

SUMMARY REPORT

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| Meeting Date: | 25/5/2021 |
| Agenda Item: | 37/21 |
| Enclosure Number: | 12 |

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| Meeting: | Manx Care Board | | |
| Report Title: | Opening Forecast Position | | |
| Authors: | Jackie Lawless | | |
| Accountable Director: | Jackie Lawless | | |
| Other meetings presented to or previously agreed at: | Committee | Date Reviewed | Key Points/Recommendation from that Committee |
| | Finance, Performance & Commissioning Committee | 17/5/21 | Received as information |

Summary of key points in report

The current forecast position for Year 1 is a small year end surplus of approx. £11k.

MONTH 1 FORECAST POSITION 2020/21

| £'000 | | | | | |
|---|----------------|----------------|--------------|------------------|---|
| | Budget | Pressures | Mitigations | Revised Forecast | Comments |
| Operational Budget | 266,767 | | | 266,767 | |
| Contingency Budget | 4,909 | | | 4,909 | |
| CIP Savings | (2,700) | | 1,000 | (1,700) | Assumes £1m CIP savings delivered and the remaining £1.7m funded from Contingency |
| Potential Baseline Overspend | | (1,866) | | (1,866) | Based on M1 Actuals plus high cost patients |
| Baseline Mitigations | | | 300 | 300 | See Baseline Mitigations below |
| Funding Pressures - Committed Spend Only | | (3,612) | 1,980 | (1,632) | See list below. Only Committed spend included. Uncommitted and unsupported excluded |
| Total Forecast Surplus / (Deficit) | 268,976 | (5,478) | 3,280 | 11 | |

A number of factors contribute to this position:

- Achievement of CIP Savings**

Given the potential risk around achieving CIP targets in year 1 it has been assumed that £1m in savings will be achieved with the remaining £1.7m set against the contingency fund. Any CIP savings generated above £1m will increase the amount available in the fund.

- Forecast unavoidable funding pressures**

As mentioned previously, Manx Care initially identified potential funding pressures of £10.4m that could not be met from within the funding envelope. The Business Case Review Group has been reviewing these funding pressures to prioritise and identify potential mitigations in Year 1 for those costs. These mitigations include; deferment, phasing, seeking alternative funding or accommodating costs within current spend.

£3.6m of these pressures comprise of Committed, unavoidable spend - either because it was already committed or was a legislative or statutory compliance requirement. The work is not yet complete but, so far, £2m of mitigations have been identified. This brings the total essential funding requirement in Year 1 down to £1.6m, which has been included in the forecast position.

There remains a further £2.4m of Uncommitted spend which is yet to be reviewed for mitigation. These represent investments that we may wish to make subject to sufficient funds being available.

Additionally, there is £4.5m of further spend that is unlikely to be supported. This includes £3.7m NICE/TA funding which was refused during the budget process, but DHSC are re-submitting to Treasury.

- **Potential baseline overspend based on month 1 actuals**

Further analysis of baseline costs is ongoing, and every effort will be made to limit these. However, for prudence, it has been assumed that the month 1 overspend of £118k will persist throughout the year, generating a cost pressure of £1.4m. An additional £400k has been allowed to cover the cost of a small number of high cost patients. We will investigate the potential to fund these costs through Treasury contingency funds and therefore mitigate them.

- **Potential baseline mitigations**

Savings of £300k have been identified in-year resulting from delays to recruiting to various Transformation workstreams. However, the full cost of these appointments will need to be borne in subsequent years. Further analysis will be ongoing to identify other potential savings to mitigate against overspends.

Recommendation for the Board to consider:

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| Consider for Action | | Approval | | Assurance | | Information | X |
|----------------------------|--|-----------------|--|------------------|--|--------------------|----------|

The Board is invited to ACCEPT the report for information

| Is this report relevant to compliance with any key standards? YES OR NO | | State specific standard |
|---|-----------|--|
| IG Governance Toolkit | NO | |
| Others (pls specify) | | |
| Impacts and Implications? | YES or NO | If yes, what impact or implication |
| Patient Safety and Experience | YES | Accurate financial forecasting is an enabler for improvements to patient safety. |
| Financial (revenue & capital) | YES | Accurate financial forecasting and established baseline position is essential for the Manx Care Board to address its strategic priority to improve financial health. |
| OD/Workforce incl H&S | YES | Accurate financial forecasting is an enabler for creating a positive working culture |
| Equality, Diversity & Inclusion | NO | |
| Legal | NO | |