



Manx Care Management Accounts

September 2021

FINANCIAL SUMMARY

FINANCIAL SUMMARY - 30 SEPTEMBER 2021														
	MONTH £'000				YTD £'000				FY £'000				Mov't to Prior Month	Mov't to Prior Forecast
	Actual	Budget	Var (£)	Var (%)	Actual	Budget	Var (£)	Var (%)	Forecast	Budget	Var (£)	Var (%)		
TOTAL - OPERATIONAL	24,002	22,647	(1,355)	(6%)	138,054	135,882	(2,172)	(2%)	279,561	271,764	(7,797)	(3%)	(1,243)	(5,099)
Income	(1,109)	(1,205)	(97)	(8%)	(6,095)	(7,232)	(1,137)	(16%)	(12,027)	(14,464)	(2,437)	(17%)	12	342
Employee Costs	14,478	14,142	(336)	(2%)	84,825	84,850	25	0%	171,131	169,700	(1,432)	(1%)	(319)	(1,392)
Other Costs	10,633	9,711	(922)	(9%)	59,324	58,264	(1,060)	(2%)	120,457	116,528	(3,929)	(3%)	(936)	(4,049)
CIP	(70)	(225)	(155)	(69%)	(628)	(1,350)	(722)	(54%)	(2,700)	(2,700)	0	0%	(22)	0
EXPECTED FUND CLAIMS	676	0	(676)	-	1,978	0	(1,978)	-	4,383	0	(4,383)	-	(142)	(1,937)
Covid Costs	644	0	(644)	-	1,781	0	(1,781)	-	3,578	0	(3,578)	-	(142)	(1,937)
High Cost Patients	32	0	(32)	-	197	0	(197)	-	805	0	(805)	-	0	0
GRAND TOTAL	24,608	22,422	(2,186)	(10%)	139,404	134,532	(4,872)	(4%)	281,244	269,064	(12,180)	(5%)	(1,407)	(7,036)

Overview

- The presentation of the figures has been changed to split out the costs for which fund claims are expected to be submitted (Covid Costs and High Cost Patients). This should allow greater visibility of the underlying Operational position, which is currently being inflated by Covid costs. An exercise is underway to identify those costs so they can be incorporated under the Covid heading instead.
- It is expected that a Business Case for these Covid Costs will be prepared and submitted to Treasury during November. At present, the forecast figure of £3.6m relates to additional PPE costs and Covid related sickness absence but the costs mentioned above will also be added to this figure once they have been calculated.

Manx Care Management Accounts – September 2021

- The full year expected overspend has increased by £7.0m to £12.2m due to changes in assumptions around Covid costs and increased Operational costs. A full breakdown is provided below in Table 1 however the key drivers of these changes are Employee and Tertiary costs.
- A comprehensive exercise is underway to identify potential actions and mitigations to bring the forecast position back to balance and is expected to conclude in mid-November.
- The key drivers of the forecast full year Operational overspend of £7.8m remain the loss of income, rising drugs costs, high employee costs and increased Tertiary activity, which are discussed in more detail below.
- 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 against inherited funding pressures.
- Excluded from the YTD actuals is Covid expenditure of £1.5m relating to testing (£0.8m) and the vaccination programme (£0.7m). Business cases for these have been previously approved to be recovered from a central contingency fund held by Treasury. Further costs of £1.7m are also excluded for Lateral Flow Tests and the money is expected to be recovered from Treasury (approvals have been given to the DHSC).

Table 1 – Movement in FY Forecast from Prior Month

Forecast Movement to Prior Month	£'000	Commentary
Other Income	342	The forecast for income has been updated to include the latest levels received and any improvements from service restrictions being lifted.
Employee Costs	(1,392)	The position has been revised to reflect the increase in costs seen in the month, although it is expected that some of this increase is due to further Covid costs which are currently being identified.
Other Costs - Tertiary	(3,015)	The Tertiary forecast was amended to include a further £1.5m of expected activity based on the latest data received from providers, the tariff uplift from the 1st October of £500k and an assumption of £1m for additional winter pressures. It is anticipated that some of this increase relates to Covid Restoration & Recovery activity in the UK but is has not yet been possible to quantify the exact amount, although investigations are underway to do so.
Other Costs	(1,034)	A number of smaller movements across the Care Group contribute to this figure, plus a change in assumptions about how CIP Savings are reflected in the forecast
Total	(5,099)	

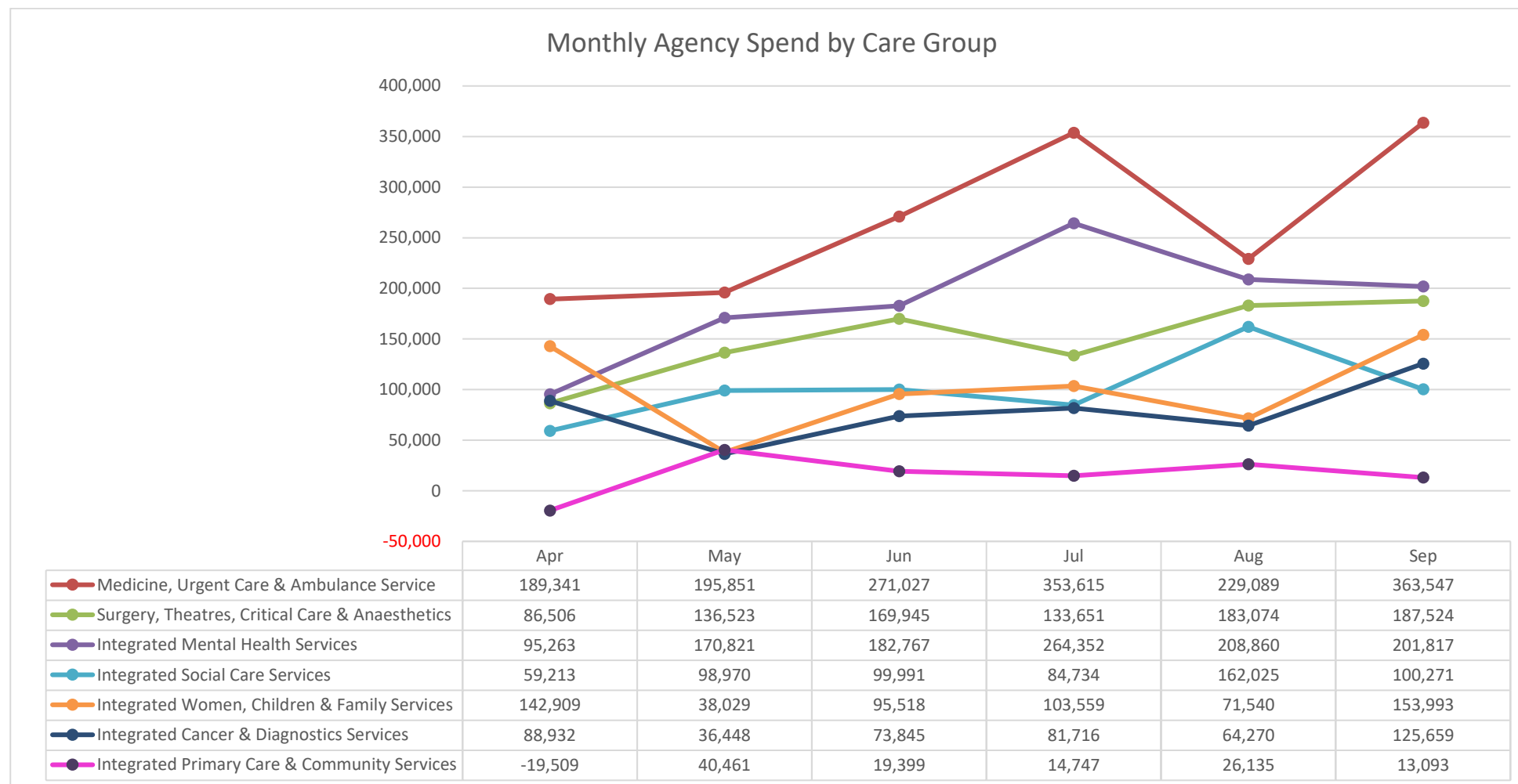
Table 2 - Forecast FY Variance to Budget

The forecast year end position has worsened by £7.7m since August. Below is a summary of the main movements in the Forecast this month which are discussed in greater detail below.

Forecast Variance to Budget	£'000	Commentary
PPU Closure	(810)	Full year impact of the continued closure of the Private Patients Unit Services. Loss of Income of £1.7m is mitigated by savings on employment costs of £650k and income from diagnostic services of £263k
Other Income	(957)	The forecast has been adjusted for areas where levels of income have started to increase after Covid restrictions have been lifted. In residential services the current levels of occupancy are assumed to remain for the rest of the year. Despite an improvement in the month of £342k the forecast remains significantly behind budget. Much of this is likely to be included in the Cost of Covid fund claim
Employee Costs	(2,595)	The variance is based on the existing levels of spend with adjustments for known recruitment (in particular for new services where additional funding was given). Further work will identify any additional employee costs that are being incurred due to Covid.
Other Costs - Drugs	(4,238)	The forecast assumes similar levels of spend for the remainder of the year with all savings currently being included in the CIP work streams.
Other Costs - Tertiary	(2,456)	The Tertiary forecast was amended to include a further £1.5m of expected activity based on the latest data received from providers, the tariff uplift from the 1st October of £500k and an assumption of £1m for additional winter pressures. These increases have been offset by savings on PTS Contract £500k and the Alder Hey Contract £240k.
Other Costs	3,259	Although there are a number of variances across the Care Groups, the forecast reflects the contingency budget which is netting against known cost pressures.
Total	(7,797)	

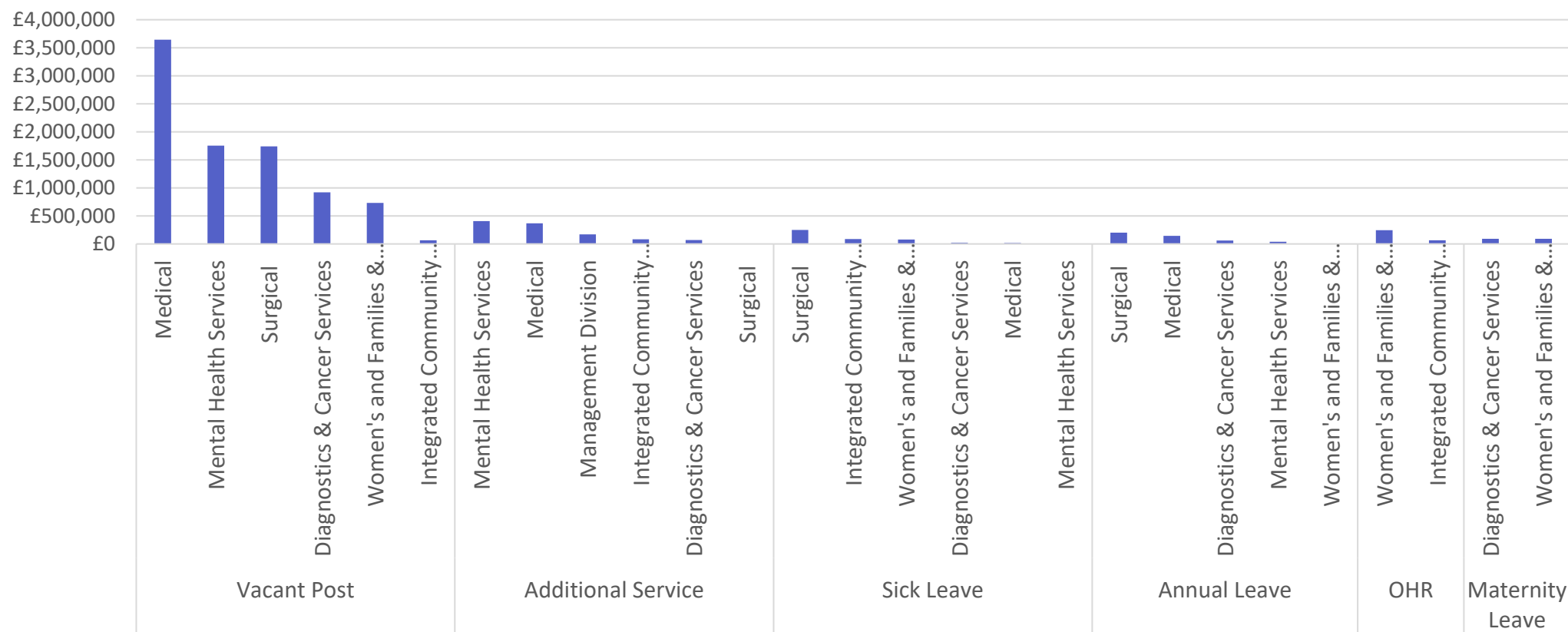
Employee Costs

YTD Employee Costs are broadly within budget. However, they are forecast to be £1.4m over budget by year end. Agency Spend is a significant factor driving this overspend, with a total spend YTD of £5.9m, broken down across Care Groups below.



This is concentrated in 3 main Care Groups: Medicine (£2.5m), Surgery (£2m) and Mental Health (£1m) and is primarily incurred to cover existing vacancies in those areas, as shown in the chart below. The cost of covering a post with Agency staff is usually much higher than the cost of employment so this contributes to significant overspends on Employee Costs in these areas. There is also evidence of significant upward pressure on rates due to competition in the market for candidates. This figure is currently being mitigated by underspend due to unfilled vacancies in other areas.

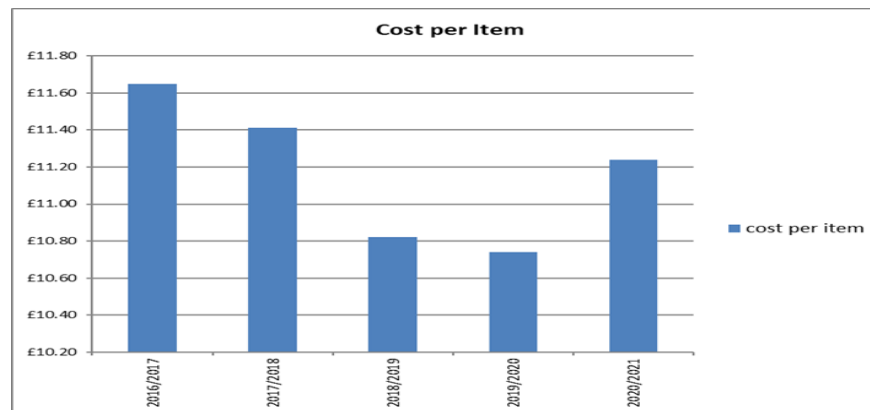
Agency Spend and Reason per Care Group



Drugs Costs

Drugs Costs are currently forecast to be £3.8m overspent by year end. This is despite significant cost savings being generated by the Medicines Optimisation Team. Actual numbers of items dispensed over the past few years has remained relatively stable. However, the cost per item has increased significantly during 20/21 as shown in the table below:

Manx Care Management Accounts – September 2021



A number of market factors are contributing to this increase. Covid and Brexit have created global supply issues as well as driving stockpiling behaviours in many individuals. This is against a backdrop of rising prices generally with drug tariff prices for 33 generic “Category A” medicines having more than doubled between July 2018 and October 2020.

Income

Income is currently forecast to be £2.4m behind budget by the year end. Whilst the continued closure of PPU represents £1.5m of this figure, other income streams have suffered as a result of Covid. Namely, Older Persons Residential Services & Dental Services, as well as commercial units. Occupancy rates in Residential Units have returned to normal levels, along with other income generating activity which has contributed to a £342k improvement in the forecast this month.

Tertiary

The Tertiary forecast remains volatile and significant movements have occurred this month due to an increase in the activity data from our UK providers. It’s likely that some of this activity is driven by Restoration & Recovery activity in the UK and so will form part of the Treasury bid to reclaim Covid costs. Investigations are underway with our providers to establish this number. An additional £1m has also been added to the forecast to allow for winter pressure activity. However, given current activity levels and winter pressures in the UK system it remains uncertain how much of this activity will happen. Finally, a Tariff uplift of 1% has been agreed in the UK which will be added to all Tertiary activity from October 1st and represents an additional £500k cost pressure which has not been budgeted for as the Treasury funding bid for 2020/21 submitted was rejected. However, substantial savings have been achieved with the successful renegotiation of the Loganair PTS contract resulting in a saving of £700k plus a saving of £240k on the Alder Hey contract by moving from a block booking to an activity based contract.

Table 3 - Operational YTD Variance to Budget

Operational YTD Variance to Budget	£'000	Commentary
PPU Closure	(405)	Net impact of the continued closure of the Private Patients Unit. The loss of income of £740k is netted by savings on unfilled vacancies & other costs of £335k. Income of £137k has been generated YTD from Diagnostic services.
Other Income	(397)	Other income streams that have been affected include commercial units, Older Persons Residential Services & Dental Services. These have all been impacted by Covid restrictions.
Employee Costs	(557)	Variances differ across services as some areas are unable to fill vacancies and/or cover with agency. Other areas, in particular in acute are experiencing additional costs due to the need to cover a significant number of vacancies with agency. There are some favourable variances in services where additional funding was given as part of the budget process but delays in recruitment will result in part year costs being incurred.
Other Costs - Drugs	(1,698)	Drugs costs have significantly increased and although savings of £371k have been delivered as part of the CIP (shown separately) these pressures are expected to continue for the remainder of the year.
Other Costs - Tertiary	(476)	The change in activity in the month has resulted in the increased overspend and the forecast has been revised accordingly.
Other Costs	1,362	There are a number of variances across the care groups with some discussed further below and the impact of the contingency budget YTD is £2.5m (which has been fully allocated to cover some of the cost pressures).
Total	(2,172)	

Table 4 – Movement in Operational Cost from Prior Month

Movement to Prior Month	£'000	Commentary
Employee Costs - Increase in Agency/Bank	(303)	Overall employee costs increased in the month with some services using additional Bank & Agency to cover annual leave
Other Costs - Tertiary	(636)	Additional activity based on the latest data received has increased costs in the month
Other Costs - General	(304)	Other costs have increased from prior month across a number of services - further detail by Care Group is provided in Appendix 1
Total	(1,243)	

CIP

The CIP target for Year 1 has been set at £2.7m, which is reflected in the forecast. However, a stretch target of £3.2m for the programme has been set. To date, £1.4m of savings have been delivered as follows:

Workstream	CIP Target	Delivered	Remaining
Secondary Care Prescribing	529	-	529
Primary Care Prescribing	653	437	216
Procurement & Contracting	917	58	859
Workforce	450	198	252
Tertiary	700	700	-
Total Cash Out Savings	3,249	1,393	1,856

The following new CIPs have been identified in Secondary Care Prescribing. They are currently being investigated to understand the potential cost savings available.

Reducing waste: Nobles Pharmacy. There is a significant amount of wastage of medication in Nobles pharmacy, some of the wastage is a result of individual departments and the waste is booked out to the individual area. Oncology drugs make up the highest proportion of waste. For example for oncology infusions, the pharmacy will make up an infusion for a patient, should the patient not be clinically fit for the infusion the drug would need to be wastes, due short shelf life. Procuring standard doses with a longer shelf life from different suppliers may be a way to reduce this wastage and is being explored.

Repatriation of FP10s. It has been identified that there is almost £1M in spend in prescriptions issued by Nobles prescribers and given to a patient on a community pharmacy for dispensing in their local chemist. As Nobles Pharmacy has access to NHS Contracted prices which are significantly discounted from drug tariff costs, repatriating some of this spend to be dispensed in the Nobles outpatient pharmacy would deliver saving.

In addition, the further CIP opportunities in Primary Care Pharmacy totalling £131k have been identified and are in progress.

Manx Care Management Accounts – September 2021

Financial Risks & Opportunities

The following risks and opportunities have been identified but have not yet been incorporated into the forecast position:

Risk / (Opportunity)	£'000	
Pay Award	1,164	The pay award for MPTC, NJC & NHS pay groups is still to be agreed. Funding for a 1% uplift was allocated by Treasury as part of the budget process and a provision for this is included in the YTD actuals and forecast. As an example an additional agreement of 1% would add £1.2m to the forecast. A Business Case is being prepared for submission to Treasury in November.
Covid Costs	500	The forecast includes 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. A full stocktake is to be completed with the potential for some of the stock value to be written down.
CIP	723	The forecast assumes that the full saving of £2.7m is achieved. Due to the implementation time required for some of the work streams and staff resourcing, the full year target may not be achieved. The risk value is based on the workstreams with a red and amber status
High Cost Patients/Placements	100	The current forecast is based on committed and known costs (e.g. transplants) of approx. £800k and a fund claim is being prepared for these known costs. However, 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. Currently there is potentially one further transplant (approx £0.1m).
Tertiary - Restoration & Recovery Activity	2,500	Estimate based on the NHS recovery fund, this value is not included in the current forecast. However, as some restoration and recovery activity has already begun in the UK, some of this may already be included in the forecast position. Further analysis is required to determine the extent of this. There is also a risk that this activity will continue into the next financial year.
Impact of Elective Surgery suspension	TBC	There may be a need to send patients to the UK will mean an increase in costs in Tertiary, this impact has not currently been built into the forecast. A Task Group has been established to identify the potential impact of this in terms of cost and waiting times.
Swabbing/Testing Costs	700	Funding for Covid swabbing & testing is covered by an existing contingency fund claim. Based on current requirements, all the funding will be utilised by the end of November and additional costs are not included in the current forecast. A business case will be submitted to Treasury to request additional funding for this activity and will depend on the testing requirements going forward
Children's Home	(250)	Currently included in Children's & Family Services in the Social Care forecast is the recommissioning of a home. This is to be confirmed as a requirement for this financial year.
Review of contingency claims	(970)	Requirements were identified at the beginning of the year which would need to be funded by a contingency budget held centrally. These are to be reviewed and the forecast adjusted accordingly
Annual Leave Accrual	(2,000)	Remaining provision from 20/21 to cover leave where additional days were carried over due to Covid. Further information required on annual leave that will be carried forward into 22/23 to identify whether any of the remaining provision needs to be released.
Total	2,467	

Appendix 1 - Summary by Care Group as at 30-Sep-21

	MONTH £'000				YTD £'000				FY £'000			
	Actual	Budget	Var (£)	Var (%)	Actual	Budget	Var (£)	Var (%)	Forecast	Budget	Var (£)	Var (%)
TOTAL BY CARE GROUP	24,608	22,422	(2,186)	(10%)	139,404	134,532	(4,872)	(4%)	281,244	269,064	(12,180)	(5%)
CLINICAL CARE GROUPS	21,279	19,074	(2,204)	(12%)	119,998	114,445	(5,553)	(5%)	242,210	228,890	(13,320)	(6%)
Medicine, Urgent Care & Ambulance Service	3,058	2,450	(608)	(25%)	17,008	14,191	(2,817)	(20%)	34,182	28,891	(5,291)	(18%)
Surgery, Theatres, Critical Care & Anaesthetics	3,237	2,862	(374)	(13%)	18,416	17,502	(914)	(5%)	36,567	34,676	(1,891)	(5%)
Integrated Cancer & Diagnostics Services	1,845	1,555	(291)	(19%)	10,502	9,421	(1,081)	(11%)	21,209	18,749	(2,460)	(13%)
Integrated Women, Children & Family Services	1,486	1,301	(185)	(14%)	8,000	7,716	(285)	(4%)	16,001	15,519	(482)	(3%)
Integrated Mental Health Services	1,839	1,797	(42)	(2%)	11,222	10,781	(441)	(4%)	22,520	21,562	(957)	(4%)
Integrated Primary Care & Community Services	4,148	4,095	(54)	(1%)	24,753	24,743	(11)	(0%)	49,585	49,310	(275)	(1%)
Integrated Social Care Services	3,487	3,369	(119)	(4%)	19,639	20,211	572	3%	40,116	40,422	306	1%
Tertiary Care Services	2,179	1,647	(532)	(32%)	10,456	9,880	(576)	(6%)	22,030	19,760	(2,270)	(11%)
SUPPORT & CORPORATE SERVICES	3,330	3,348	18	1%	19,406	20,087	681	3%	39,034	40,174	1,140	3%
Infrastructure & Hospital Operations	1,317	734	(583)	(79%)	6,324	4,403	(1,921)	(44%)	12,544	8,807	(3,737)	(42%)
Operations Services	1,548	1,696	147	9%	9,609	10,174	565	6%	19,643	20,348	705	3%
Nursing, Patient Safety & Governance Services	326	373	46	12%	2,375	2,235	(140)	(6%)	4,977	4,470	(507)	(11%)
Corporate Services	138	546	407	75%	1,098	3,275	2,177	66%	1,870	6,549	4,679	71%