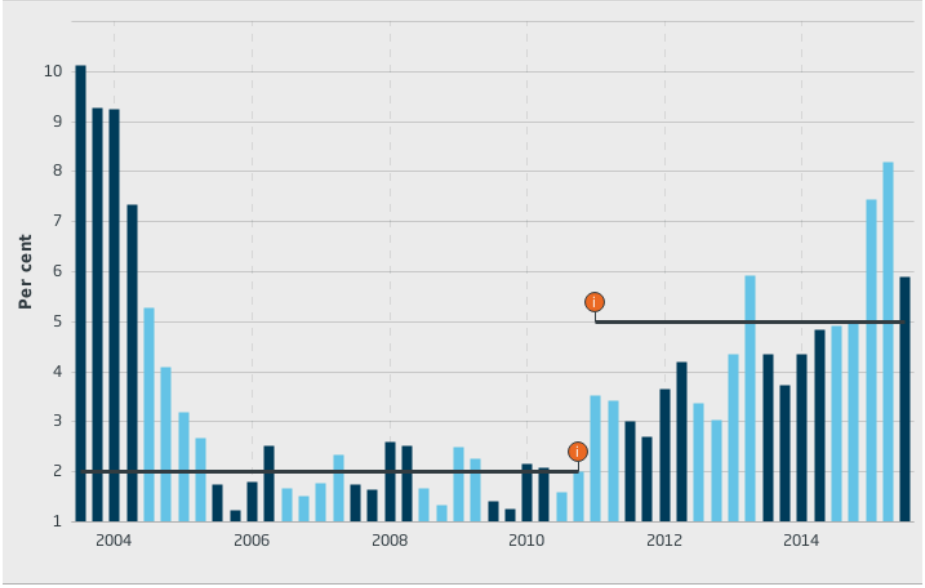
5. Accident and emergency

In quarter 1 2015/16 the proportion of patients spending more than four hours from arrival to discharge, admission or transfer in all A&E departments was 5.9 per cent (more than 337,100 patients) – an improvement on the previous quarter but the highest figure in quarter 1 for more than a decade (Figure 26). Compared to the same quarter last year there were an additional 52,540 (18 per cent) patients who spent more than four hours in A&E.

For all providers, 32 per cent missed the four-hour target in the first quarter of 2015/16, the highest proportion for this quarter seen since this data has been collected.

For major A&E departments overall, just under 9 per cent of patients waited more than four hours and less than a third of providers achieved the target.

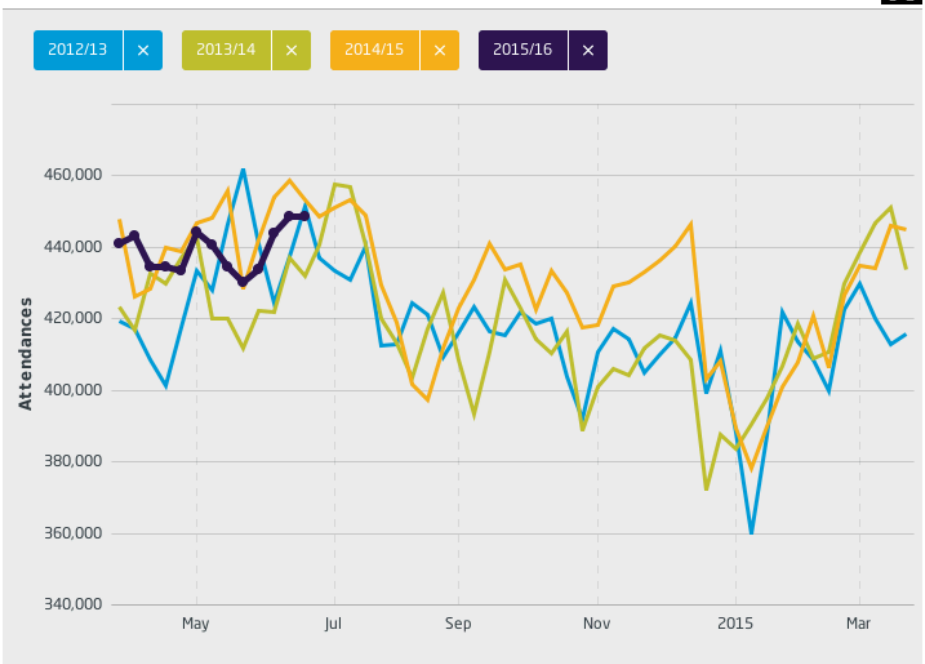
Figure 26: Percentage waiting more than four hours in A&E from arrival to admission, transfer or discharge



Data source: Weekly A&E SitReps 2015-16 www.england.nhs.uk

A&E attendances this year are following a similar pattern to those of the previous year, though total attendances this year are down minimally (by 1 per cent). However, 2014/15 was also a year of high attendances and admissions; comparing 2015/16 to 2013/14, there are an additional 163,000 (3 per cent) more attendances at A&E departments this year (Figure 27).

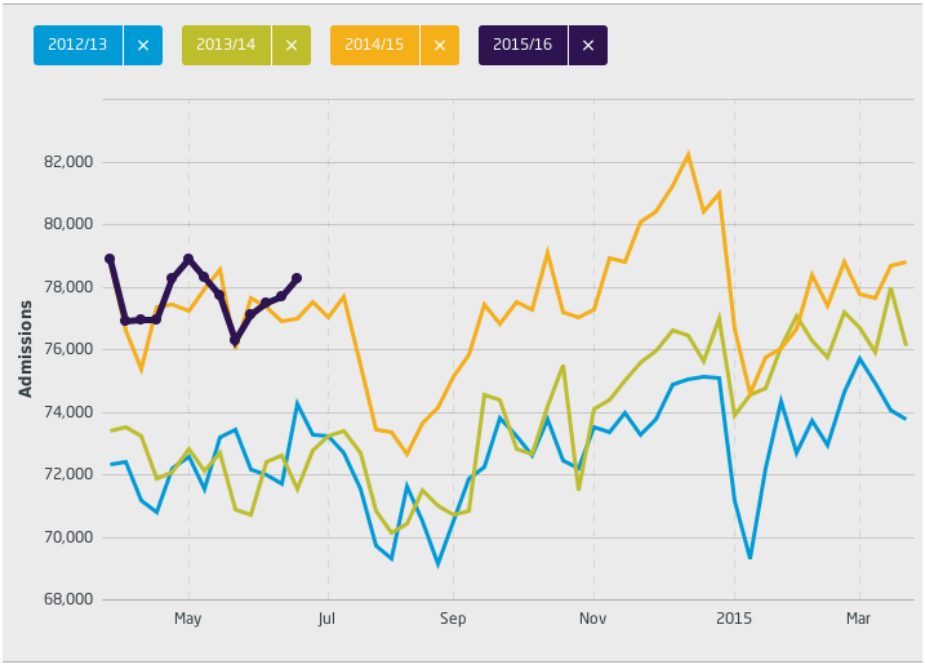
Figure 27: Total attendances at accident and emergency departments, weekly data



Data source: Weekly A&E SitReps 2015-16 www.england.nhs.uk

The same is true of emergency admissions from A&E departments in England. Though admissions are only fractionally higher (0.5 per cent) in quarter 1 2015/16 compared to the same quarter in 2014/15, this is 7 per cent higher than the same quarter in 2013/14 (Figure 28).

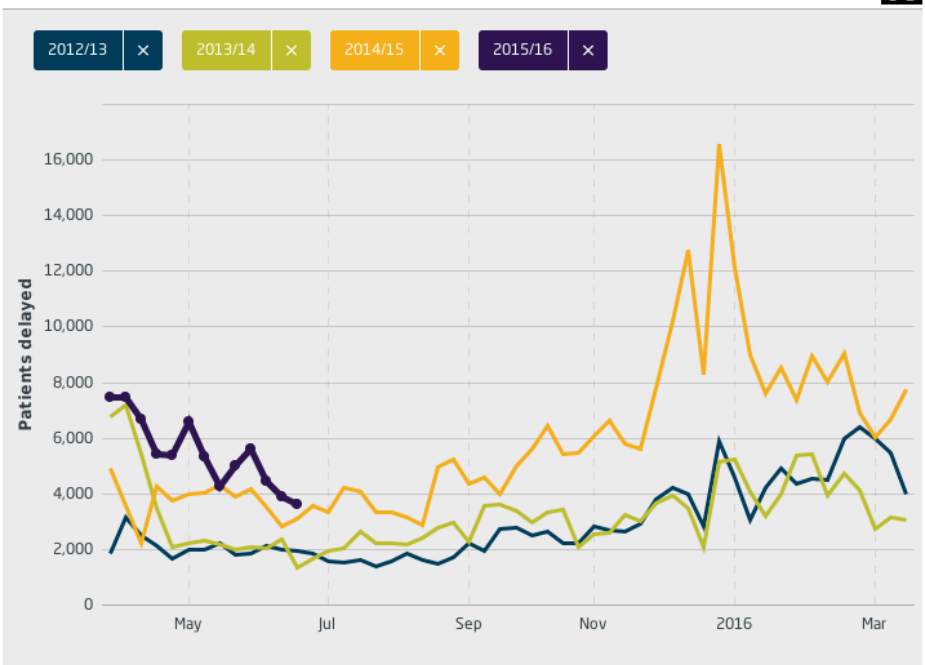
Figure 28: Emergency admissions from accident and emergency departments, weekly data



Data source: Weekly A&E SitReps 2015-16 www.england.nhs.uk

Alongside attendances, there were much higher numbers of patients waiting to be admitted into a hospital bed from A&E ('trolley waits') this quarter. 7.2 per cent of patients (71,382 people) waited for more than 4 hours to be admitted into hospital, the highest number for the first quarter of the year for more than a decade (Figure 29).

Figure 29: Patients waiting more than four hours in A&E from decision to admit to admission



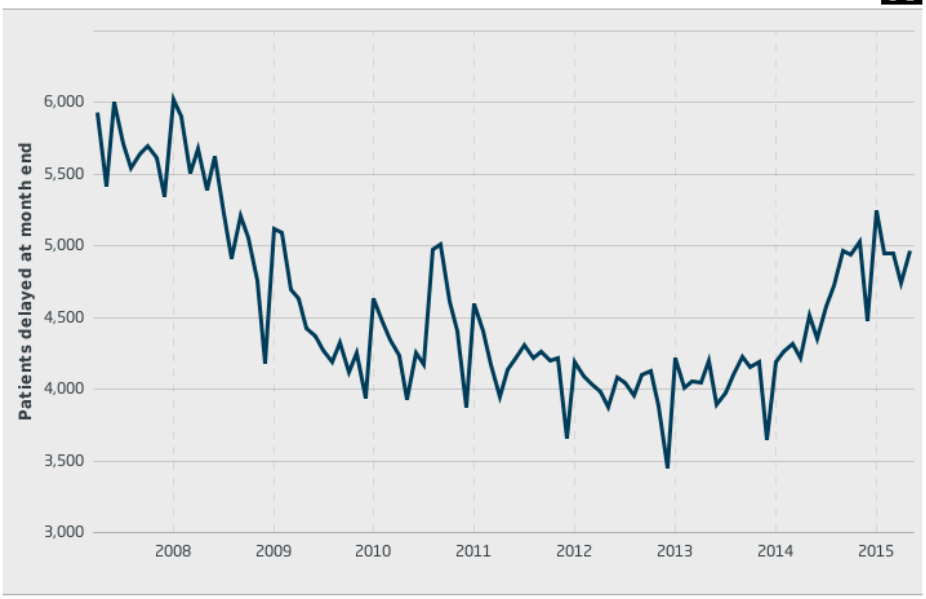
Data source: Weekly A&E SitReps 2015-16 www.england.nhs.uk

6. Delayed transfers of care

At the end of May 2015 there were 4,970 patients delayed in hospitals. This is up on previous months and 10 per cent higher than the same month last year (Figure 30).

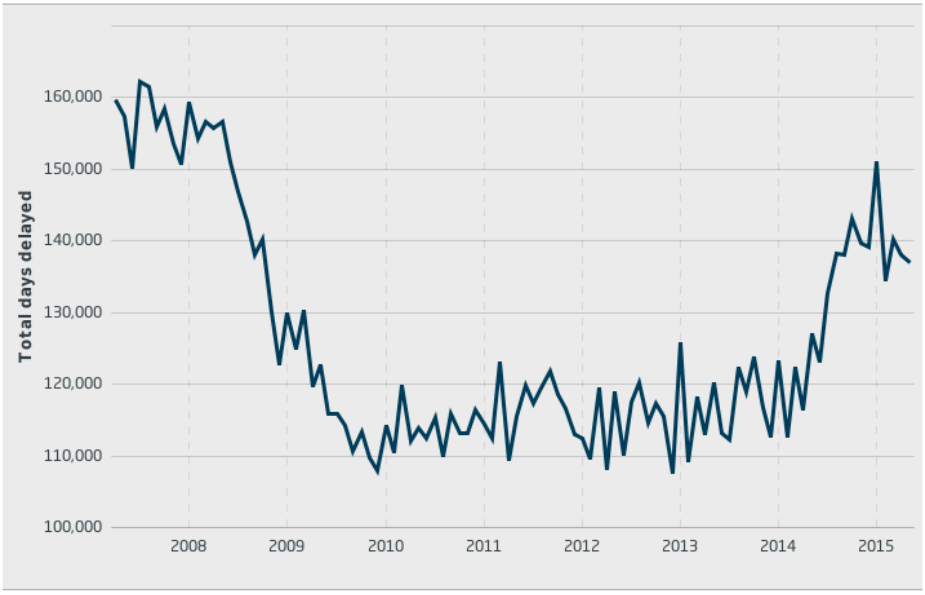
The number of total days delayed decreased to just over 136,900 in May 2015, a reduction on the previous month but an increase of more than 9,880 (8 per cent) compared to the same month last year (Figure 31).

Figure 30: 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 31: 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).
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About the QMR

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

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

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

What is different about the digital QMR?

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

Where does the data come from?

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

Making the most of the digital QMR

- **Filtering the survey by respondents**

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

- **Comments from survey respondents**

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

- **Survey charts**

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

- **Sharing and saving charts**

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

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

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

- **Printing the QMR**

  Print the report by clicking on the print icon