

## WINTER WARNING

### MANAGING RISK IN HEALTH AND CARE THIS WINTER - UPDATE

NHS system leaders need to decide, in the next fortnight, whether to invest between £200m and £350m to enable the NHS to manage patient safety risk this coming winter. Following our *Winter warning* publication in June, this briefing provides an update on the latest state of play on planning for this winter. Despite better national-level planning and a lot of hard work by trusts, the latest frontline intelligence suggests that risk is growing rather than reducing. Failure to make the required investment risks worse performance than last winter, widely regarded to be the most challenging winter in recent times.

### KEY POINTS

- Last winter was widely regarded to be the most challenging winter in recent times, yet the NHS is currently on a trajectory towards, at best similar, but more likely worse, performance this coming winter, with heightened patient safety risks.
- NHS system-level planning and support, led jointly by NHS England and NHS Improvement, is considerably more developed than last year and emergency care performance has been given greater priority. Extra social care funding should help reduce NHS delayed transfers of care, increasing NHS capacity, in about a third of systems. Trusts are doing all they can to stabilise and improve their A&E performance in advance of this winter, in the face of demand increases and competing priorities.
- However, these improvements are being significantly outweighed by a combination of increasing risks. Trusts are not consistently benefitting from the extra social care investment, as planned. Delayed transfers of care remain stubbornly high. Demand is still rising by around 3% year on year. Workforce shortages are growing. Primary and social care capacity, as a whole, remains very challenged. Trusts are under greater financial pressure than last year and therefore less able to afford extra capacity. Current emergency care performance is either worse or the same as last year. Trusts report that they do not currently have sufficient capacity to manage this coming winter safely.
- The NHS provider sector needs an immediate emergency cash injection of between £200m and £350m to manage this growing risk. But this must not be at the expense of existing expenditure on services that are key to winter performance such as primary care, community care and mental health care. The decision on this investment needs to be made immediately to ensure trusts have time to create the required extra capacity and minimise the amount spent on short term agency staffing fees.

## INTRODUCTION

### Rising risk and still no decision on winter funding

In June NHS Providers published its report – *Winter warning: managing risk in health and care this winter* – setting out how, last winter, NHS providers of all types struggled to keep pace with record levels of demand in the toughest winter of recent times. Our report highlighted the risks trusts face in preparing for the coming winter. Using the results of a survey of frontline provider trusts, we identified that:

- the £1bn of extra funding for social care in 2017/18, partly allocated to ease winter pressure in the NHS, is not reducing social care related NHS delayed transfers of care (DTOCs) as consistently as planned
- delayed transfers of care (due to both social care and NHS issues) continue to take up NHS capacity unnecessarily. Taken together with other challenges, the NHS will therefore be some way short of the capacity it needs to manage the coming winter safely
- we estimated that an additional £350m was needed to create the required NHS capacity to manage risk this coming winter. We said this needed to be invested by the end of August to give trusts planning certainty and make the most effective use of the investment
- this is a whole system issue, requiring short and long-term solutions that involve every part of the provider sector and the wider health and care system.

NHS national leaders have made improving A&E performance a key priority this year, and local providers and systems have responded by putting huge efforts in to early resilience planning, alongside transforming urgent and emergency care pathways to improve patient flow.

However, as we embark on the final phase of planning for this winter, substantial risks remain at a local system level. If the health and social care system is overwhelmed this winter, patients will once again be put at risk as organisations will be unable to put in place the necessary capacity to meet demand.

The only way to mitigate these risks is through an urgent NHS cash injection to ensure the NHS has the necessary capacity this winter to deal with heightened demand.

## LATEST DEVELOPMENTS

### Demand rising inexorably with further norovirus, flu and cold weather risk

Over the summer we have continued our dialogue with trusts and system leaders on their preparations for the coming winter. We have continued to collect informal intelligence on likely risks and developing mitigations, seeking to identify how well prepared the NHS is to manage this coming winter and what more is needed.

The overwhelming message coming back from the NHS frontline is that capacity – in the form of staffing, services and beds across all provider sectors and across local health and care systems as a whole – remains the key issue. Last winter, in too many places, demand overwhelmed capacity. The NHS needs to do all it can to avoid a repeat.

The analysis below sets out the current state of play, at the end of August 2017, as reported by frontline leaders. It is based on our analysis of intelligence from trust and system leaders and latest published performance data and it also draws on our June report.

Given the central importance of capacity, we have set out our assessment of what is currently happening to increase capacity, improve performance and ease pressure, and what is currently likely to reduce capacity, risk performance and increase pressure. This is set out, in summary form, in table 1 and then expanded on, in more detail.

### Overview

Table 1: Factors trust leaders are reporting as mitigating and increasing this coming winter's risk

Factors trust leaders report are currently increasing capacity or are likely to improve winter performance or ease winter pressure	Factors trust leaders report are currently reducing capacity or are likely to adversely impact winter performance or increase winter pressure
Significantly improved winter resilience planning at a national level	Demand rising inexorably with further norovirus, flu and cold weather risk
A systematic approach to supporting improvement in challenged areas	Persistently high delayed transfers of care
Additional social care investment delivering NHS benefit in 1/3 of systems	Significant primary and social care capacity constraints
Greater national prioritisation of winter performance	Reduced NHS capacity/ability to afford extra capacity compared to last year
New models of care producing early positive benefits	Challenging current A&E performance
	Rapidly growing workforce shortages and pressures
	Immaturity of some local planning

## Positive steps to increase capacity, improve performance and ease pressure

Frontline leaders say there are a number of positive steps in place, or on the way, that should increase capacity and improve performance compared to last year. These are:

### Improved national level planning

Trusts leaders report that NHS system level plans, led by the national urgent and emergency care director, are considerably more developed than last year including improved, closer working between NHS England and NHS Improvement. These plans include:

- a well developed segmentation to identify local systems at greatest risk with a strong focus on supporting the most vulnerable local systems
- emerging local plans to move resources from stronger local systems to support the most vulnerable systems should they need it, together with allocated funding to support clinicians moving to other trusts when required
- better national resources and support including a strong focus on improving patient flow<sup>1</sup>, and the consistent use of front door GP streaming supported by extra capital expenditure<sup>2</sup>.

### A systematic approach to improving performance in challenged local systems

National leaders have developed a more systematic approach to supporting challenged systems to improve performance with dedicated support from an expert Emergency Care Improvement Programme (ECIP) team<sup>3</sup>. However, “there are no silver bullets...addressing significant cultural issues in many areas will take time...many trusts face a longer journey than hoped”<sup>4</sup>. So while this programme should produce long term performance benefits, only small scale improvements will be likely this winter.

### Additional social care investment benefitting a third of local NHS systems

The March 2017 Budget allocated an additional £1bn investment in social care spending for 2017/18 to support three different objectives: meet adult social care needs, reduce pressure on the NHS and stabilise the local social care provider market. Local authorities were free to allocate the extra investment between these objectives.<sup>5</sup> Our June report<sup>6</sup> showed that just over a third of NHS providers were predicting they would benefit from this funding in the form of reduced NHS, social care related, delayed transfers of care (DTOCs)<sup>7</sup>. This ‘one third of the investment supporting the NHS’ figure was confirmed in the Association of Directors of Adult Social Services (ADASS) annual social care budget survey released shortly after our report. Their report showed the following allocation:

- meet adult care needs (including counteracting previously planned savings): 48.1%
- reduce pressures on the NHS, including supporting more people to be discharged from hospital when they are ready: 32.3%
- ensure that the local social care provider market is supported: 25.9%<sup>8</sup>.

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<sup>1</sup> [https://improvement.nhs.uk/uploads/documents/Patient\\_Flow\\_Guidance\\_2017\\_\\_\\_13\\_July\\_2017.pdf](https://improvement.nhs.uk/uploads/documents/Patient_Flow_Guidance_2017___13_July_2017.pdf)

<sup>2</sup> <http://www.pulsetoday.co.uk/news/commissioning/commissioning-topics/urgent-care/another-27-hospitals-receive-dh-funding-to-build-gp-practices/20034623.article>

<sup>3</sup> <https://improvement.nhs.uk/improvement-offers/ecip/#about-the-offer>

<sup>4</sup> <https://www.hsj.co.uk/quality-and-performance/no-magic-bullets-for-ae-improvement-chiefs-warn/7020086.article>

<sup>5</sup> <https://www.adass.org.uk/media/5995/adass-budget-survey-2017-the-slides.pdf> Slide 12.

<sup>6</sup> Survey findings. NHS Providers (2017): <https://nhsproviders.org/media/3215/winter-warning.pdf>

<sup>7</sup> A DTOC is defined as a delay in discharge where patients are ready to go home or be transferred to another setting but are unable to do so

<sup>8</sup> <https://www.adass.org.uk/media/5995/adass-budget-survey-2017-the-slide.pdf> Slide 12.

## Greater national prioritisation of winter performance

National system leaders believe they have asked local systems to prioritise emergency care performance<sup>9</sup>. The NHS Five Year Forward View next steps document confirmed, for example, that delivery of the 92% elective surgery target would not be achieved in 2017/18<sup>10</sup>. Local providers and systems have responded by putting huge efforts into early resilience planning, alongside transforming urgent and emergency care pathways to improve patient flow. But local leaders report no diminution of central pressure to also deliver a wide range of other priorities including meeting stretching financial control totals; deliver the Carter and Getting It Right First Time programmes; improving cancer and mental health outcomes; implementing a series of patient safety initiatives; moving to a paperless NHS and developing sustainability and transformation partnerships and new care models. The NHS risks a large gap between a national system level view that winter performance is being strongly prioritised and the actual frontline leadership experience of still being asked to tackle an impossibly large number of priorities.

## New care models supported and delivering results

New care model vanguards are showing early signs of ameliorating demand in a small number of sites, with lower growth in per capita emergency hospital admissions than the rest of England.<sup>11</sup> Although this is a helpful step in the right direction, these new demand management approaches are at very small scale. They will not, therefore, bring substantial benefit for this winter.

## Negative factors reducing capacity, threatening performance and increasing pressure

Trust leaders highlight a much more impactful and significant set of factors reducing capacity and threatening emergency care performance. These are increasing risk and pressure for next winter. They include:

### Growing levels of demand expected to continue, with significant downside risk

Over the last three years we have seen an inexorable increase in demand for emergency care in terms of volume and acuity. For example, in total, A&E departments in 2016/17 saw attendances increase by 3% with 3% more patients admitted to hospital.<sup>12</sup> Despite immense hard work at the NHS frontline, monthly emergency admissions in the largest, type 1 A&E Departments in June and July 2017 (the last two periods for which data was available) increased by 3.4% and 2.7% compared to the same months last year<sup>13</sup>.

Trust leaders say they are expecting a similar increase in demand for this coming winter. They can see no reason for a significantly smaller increase given, for example, underlying demographic trends. They also point to the potential downside demand risk from both higher levels of flu/norovirus and a prolonged spell of bad weather which the NHS has avoided over the last few years.

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<sup>9</sup> <https://www.england.nhs.uk/wp-content/uploads/2017/03/NEXT-STEPS-ON-THE-NHS-FIVE-YEAR-FORWARD-VIEW.pdf> Page 12, Chapter 2

<sup>10</sup> Ibid p47: "...given multiple calls on the constrained NHS funding growth over the next couple of years, elective volumes are likely to expand at a slower rate than implied by a 92% RTT incomplete pathway target".

<sup>11</sup> NHS England (2017): <https://www.england.nhs.uk/wp-content/uploads/2017/03/NEXT-STEPS-ON-THE-NHS-FIVE-YEAR-FORWARD-VIEW.pdf>

<sup>12</sup> [https://improvement.nhs.uk/uploads/documents/M12\\_201617\\_provider\\_sector\\_performance\\_report\\_-\\_Fin\\_Accts\\_-\\_FINAL.pdf](https://improvement.nhs.uk/uploads/documents/M12_201617_provider_sector_performance_report_-_Fin_Accts_-_FINAL.pdf)

<sup>13</sup> <https://www.england.nhs.uk/statistics/wp-content/uploads/sites/2/2017/06/Statistical-commentary-July-2017.pdf>

## Persistently high levels of delayed transfers of care

Delayed transfers of care (DTOCs) are widely recognised as one of the most significant pressures on the NHS, not least because of the capacity they unnecessarily tie up. For example, the chief executive of NHS England told the Local Government Association (LGA) conference in July: “The equivalent of six hospitals worth of beds have been out of action because of delays in people getting [care].”<sup>14</sup> The causes of DTOCs can come from either health or social care settings or a combination of the two. Over the past three years we have seen delays due to social care rising faster than delays where the NHS is responsible.<sup>15</sup>

As outlined above, current NHS plans are based on the assumption that the extra £1bn 2017/18 social care investment would significantly reduce NHS social care related DTOCs. The 2017/18 NHS England Mandate therefore targeted a 3.5% NHS DTOC rate by September 2017<sup>16</sup>. This reduction was the key means of securing the increased bed capacity the NHS needs to manage the coming winter safely.

The fact that only a third of social care investment will be supporting an NHS DTOC reduction means, somewhat unsurprisingly, that this target is now extremely unlikely to be met<sup>17</sup>. Although the rate of DTOCs has decreased from 5.6% at the end of 2016/17 to 5.2% at the first quarter of 2017/18<sup>18</sup>, this is a long way short of the September 2017 3.5% target. Trust leaders report that the rate of reduction is nowhere near fast enough to hit the September target and the representative body for the largest councils – the County Council Network – has described the targets as “undeliverable”<sup>19</sup>. This means the NHS has a significant capacity gap against what was previously planned – with some estimates suggesting a shortfall of 2,000-3,000 beds<sup>20</sup>.

## Significant primary and social care capacity constraints

NHS trusts operate within a wider health and social care system. They require primary care and social care to perform their allotted roles. Yet, as our June report illustrated, 92% of trust leaders predicted a lack of primary care capacity in their system this coming winter and 91% predicted a lack of social care capacity. This, again, is unsurprising given the overall state of both sectors.

Social care provision in most places is static or deteriorating. As the Association of Directors of Adult Social Services (ADASS) outlined in its 2017 Budget report, councils plan to make savings of £824m in 2017/18, taking cumulative savings in adult social care since 2010 to £6.3bn. As ADASS argued, while the additional investment the government has made in social care is welcome, it is not providing the additional resources social care needs to meet rising demand.<sup>21</sup>

Primary care services are also under unprecedented strain and struggling to keep pace with relentlessly rising demand. There are more GPs leaving than joining,<sup>22</sup> and the sector has major recruitment and retention issues<sup>23</sup>, all

<sup>14</sup> <https://www.hsj.co.uk/commissioning/simon-stevens-laissez-faire-approach-to-integrated-care-has-not-worked/7019203.article>

<sup>15</sup> NHS Providers (2017). <https://nhsproviders.org/the-rise-of-delayed-transfers-of-care>

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/601188/NHS\\_Mandate\\_2017-18\\_A.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/601188/NHS_Mandate_2017-18_A.pdf) Page, section 5.1

<sup>17</sup> <https://www.hsj.co.uk/quality-and-performance/updated-the-nhs-trusts-with-the-highest-dtoc-rates/7020425.article>

<sup>18</sup> NHS Providers analysis. DTOC rate = total delayed days / total occupied consultant led bed days.

<sup>19</sup> <http://www.countycouncilsnetwork.org.uk/pressure-councils-face-social-care-money-withdrawn-unless-hit-undeliverable-targets/>

<sup>20</sup> Private NHS Providers estimate derived from conversations with NHS system leaders.

<sup>21</sup> <https://www.adass.org.uk/media/5994/adass-budget-survey-report-2017.pdf>

<sup>22</sup> <http://content.digital.nhs.uk/catalogue/PUB24053/nhs-staf-mar-2017-prov-gene-prac-rep.pdf>

against the backdrop of significantly increasing workload. Patients' ability to secure a GP appointment is therefore significantly reducing with the latest data showing that a million patients a week are currently unable to obtain an appointment<sup>24</sup>. Some of this demand is inevitably transferring to already stretched A&E departments.

## Reduced NHS capacity/ability to afford extra capacity compared to last year

Current plans assume that last year's NHS capacity will automatically be available this year. But trusts face significantly increased financial pressures as their 2016/17 funding increase of 4% drops to just 2.6% in 2017/18, half the forecast demand and cost increase of 5.2%<sup>25</sup>.

Some trust leaders are reporting that, to meet their 2017/18 control totals and the average 4.2% cost improvement programme savings required<sup>26</sup>, they will be unable to fund the same level of winter capacity as last year. We are, for example, expecting to see a continuation of the reductions in out of hospital and intermediate care capacity that we identified last December<sup>27</sup>.

NHS trusts have traditionally added significant extra capacity for winter. Last winter this was equivalent to eight extra hospitals<sup>28</sup>. A number of trust leaders are reporting that demand is still so high that they have had to retain their winter extra capacity and effectively add it to their normal bed stock. At the same time, bed occupancy still stands at 87% in the first quarter of the financial year, above the Royal College recommended safe average of 85%, and only 2% lower than quarter 4 in 2016/17.<sup>29</sup>

Trusts will have to staff and pay for adding this 'extra winter capacity' to their normal year round bed stock. This will obviously restrict their ability to then add the further extra capacity that will be needed this coming winter because they won't have the money, workforce or physical capacity required. For example, as one trust chief executive in our June report commented "our walls are not elastic and we are unable to simply flex capacity up or down".<sup>30</sup>

Up until 2014/15, dedicated additional funding was made available nationally to support and sustain the urgent and emergency care system during winter. This funding was mainstreamed into the NHS budget from 2015/16 with an instruction to CCGs to ensure it was passed to providers. Trust leaders report that, due to growing CCG financial funding pressures, this funding has never consistently flowed as it should since 2015/16, adding to winter funding problems.

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<sup>23</sup> <https://www.kingsfund.org.uk/publications/articles/big-election-questions-gp-crisis>

<sup>24</sup> <http://www.telegraph.co.uk/news/2017/07/06/one-million-patients-week-cannot-get-gp-appointment-statistics/>

<sup>25</sup> All figures from <https://nhsproviders.org/mission-impossible>

<sup>26</sup> NHS Providers survey, published March 2017

<sup>27</sup> <https://nhsproviders.org/news-blogs/news/loss-of-out-of-hospital-capacity-undermining-nhs-care-for-local-patients>

<sup>28</sup> <https://nhsproviders.org/news-blogs/news/nhs-performance-shows-we-need-a-new-approach-to-winter-pressures>

<sup>29</sup> NHS England (2017): <https://www.england.nhs.uk/statistics/statistical-work-areas/bed-availability-and-occupancy/bed-data-overnight/>

<sup>30</sup> Conclusion. <https://nhsproviders.org/media/3215/winter-warning.pdf>

## Challenging A&E performance

NHS leaders have instructed trusts to improve their emergency care performance, setting a trajectory to recover the 95% A&E standard<sup>31</sup>. Trust leaders are doing all they can to meet this instruction. However, although current performance is meeting the mandate target of 90%, we haven't seen any recovery in the first quarter of this financial year:

- in May 2017 performance against the 95% standard dropped to 89.7% compared to 90.3% the previous year
- in June 2017, performance against the 95% standard dropped to 90.3% compared to 90.7% the previous year
- in July 2017, the latest period for which performance data is available, performance was at 90.3%, exactly the same as the previous year.

Trust leaders believe that, as emergency care performance has not improved at the start of this year despite all the effort that is being put in, there is increasing scale of risk for the coming winter.

## Workforce shortages and pressures

The recruitment and retention of staff is now one of the biggest challenges facing the NHS, and workforce shortages are increasing. Staffing levels are struggling to keep pace with demand and the ability to access temporary staff is constrained. Trust leaders are saying this will adversely impact their ability to staff both permanent and extra capacity this coming winter.

At the same time, trusts are increasingly relying on the extra discretionary effort of staff to meet rising demand. The 2016 NHS staff survey showed 59% of staff worked unpaid overtime every week and that 37% of staff reported work related stress<sup>32</sup>. Trust leaders report staff becoming increasingly tired and in danger of becoming burnt out and this is echoed in reports from the Royal College of Physicians<sup>33</sup>, among others. Trust leaders say that, however professional and committed staff are, we cannot expect to see extraordinary levels of discretionary effort maintained permanently.

## Local planning and systems still in development

All the evidence suggests that effective system-wide planning is fundamental to managing the additional pressures of winter. Local system-wide winter planning is steadily improving through sustainability and transformation partnerships (STPs) and A&E delivery boards. However, it is still too variable not least because, over the last four years, local winter planning governance has gone through three changes of organisational form from:

- system resilience boards to
- urgent and emergency care boards to
- A&E delivery boards.

Trust leaders welcome the latest iteration – A&E delivery boards – as they give the provider sector a greater leadership role. But, in many systems, particularly those where cross-system working is taking time to develop, these arrangements require more time to mature and become fully effective.

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<sup>31</sup> <https://www.theguardian.com/society/2017/mar/09/nhs-england-chiefs-order-hospitals-to-begin-urgent-overhaul-of-ae-care>

<sup>32</sup> <https://www.hsj.co.uk/workforce/francis-nhs-must-do-whatever-it-takes-to-improve-staff-morale/7019156.article>

<sup>33</sup> <https://www.rcplondon.ac.uk/projects/outputs/nhs-reality-check-delivering-care-under-pressure>



## The balance of positive mitigating factors and negative risks

Our assessment is that, taken together, rapidly rising demand, loss of capacity due to financial pressures, persistently high rates of DTOCs, workforce shortages, challenged emergency care performance and capacity problems in primary and social care represent a significant risk for next winter. Trust leaders say this risk is currently increasing, not reducing.

These risks far outweigh the helpful, but limited in scope and size, impact of better national planning and the benefit a third of systems will receive from the extra £1bn of social care funding.

Crucially, trust leaders are clear that they currently have insufficient capacity to manage next winter safely. They urgently need more capacity.

These judgements are shared by other experts in the NHS. The Royal College of Emergency Medicine has argued that: "By all metrics, the months ahead... seem likely to be worse even than last year"<sup>34</sup>. They have argued that the NHS "needs at least 5,000 more beds to achieve safe bed occupancy levels and hit the four-hour waiting time target"<sup>35</sup>. The Royal College of Surgeons added that it was "disappointing that A&E performance is worsening despite that this is now a higher priority for NHS England and the government"<sup>36</sup>.

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<sup>34</sup> <https://www.hsj.co.uk/quality-and-performance/trusts-could-face-sanctions-if-they-fail-to-comply-with-new-ae-standards/7020078.article>

<sup>35</sup> <https://www.hsj.co.uk/quality-and-performance/exclusive-nhs-needs-5000-more-beds-warn-leading-ae-doctors/7019214.article>

<sup>36</sup> <https://www.hsj.co.uk/quality-and-performance/trusts-could-face-sanctions-if-they-fail-to-comply-with-new-ae-standards/7020078.article>

## ACTION REQUIRED

To manage this winter's risk safely the NHS needs extra capacity, focusing on the most vulnerable systems. Specifically, this means:

- Additional investment to create the extra NHS capacity which the £1bn for social care was intended to deliver but has failed to consistently produce.
- It is impossible to quantify exactly how much extra capacity is needed or how much this will cost. But the significantly better national data gathering around bed capacity will give as good an estimate as any. Our estimate is that a minimum investment of £200m is required, with our original June estimate of £350m a more comfortable figure.
- This extra investment should be concentrated in the systems identified as being most at risk in the segmentation, with particular emphasis on those systems where the extra social care investment is not flowing to the NHS's benefit and where the capacity gap is greatest.
- NHS Improvement and NHS England should set out clearly which systems they believe, from current data, should benefit from how much extra investment. System leaders should, however, be realistic about how much detail on how the investment will be spent can be given at this point. Local system leaders are best equipped to determine whether the best use of any extra money is in mental health, community services, primary care, social care, ambulance services or acute hospital capacity. They will take time to reach the best decision and then create the required capacity. The key principle is that the funding needs to flow as quickly as possible to local systems.
- A decision on extra funding must be made as soon as possible so that local systems can plan with certainty and the investment can be used in the most effective and efficient way. Every further day's delay means higher temporary staffing fees and less chance of actually creating the required extra capacity.
- In terms of funding this investment, there are two options. The first would be to make the £200m-350m sum a repayable advance or an early draw down from the extra £8bn committed to the NHS in the Conservative manifesto. The second is to argue that, as the NHS will spend £109bn on frontline care in 2017/18, the emergency winter investment represents between 0.2 and 0.3% of that sum. Given this relatively small size, it seems reasonable for the NHS to fund the required investment from this overall allocation, as opposed to seeking further new funding from the Treasury. But this must not be at the expense of existing expenditure on services that are key to winter performance such as primary care, community care and mental health care. If need be, given the urgency, this investment should be made at risk and treated as part of the year-end reconciliation.