



Manx Care Management Accounts

July 2021

Financial Position – 31st July 2021

COMPARISON TO BUDGET SUMMARY - 31ST JULY 2021												
	MONTH £'000				YTD £'000				FY £'000			
	Actual	Budget	Var (£)	Var (%)	Actual	Budget	Var (£)	Var (%)	Forecast	Budget	Var (£)	Var (%)
TOTAL	24,121	22,422	(1,699)	(8%)	91,596	89,688	(1,908)	(2%)	274,112	269,064	(5,048)	(2%)
Income	(1,011)	(1,205)	(194)	(16%)	(3,889)	(4,821)	(932)	(19%)	(11,525)	(14,464)	(2,938)	(20%)
Employee Costs	14,253	14,029	(224)	(2%)	56,103	56,117	14	0%	169,642	168,350	(1,292)	(1%)
Other Costs	10,879	9,598	(1,281)	(13%)	39,382	38,393	(989)	(3%)	115,995	115,178	(817)	(1%)

Overview

- The July result has significantly changed the actual YTD overspend to (£1.9m) and the full year forecast, which is now expected to be (£5.0m) over budget.
- The movement in actuals from the prior month is (£1.5m) with the main change being in Tertiary Services where costs increased by (£1.2m) which was an overspend of (£0.9m) in the month for the service. The remaining movement was across the other Care Groups.
- Within Tertiary, activity has increased across most providers which is partly due to an increase in HDU/ICU/Critical Care costs. However, it is likely that some of the increase may be associated with elective recovery programmes underway in the UK which have specific funding allocated through NHS England. Therefore, IoM referrals in the system which have been delayed due to the Covid pandemic are likely to be included in this restoration activity. Further analysis of the quarter 1 costs and activity has commenced to agree a forecast position with providers and to look at any possible mitigation.
- The change in the Tertiary position has been reflected in the forecast along with other amendments. A reconciliation of the movement in the forecast position from last month of (£3.2m) is shown by Care Group below but the main changes are:
 - Adjustment to Tertiary based on activity levels for Q1 (£1.7m)
 - Increase in costs for Diagnostics & Cancer Services (£0.7m)
 - An increase to the amount of PPE usage (£0.5m)
 - One off cost in Corporate for an employee settlement (£0.3m)
- The YTD budget also includes an allocation for the 1% cost improvement target (£0.9m) as the full year CIP of (£2.7m) is currently phased equally across the year. The CIP report has been finalised and individual work streams have commenced but the majority of savings are not expected to start being realised until the second half of the year.

- Recovery of additional costs in relation to Covid will be explored with the assistance of the DHSC. These total £0.6m YTD and £1.4m is currently included in the forecast as no formal agreement is in place to cover these costs (apart from the approved business cases below). An exercise is currently being undertaken to capture any further expected costs relating to Covid in order to help frame the recovery of the expenditure.
- The full year budget includes a contingency of £4.9m which is held centrally within Corporate Services with the CIP target of (£2.7m) currently netting against this. The contingency budget has already been fully allocated and the additional cost pressures identified cannot be absorbed.
- Included within the actuals is a provision for a pay award increase of 1% (£0.5m). The PSC pay award has now been agreed with an uplift of 1% (backdated to April 21) and a one off payment of £500 per employee. The 1% uplift can be covered by the funding received as part of the 21/22 budget process but it is expected that the one off element will be covered by Treasury contingency and this part has not been included in the forecast. For other pay groups no agreements are in place and a 1% provision is included in the actuals and forecast.
- Excluded from the actuals above is Covid expenditure of £1.1m relating to testing (£0.5m) and the vaccination programme (£0.6m). Business cases for these have been previously approved to be recovered from a central contingency fund held by Treasury. Of the total funding approved for 21/22 there is £0.4m remaining for testing and £0.1m for vaccination costs which will all be utilised and cannot be used for the additional Covid costs identified.

Breakdown by Care Group / Type of Expenditure

COMPARISON TO BUDGET BY CARE GROUP - 31ST JULY 2021							
	YTD £'000				YTD VARIANCE BY TYPE £'000		
	Actual	Budget	Var (£)	Var (%)	Income	Employee	Other
TOTAL	91,596	89,688	(1,908)	(2%)	(932)	14	(989)
CLINICAL CARE GROUPS	78,824	76,297	(2,527)	(3%)	(348)	(571)	(1,609)
Medicine, Urgent Care & Ambulance Service	11,208	9,326	(1,882)	(20%)	9	(1,431)	(460)
Surgery, Theatres, Critical Care & Anaesthetics	12,018	11,777	(240)	(2%)	10	(367)	117
Integrated Cancer & Diagnostics Services	6,824	6,277	(547)	(9%)	(65)	28	(511)
Integrated Women, Children & Family Services	5,214	5,115	(99)	(2%)	0	(103)	5
Integrated Mental Health Services	7,484	7,187	(297)	(4%)	(3)	436	(730)
Integrated Primary Care & Community Services	16,588	16,553	(34)	(0%)	(93)	215	(157)
Integrated Social Care Services	12,754	13,474	721	5%	(206)	645	280
Tertiary Care Services	6,735	6,587	(148)	(2%)	0	6	(154)
SUPPORT & CORPORATE SERVICES	12,771	13,391	620	5%	(586)	586	621
Infrastructure & Hospital Operations	3,826	2,936	(891)	(30%)	(122)	(111)	(658)
Operations Services	6,445	6,787	342	5%	(461)	715	88
Nursing, Patient Safety & Governance Services	1,621	1,490	(131)	(9%)	(60)	(82)	11
Corporate Services	878	2,179	1,301	60%	57	64	1,180

Income

Income in Social Care which is generated from residential services in older persons and dementia care services is below the expected YTD target.

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 has started 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, the full year income target is a significant risk given the plan to use the PPU as a Covid outbreak ward. 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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Continuing Covid measures are driving income deficit from the coffee shop and hospital shop which have restricted services.

Employee Costs

The significant overspend in Medicine is attributable to Agency and Bank staff usage in Emergency Medicine and in Medicine – Management, where a number of job descriptions in Gastroenterology and Respiratory Medicine are underway for advertising and Consultant grade and Speciality Doctor grade vacancies are a key focus. 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 £0.3m over budget year to date, with the main overspend arising in Gastroenterology.

Integrated Cancer & Diagnostics Services continues to see budgetary pressure from high cost Cancer drugs leading to the unfavourable variance year to date, and this is expected to continue throughout 21/22.

In general drugs costs have risen across primary and secondary care due to availability and increasing costs. Mitigations are being put in place by the pharmacy teams for cost-containment within normal clinical practice and as part of the CIP workstreams.

The variance in Mental Health relates to UK placements with a YTD overspend of (£0.6m). There has been an extension to a couple of high cost specialist placements and a new high secure placement.

Hospital Operations continues to see a high usage of PPE, and this is expected to continue for the immediate future and has been reflected in the revised forecast. Manx Care is also providing PPE to a number of 3rd party bodies with no income recovery.

Although Tertiary is showing an overspend of (£0.1m) YTD, the previous month was an underspend of £0.7m and it's this change in activity that has caused the significant change in the monthly actuals and overall forecast position.

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. Following the development of the Action Plan, the project is now in an accelerated delivery phase where intense work is underway to begin driving savings in the second half of the year. Four areas have been identified for delivering cash out savings, listed below.

Key Focus Area	Opportunity
Secondary Care Medicines	Biosimilar Switches
	Sugammadex
	Capsaicin patches
	DOACs (anticoagulant primary care rebate)
	Nobles Pharmacy Stockholding
	Blueteq High-cost Drug Management System
Primary Care Medicines	Reducing prescribing for Vitamin B Compound Strong, Oral Vit B 12, Bath and shower emollients and Eye preparations
	Low clinical value prescribing cessation
	Stoma Appliances
	Stopping 3rd party Ordering (Repeat Medication)
Procurement	NHS Supply Chain and supplier alignment on Non-Pay Spend
	Improved Contracting Arrangements
	Pilot stockholding reduction and centralised purchasing.
	Tertiary Care Transportation Contract Review
Workforce	Reduction in locum Spend
	Review of Agency Framework and On Call Unit Costs
	Maximum Use of Bank where possible

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In addition, two other value based workstreams have been undertaken in Elective and Non-Elective Care. Whilst these are likely to generate cash savings, these are difficult to quantify so the emphasis is on delivering better quality and efficiency.

Key Focus Area	Opportunity
Elective Care	Outpatient Efficiency Improvement
	Advice & Guidance to GPs
	Virtual Care Systems
	POLCV Review
	Inpatient – Day Case Review
Non-Elective Care	Ambulatory Care – Zero Length of Stay
	Frailty Service / Falls Prevention

For the purposes of this forecast, the full saving of £2.7m has been included in Corporate Services and is netting against the contingency budget. It is expected that CIP savings will begin to be delivered from Q3 onwards.

Forecast

FORECAST BY CARE GROUP - 31ST JULY 2021									
	FY £'000				FY VARIANCE BY TYPE £'000			MOV'T FROM PRIOR MONTH	
	Forecast	Budget	Var (£)	Var (%)	Income	Employee	Other		
TOTAL	274,112	269,064	(5,048)	(2%)	(2,938)	(1,292)	(817)	(3,169)	
CLINICAL CARE GROUPS	236,919	228,890	(8,029)	(4%)	(1,122)	(3,016)	(3,891)	(2,163)	
Medicine, Urgent Care & Ambulance Service	33,263	28,152	(5,110)	(18%)	28	(4,250)	(888)	(76)	
Surgery, Theatres, Critical Care & Anaesthetics	36,252	35,332	(919)	(3%)	30	(1,299)	350	52	
Integrated Cancer & Diagnostics Services	20,549	18,831	(1,719)	(9%)	(194)	7	(1,532)	(747)	
Integrated Women, Children & Family Services	15,672	15,519	(153)	(1%)	0	(204)	51	88	
Integrated Mental Health Services	22,351	21,562	(789)	(4%)	(9)	978	(1,758)	(104)	
Integrated Primary Care & Community Services	49,521	49,310	(211)	(0%)	(276)	563	(499)	73	
Integrated Social Care Services	39,598	40,422	824	2%	(701)	1,172	353	230	
Tertiary Care Services	19,712	19,760	48	0%	0	16	32	(1,680)	
SUPPORT & CORPORATE SERVICES	37,193	40,174	2,981	7%	(1,816)	1,723	3,074	(1,006)	
Infrastructure & Hospital Operations	10,582	8,807	(1,776)	(20%)	(374)	105	(1,507)	(372)	
Operations Services	19,672	20,360	688	3%	(1,433)	1,929	193	211	
Nursing, Patient Safety & Governance Services	4,912	4,470	(442)	(10%)	(181)	(219)	(42)	(120)	
Corporate Services	2,027	6,537	4,510	69%	172	(92)	4,430	(725)	

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As discussed above the forecast has been revised to a full year overspend of (£5.0m). The table below summarises the main reasons for the overspend:

FORECAST VARIANCE TO BUDGET BREAKDOWN	
DESCRIPTION	£'000
Closure of PPU	(826)
Loss of income in commercial units	(375)
Covid Costs	(1,627)
Drugs Costs (inc Primary & Secondary care)	(3,766)
High Cost Patients & UK Placements	(1,420)
One off employee costs	(600)
Additional employee costs due to recruitment/sickness (less delays on new service recruitment)	(1,334)
Contingency	4,900
Total Forecast Variance	(5,048)

Income

The current pressures in income are expected to continue. For the 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 and the changes to NJC terms & conditions. This overall underspend is masking the overspend relating to locum and agency staff, particularly in Medicine. Much of this is due to cover for vacant posts and recruitment efforts are being redoubled to fill as many of these as possible.

Other Costs

As discussed the Tertiary forecast has been revised based on activity data received for quarter 1 and also includes costs for potential high cost patients. Work is being undertaken to develop a funding model to cover these costs over the longer term. However, it may be necessary to seek in-year support from Treasury.

A detailed analysis of normal Tertiary activity is being undertaken to identify the likely levels and associated costs for the second half of the year. Some of these additional costs may be linked to restoration and recovery activities in the UK.

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Within Mental Health Services the forecast is based on current UK placements including a couple of specialist placements and a new high secure placement.

The forecast in Hospital Operations has been updated to include the current usage in PPE as there is currently no existing business case to recover these costs from Treasury. A business case will be submitted to Treasury which will seek to recover these costs.

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.
- 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.
- Drugs Costs – Drugs costs have continued to rise significantly this year due to global economic pressures. In particular, cancer drug costs have risen dramatically. The CIP Plan will mitigate this somewhat but not entirely.
- CIP – The forecast assumes that the full saving of £2.7m is achieved. Due to the implementation time required for some of the work streams, the full year target may not be achieved.
- Covid Costs – The forecast has already been revised to include known costs for additional use of PPE but further costs are still to be quantified and a business case will need to be developed and approved to recover these costs from Treasury.
- 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.