



Manx Care Management Accounts

May 2021

Manx Care Management Accounts – May 2021

Financial Position – 31st May 2021

COMPARISON TO BUDGET SUMMARY - 31ST MAY 2021											
	YTD £'000			YTD £'000			FY £'000				
	Actual	Budget	Var (%)	Actual	Budget	Var (%)	Forecast	Budget	Var (%)		
TOTAL	22,328	22,430	102	44,861	44,844	(17)	269,110	269,064	(46)		
Income	(1,010)	(1,205)	(195)	(1,823)	(2,411)	(588)	(11,184)	(14,464)	(3,279)		
Employee Costs	13,790	14,037	247	27,847	28,058	211	169,559	168,350	(1,209)		
Other Costs	9,548	9,598	50	18,836	19,196	360	110,735	115,178	4,443		
			0%			(0%)			(0%)		
			(16%)			(24%)			(23%)		
			2%			1%			(1%)		
			1%			2%			4%		

Overview

- The May result has reduced the YTD variance to an overspend of (£17k) with actuals reducing by £0.2m from April.
- There were a couple of adjustments in the month which contributed to the month's underspend. Due to delays in receiving Tertiary activity data from the NHS Trusts, April's spend was based on budget whereas the May actuals are based on the first month's data. This has resulted in a positive movement of £0.4m in the month. Part of a year-end provision for additional leave carried forward from 20/21 for £0.2m was also released in May where some of the cost was incurred in April.
- Income continues to be the main driver for the overspend and this is discussed further below.
- The YTD budget also includes an allocation for the 1% cost improvement target (£0.45m) as the full year CIP of (£2.7m) is currently phased equally across the year. Savings are not however expected to start being realised until the second half of the year as the programme is currently being finalised and implemented with the help of MIAA.
- The full year budget includes a contingency of £4.9m which is held centrally within Corporate Services. While savings are being finalised the CIP target is currently netting against this budget. It is expected that once the CIP is finalised target savings will be moved to the relevant operational areas to be monitored.
- Included within the actuals is a provision for a pay award increase of 1% (£0.3m) as no agreements are in place across all pay groups. The 1% provision is based on the funding received as part of the 2021/22 budget process.
- Excluded from the actuals above is Covid expenditure of £0.5m relating to testing (£0.2m) and the vaccination programme (£0.3m). Business cases for these have been previously approved to be recovered from a central contingency fund held by Treasury.

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Breakdown by Care Group / Type of Expenditure

COMPARISON TO BUDGET BY CARE GROUP - 31ST MAY 2021						
	Actual	Budget	YTD £'000	Var (£)	Var (%)	
TOTAL	44,861	44,844	(17)	(17)	(0%)	
CLINICAL CARE GROUPS	38,689	38,139	(549)	(549)	(1%)	
Medicine, Urgent Care & Ambulance Service	5,374	4,627	(747)	(747)	(16%)	
Surgery, Theatres, Critical Care & Anaesthetics	5,961	5,894	(67)	(67)	(1%)	
Integrated Cancer & Diagnostics Services	3,266	3,128	(138)	(138)	(4%)	
Integrated Women, Children & Family Services	2,578	2,502	(76)	(76)	(3%)	
Integrated Mental Health Services	3,669	3,594	(75)	(75)	(2%)	
Integrated Primary Care & Community Services	8,425	8,364	(61)	(61)	(1%)	
Integrated Social Care Services	6,478	6,737	260	260	4%	
Tertiary Care Services	2,938	3,293	356	356	11%	
SUPPORT & CORPORATE SERVICES	6,172	6,705	533	533	8%	
Infrastructure & Hospital Operations	1,717	1,468	(249)	(249)	(17%)	
Operations Services	3,188	3,402	214	214	6%	
Nursing, Patient Safety & Governance Services	745	745	(0)	(0)	(0%)	
Corporate Services	521	1,089	568	568	52%	

YTD VARIANCE BY TYPE £'000			
	Income	Employee	Other
TOTAL	(588)	211	360
CLINICAL CARE GROUPS	(258)	(214)	(77)
Medicine, Urgent Care & Ambulance Service	11	(521)	(237)
Surgery, Theatres, Critical Care & Anaesthetics	2	(135)	65
Integrated Cancer & Diagnostics Services	(29)	(15)	(94)
Integrated Women, Children & Family Services	0	(84)	8
Integrated Mental Health Services	(2)	261	(334)
Integrated Primary Care & Community Services	(94)	76	(43)
Integrated Social Care Services	(146)	198	207
Tertiary Care Services	0	5	350
SUPPORT & CORPORATE SERVICES	(330)	426	437
Infrastructure & Hospital Operations	(96)	4	(158)
Operations Services	(232)	347	100
Nursing, Patient Safety & Governance Services	(30)	24	7
Corporate Services	29	51	489

Income

Income in Social Care which is generated from residential services reached the expected month's target but due to the lower levels received in April overall income is still below budget.

The variance in Primary Care is due to a reduction in income being received from contracted dental services due to less patients currently being seen because of Covid measures, this income is expected to increase but will not meet the full year target set.

The Private Patient Unit (included with Operations Services) has a full year income target of (£1.7m). Although some income is being generated from consultations and diagnostics, until the main unit opens this variance will continue. There are however associated savings within employee costs as there are also a number of funded vacant positions relating to the operation of the unit.

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Hospital Operations continues to see a loss of income from the coffee shop and hospital shop which have restricted services due to Covid measures at Noble's.

Employee Costs

The significant overspend in Medicine is attributable to Agency and Bank staff usage in Emergency Medicine (with funding currently being sought via Transformation) and in Medicine – Management, where a number of job descriptions in Gastroenterology and Respiratory Medicine are underway for advertising in June and Consultant grade and Speciality Doctor grade vacancies are a key focus to be addressed. These factors will continue to impact Medicine until addressed.

As part of the 2021/22 budget process additional employee funding was allocated for the creation of the Manx Care management structure and the Primary Care at Scale project. As the recruitment process for a number of these posts is still ongoing, this is contributing to favourable variances within Mental Health, Operations Services and Corporate Services.

Half of the CIP target which is profiled equally across the year is included in employee costs within Corporate Services.

Other Costs (includes costs for Infrastructure, Transport, Supplies & Contracted Services)

Within Medicine the principal driver behind overspend is drug costs which are £170k over budget year to date, with £130k of the overspend arising in Gastroenterology with additional variances in Neurology, Respiratory Medicine and Ward 1 (AMU).

Integrated Cancer & Diagnostics Services continues to see budgetary pressure from high cost centre drugs leading to the unfavourable variance year to date, and this is expected to continue throughout 21/22. The variance in Mental Health relates to UK placements, although there has been a re-profiling of beds within the block bed contract and a couple of high cost specialist placements are expected to end in June & July which has been reflected in the forecast.

Hospital Ops has incurred two months of PPE cost (including a catch up from April). We are working with Logistics to ascertain whether these costs should be borne by the utilising service rather than being ring-fenced in Operations. It is worth noting that the PPE has already been recovered from contingency in the 20/21 financial year, and that this is simply the consumption of the year end PPE stock carried forward into 21/22.

Half of the CIP target is included within supplies and is currently netted against the contingency budget, of which £2.9m is in other costs (net of the CIP target).

CIP

The CIP target for Year 1 has been set at £2.7m. A full CIP Action Plan which has identified the following key areas of focus for Year 1 whilst beginning work towards savings for Year 2:

- Workforce
- Procurement
- Primary Care Medicines

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- Secondary Care Medicines
- Elective and Tertiary Care
- Non-Elective & Emergency Care

For the purposes of this forecast, while the CIP is being finalised, the full saving of £2.7m has been included in Corporate Services and is netting against the contingency budget. When the forecast for CIP savings is finalised this will be reflected in the relevant Care Groups or service areas.

The year 1 target remains ambitious but achievable if work begins in earnest within the coming month to deliver 'quick wins'. This will allow time for further work to be done in other areas where investment may be required. It will also potentially release cash for investment in CIP initiatives in order to release those savings in Year 1 and lay the groundwork for Year 2 savings.

Forecast

FORECAST BY CARE GROUP - 31ST MAY 2021						
	FY £'000			FY VARIANCE BY TYPE £'000		
	Forecast	Budget	Var (£)	Income	Employee	Other
TOTAL	269,110	269,064	(46)	(3,279)	(1,209)	4,443
CLINICAL CARE GROUPS	233,279	228,836	(4,443)	(1,275)	(2,645)	(522)
Medicine, Urgent Care & Ambulance Service	32,256	27,764	(4,492)	64	(3,152)	(1,405)
Surgery, Theatres, Critical Care & Anaesthetics	35,963	35,364	(600)	12	(1,004)	393
Integrated Cancer & Diagnostics Services	19,736	18,767	(970)	(172)	(232)	(566)
Integrated Women, Children & Family Services	15,451	15,013	(438)	0	(509)	71
Integrated Mental Health Services	21,555	21,562	7	(13)	873	(853)
Integrated Primary Care & Community Services	50,552	50,184	(368)	(293)	360	(435)
Integrated Social Care Services	39,440	40,422	982	(874)	985	871
Tertiary Care Services	18,324	19,760	1,436	0	33	1,403
SUPPORT & CORPORATE SERVICES	35,831	40,228	4,397	(2,004)	1,436	4,965
Infrastructure & Hospital Operations	10,136	8,807	(1,330)	(576)	116	(870)
Operations Services	19,967	20,414	447	(1,417)	1,636	228
Nursing, Patient Safety & Governance Services	4,714	4,470	(244)	(183)	(26)	(36)
Corporate Services	1,013	6,537	5,524	172	(290)	5,642

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The current full year forecast position based on the first two month's run rate and known adjustments is a small overspend.

Income

As discussed above the current pressures in income are expected to continue. For this forecast it has been assumed that the Private Patient Unit does not fully reopen by the end of the financial year which results in an income variance against budget of (£1.5m). There will however be employee costs avoided of £0.7m meaning a net variance to budget of (£0.8m).

Income in other areas is based on current run rates and will continue to be monitored and updated if impacted by changes to Covid measures.

Employee Costs

Although Manx Care is currently underspending on employee costs some of this is due to timing and further costs are expected during the year in particular in relation to recruitment for the transformation business cases.

Other Costs

The Tertiary forecast is based on activity data received for April and also includes costs for potential high cost patients.

Within Mental Health Services the forecast reflects a reduction in contract costs due to 2 patients returning from high cost specialist placements in the UK by the end of July.

Financial Risks

- **Pay Award** – The 2021/22 pay award for all pay groups is still to be agreed. Included within the accounts and forecast is a provision for a 1% uplift which is the rate allocated as part of the budget process by the DHSC/Treasury to cover any agreed pay awards but negotiations are still ongoing.
- **Recovery & Restoration** – A business case has been submitted to Treasury for the restoration & recovery of operational services for one off funding in year to address waiting lists. The forecast assumes that all these costs can be recovered but a decision on the business case is still to be made.
- **High Cost Patients/Placements** – The current forecast is based on committed and known costs (e.g. transplants) but additional activity may be incurred and no contingency is included for this. Also the dates of returning patients may change which will mean an increase to the forecast position.
- **CIP** – The forecast assumes that the full saving of £2.7m is achieved. Due to the CIP still being finalised and the implementation time required for some of the work streams, the full year target may not be achieved.
- **Funding Requirements** – whilst we are aware of £2.4m potential funding requirements, as we continue to review and develop services, further requirements are expected to emerge. At the moment, there is no additional funding available to meet these needs without seeking DHSC and Treasury support.