

How is the NHS performing?

Quarterly monitoring report

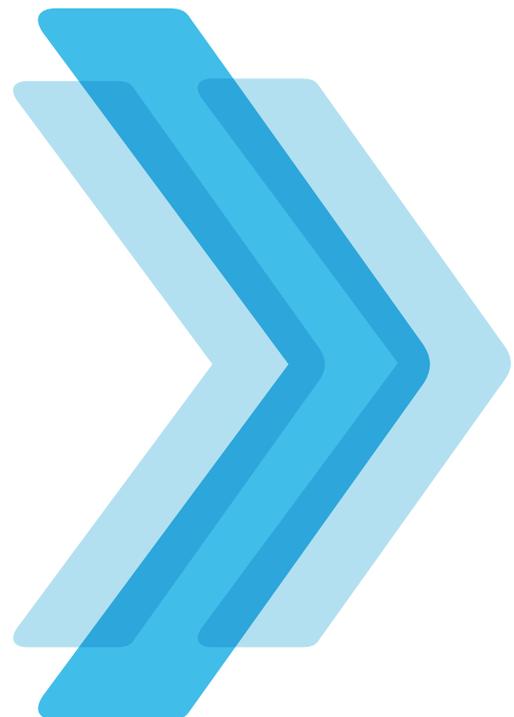
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July 2014



The King's Fund published its first *Quarterly monitoring report* in April 2011 as part of its work to track, analyse and comment on the changes and challenges the health and care system is facing. This is the 12th report and aims to take stock of what has happened over the past quarter and to assess the state of the health and care system. It provides an update on how the NHS is coping as it continues to grapple with productivity and reform challenges under continued financial pressure.

The *Quarterly monitoring report* combines publicly available data on selected NHS performance measures with views from NHS finance directors and clinical commissioning group (CCG) finance leads (*see* box below).

Survey of NHS trust finance directors and CCG finance leads

This report details the results of an online survey of NHS trust finance directors carried out between 23 May 2014 and 6 June 2014. We contacted 248 NHS trust finance directors to take part and 73 responded (29 per cent response rate).

In addition, we contacted 206 clinical commissioning group (CCG) finance leads and 47 responded (23 per cent response rate). Between them these finance leads covered 61 CCGs (30 per cent of CCGs).

As the NHS starts its fourth year with effectively no real increase in funding and faced with undiminished urgency to generate more care to meet growing demands, it is of little surprise that our latest survey of finance directors reveals continuing pessimism about the financial position of health organisations and local health economies.

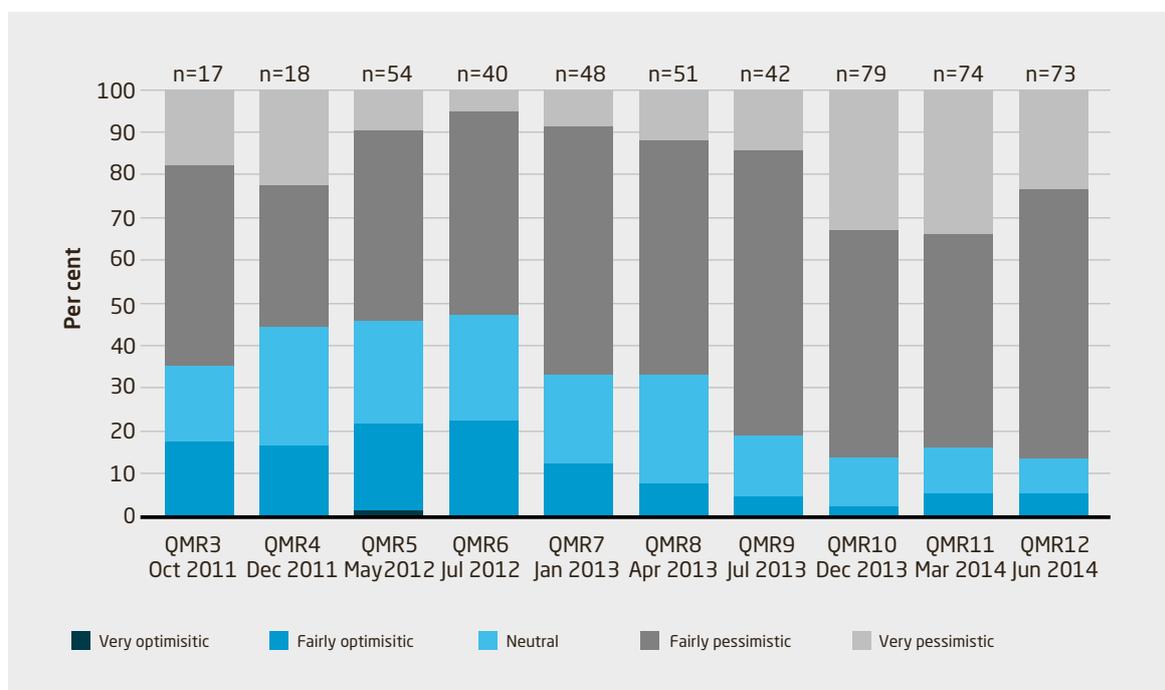
Money remains the fundamental issue

The 2013/14 financial year ended with around a quarter of trusts and foundation trusts in deficit and almost a tenth of commissioning groups also in deficit (Dorsett 2014; NHS Trust Development Authority 2014; Baumann 2014). The use of previous years' surpluses by many trusts and the draw-down of money carried over from 2012/13 at national level to offset higher than planned spending in some areas helped to keep budgets more or less in balance across the NHS as a whole. However, funding gaps in spending from surpluses and carry-overs from previous years is an inherently short-term fix for underlying deficit positions.

Looking ahead, nearly 25 per cent of trust finance directors in our survey forecast a deficit by the end of this financial year (2014/15). And there is a distinct lack of optimism about the general state of the finances of local health economies over the next year, with around 85 per cent of trust finance directors saying they were fairly or very pessimistic. This continues the negative trend of the past three surveys (see figure below).

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

Trends: NHS trust financial directors



Note: Question was not asked before QMR3

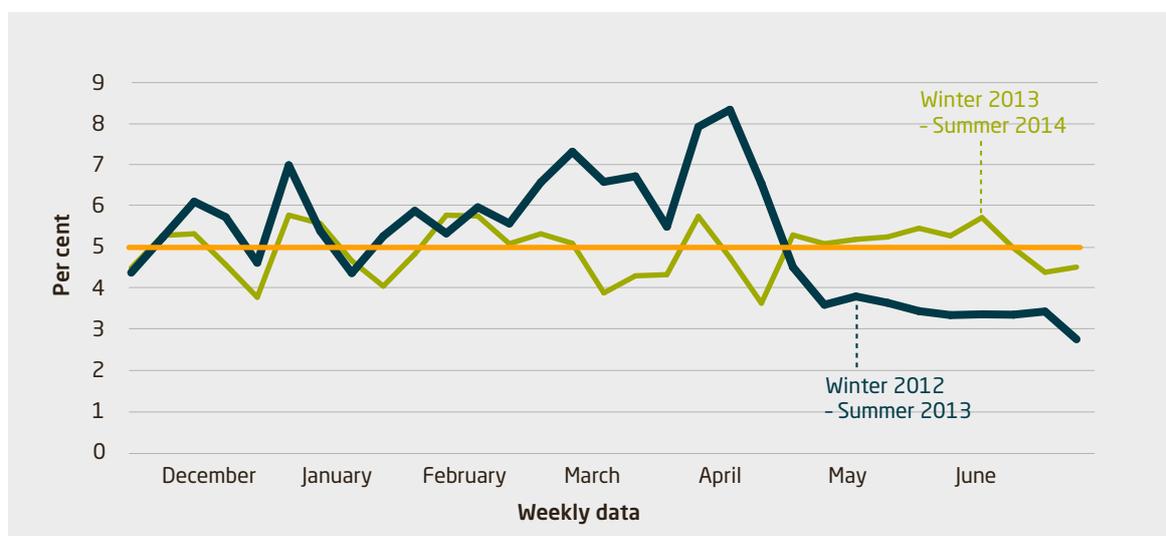
There is also deepening pessimism among local authority directors of adult social services about the next 12 months, with more financial reductions to come and the new Care Act to implement. Despite the Better Care Fund, half of directors thought there would be greater pressure on the NHS as a result of the budget savings this year (Association of Directors of Adult Social Services 2014). More directors agreed than disagreed that fewer people would access support, the risk of provider failure would increase and councils would face more legal challenges.

In recognition of the difficult financial circumstances the NHS in England is facing, up to £650 million of funding from central budgets and reserves has been announced by the Department of Health and NHS England. £250 million will be released as part of the 'system resilience' funding programme focused in part on urgent care services – similar to the amount put in last year. This will be topped up this year with an additional £150 million as well as a further £250 million to be distributed to NHS England area teams to improve performance on the 18-week referral-to-treatment waiting time targets. While extra money at the front line is welcome, whether health services can effectively and efficiently deploy these resources at short notice remains to be seen.

Waiting times and lists are growing

The additional money to improve waiting times comes when performance on the accident and emergency (A&E) four-hour waiting time target was breached during May and June – an unusual situation for this time of year (see figure below). While these waiting time targets cover all types of A&E units – including walk-in centres and minor injury units – the performance of major A&E departments (which treat around 65 per cent of all A&E patients) remains particularly challenged; in aggregate, major A&E departments have now breached the four-hour target for 51 weeks in a row.

Proportion of A&E patients waiting longer than four hours from arrival to admission, transfer or discharge: comparison of winter and summer 2013 and 2014



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

Other waiting times targets are also under pressure.

- In February and March this year the 18-week inpatient ('admitted care') referral-to-treatment target was breached for the first time in three years.
- The diagnostic waiting time target of no more than 1 per cent waiting more than 6 weeks has now been breached each month from December 2013 to May 2014.
- Although still within its target, outpatient ('non-admitted care') waiting times remain on an upward trend.
- The target that 85 per cent of patients should wait no longer than 62 days from an urgent GP referral to first definitive treatment for cancer was missed for the last three months of 2013/14 – the first time since the target was established four years ago.
- Overall, the number of people on waiting lists for treatment in hospital is now at its highest level for six years at more than 3 million – around 5 per cent of the population of England.

This performance on waiting times is reflected in our survey findings this quarter which show that concerns about the 18-week referral-to-treatment and A&E waiting time targets top the list of worries for NHS trust finance directors and clinical commissioning groups finance leads.

Pressures to spend more continue

While it remains to be seen whether the additional funding proves timely and large enough to adequately deal with growing waiting times and lists, evidence of pressure to carry out more work and improve quality is clear.

We found a significant disparity between the expectations of providers and those of commissioners. Almost 50 per cent of the NHS trust finance directors we surveyed are planning for an increase in emergency activity this year (and just 8 per cent a decrease), and almost 70 per cent expect an increase in elective work compared to last year (with none planning for a decrease). How this will be reconciled with the fact that 55 per cent of clinical commissioning group finance leads are planning for

a reduction in emergency work and only 32 per cent an increase in elective activity remains to be seen.

This is a significant and worrying difference in plans and expectations; provider plans are flattered by the income they expect from commissioners as a result of increased work, but commissioner plans are flattered by the reduced expenditure they plan to give to providers. These inconsistencies are reflected in the fact that three months into the year, 30 per cent of contracts between providers and commissioners still remain unsigned. Problems with planning also prompted NHS England to ask commissioners to revise and resubmit their 2014/15 plans by the end of June.

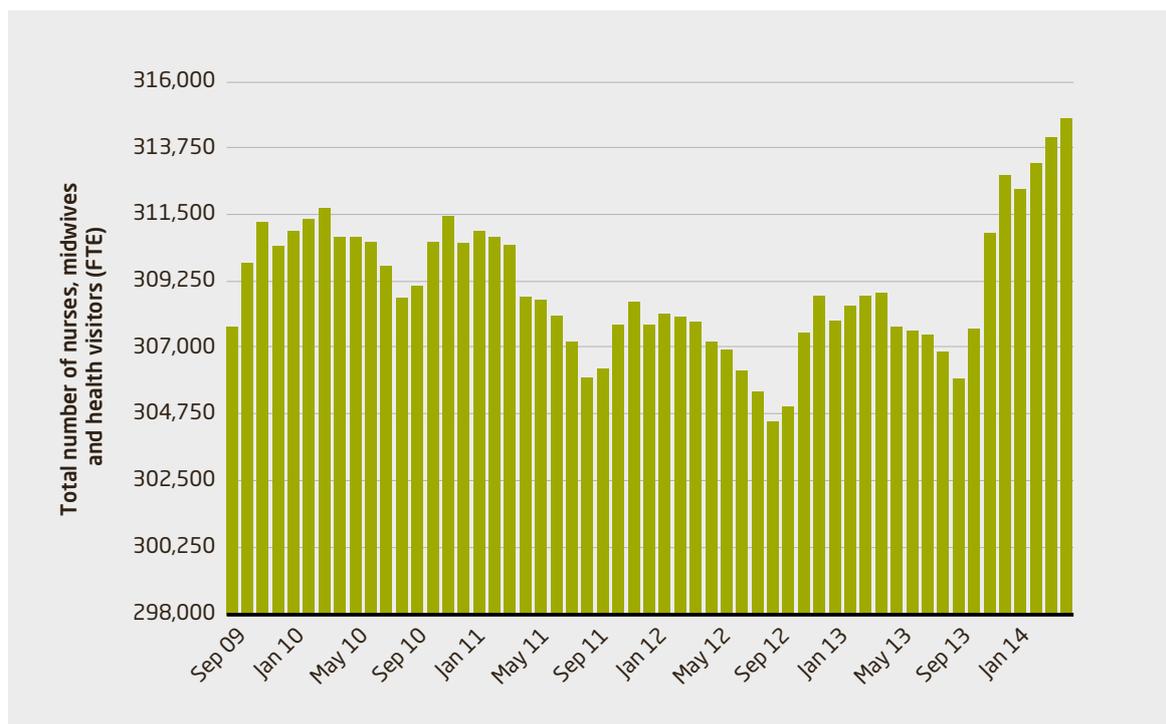
With emergency admissions from the beginning of the financial year to the fourth week of June 6 per cent higher than over the same period last year, and an accident and emergency activity 4 per cent higher over the same period, currently it looks as though providers are more accurate in their forecasts. If the scale of these increases continues it will have severe implications for the finances of local health economies as they will struggle to match funding with workload. If hospital workload continues to increase through 2015/16 this will also jeopardise the basis on which the Better Care Fund is predicated – in part to build alternative services and care pathways to substitute for some hospital care. An additional risk is that increased activity combined with pressures on commissioning budgets could see a deterioration in waiting times.

On the prospects for the effective use of the Better Care Fund next year, the Association of Directors of Adult Social Services (ADASS) found that nearly half of the money transferred to local authorities from the NHS budget this year is being used to protect existing services rather than to expand provision in response to rising needs (ADASS 2014). How the Better Care Fund will operate next year is still being developed. The latest development suggests that up to £1 billion of the £3.8 billion fund will be contingent on achieving a locally agreed and nationally endorsed reduction in emergency admissions. This announcement is a sign of growing anxieties within government as the NHS heads towards a financial crunch in 2015/16.

Apart from the pressure on finances arising from growing workloads, the impact of various reports on the quality of care provided by the NHS – from the Francis

Report on Mid Staffordshire hospital (Francis 2013), to Sir Bruce Keogh’s inquiries (Keogh 2013) and Don Berwick’s review (Berwick 2013) – is evident from the unprecedented growth in the number of nurses, midwives and health visitors recently. Between August last year and March this year, the number of nurses, midwives and health visitors employed by the NHS grew by nearly 9,000 (2.9 per cent), bucking seasonal trends and boosting the nursing workforce to its highest level ever (figure below). While this increase will hopefully help to deliver better services, there is a difficult trade-off with budgets as hospitals face continued pressure on their finances.

Total numbers of full-time equivalent qualified nurses, midwives and health visitors



Data source: Monthly NHS Hospital and Community Health Service in England - March 2014, Provisional statistics www.hscic.gov.uk

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