



Manx Care Management Accounts

April 2022

FINANCIAL SUMMARY

MANX CARE FINANCIAL SUMMARY - 30 APRIL 2022										
	YTD £'000				FY £'000				ADDITIONAL FUNDING	
	Actual	Budget	Var (£)	Var (%)	Forecast	Budget	Var (£)	Var (%)	Agreed Amount	Variance to Forecast
TOTAL - OPERATIONAL COSTS	23,290	23,547	258	1%	290,705	282,567	(8,138)	(3%)		
Income	(1,104)	(1,274)	(171)	(13%)	(12,937)	(15,292)	(2,355)	(15%)		
Employee Costs	14,697	14,795	98	1%	183,165	177,543	(5,623)	(3%)		
Other Costs	9,697	10,026	330	3%	120,476	120,316	(160)	(0%)		
ADDITIONAL FUNDING - FUND CLAIMS	1,267	0	(1,267)	-	7,213	0	(7,213)	-	7,213	0
Medical Indemnity	26	0	(26)	-	1,960	0	(1,960)	-	1,960	0
Covid Costs	1,133	0	(1,133)	-	2,481	0	(2,481)	-	2,481	0
Covid Vaccination	73	0	(73)	-	641	0	(641)	-	641	0
Restoration & Recovery	35	0	(35)	-	2,130	0	(2,130)	-	2,130	0
ADDITIONAL FUNDING - DHSC	99	0	(99)	-	769	0	(769)	-	769	0
111 Service	99	0	(99)	-	769	0	(769)	-	769	0
MANDATE INCOME	(24,655)	(23,547)	1,108	5%	(298,687)	(282,567)	16,120	6%		
GRAND TOTAL	(0)	0	0	-	0	0	0	-		

Overview

- The result for April is a small underspend but it should be noted that the first month of the financial year is generally lower than the normal run rate although a number of provisions have been included where known costs are expected.
- The current full year forecast is an overspend of (£8.1m). Currently the April actuals include a provision for the 21/22 pay award at 2% which is the amount funded in the Care Groups. The financial assumption for the forecast (and in line with the planning guidance received from Treasury) is that the pay award should be included at 3.5%, an additional cost of £2.6m.
- The remaining growth relates to phasing of expected expenditure and includes recruitment as part of agreed business cases. Further detail is provided in Table 1.
- DHSC hold a Reserve Fund of £6.5m that is not shown as part of Manx Care's financials. Discussions are underway with the DHSC to agree how these funds may be allocated against cost pressures and potential funding requirements. Until then, all cost pressures (actual and forecast) will be held in Manx Care's figures.
- The forecast contains cost pressures for the loss of PPU income (due to it not being reopened fully as the ward is being used for restoration work) & two high cost placements. A paper will be prepared for the DHSC to ask for additional funding for these from the Reserve Fund. Until approval is received, the expected costs of £1.5m have been included in the forecast.
- Drugs costs (which were a key cost pressure in 21/22) are currently on budget due to additional funding being allocated to the Care Groups from growth funding received as part of the 22/23 budget process. Inflationary growth is expected to be managed as part of the CIP process.
- The target CIP for this financial year is £4.3m with £1.3m being allocated to the relevant Care Groups in relation to drugs savings and the remaining £3.0m netting from the contingency budget. Further detail on the CIP is provided below.
- The operational variances are summarised in Table 2 and variances by Care Group are in Appendix 1. Further details on the fund claims are included in Appendix 2.

Manx Care Management Accounts – April 2022

Table 1 – Operational Forecast FY Variance to Budget

Forecast Variance to Budget	£'000	
Other Income	(2,355)	(£1.4m) of this variance relates to PPU where the gross income target is (£1.8m) but (£0.4m) has been set as an internal target for diagnostic services only as the PPU will be used for the restoration work. The net loss of income will form part of a claim to the DHSC Reserve Fund. The forecast for other areas where income is below target has been forecast more prudently while work is being undertaken to understand if this can be recovered and the forecast will be updated accordingly.
Employee Costs	(5,623)	The forecast includes an assumption for the average pay award across all Care Groups at 3.5% with the original budget planning including 3%. The variances vary between Care Groups with Medicine being the main driver of the employee overspend with significant agency spend being utilised to cover vacancies. The forecast will be updated depending on successful recruitment to permanent positions. Also included is recruitment to areas where additional funding was agreed as part of service developments, including ED, Frailty, Primary Care at Scale and the ME/CFS/Long Covid Service.
Other Costs - Tertiary	(4,574)	The Tertiary forecast is currently based on the same levels of activity as 21/22 which will be reviewed in line with data received from our UK providers.
Other Costs - Contingency	4,414	Although there are a number of variances across the Care Groups, the forecast reflects the contingency budget of £3.3m which is netting against known cost pressures.
Total	(8,137)	

Table 2 - Operational YTD Variance to Budget

YTD Variance to Budget	£'000	
Other Income	(171)	The main area where there is a variation to budget is in the PPU where the gross full year income target is £150k pm with only £24k being received in April. The internal target for the service has been reduced to £33k pm with the remainder being netted from the contingency budget. Other areas where income is below target is in Hospital Operations (in particular in accommodation services) and residential services in Adult Services. Both these areas are being investigated further to understand if this income can be recovered.
Employee Costs	98	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 also 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 - Contingency	330	There are a number of variances across the care groups and the impact of the contingency budget YTD is £0.3m (which has been fully allocated to cover some of the cost pressures).
Total	258	

Manx Care Management Accounts – April 2022

Employee Costs

YTD Employee Costs are currently on budget although the actuals only include a provision for a pay award at 2%. Excluding the impact of the pay award (over 2%), employee costs are expected to be (£3.1m) over budget by year end. Agency spend is a significant factor driving this overspend, with a total spend YTD of £0.9m, compared to £0.7m in April 2021. This spend is broken down across Care Groups below.

Medicine and Surgery are the highest spenders with £0.3m and £0.26m spend respectively with Mental Health at £0.1m. This cost is primarily incurred to cover existing vacancies in those areas.

Care Group / Area	Apr 2022	Apr 2021	Variance
Corporate Services	45,409	-	(45,409)
Infrastructure & Hospital Operations	18,491	23,011	4,519
Integrated Cancer & Diagnostics Services	41,184	88,932	47,748
Integrated Mental Health Services	112,554	95,263	(17,292)
Integrated Primary Care & Community Services	8,288	- 19,509	(27,797)
Integrated Social Care Services	57,127	59,213	2,086
Integrated Women, Children & Family Services	54,575	142,909	88,333
Medicine, Urgent Care & Ambulance Service	314,135	189,341	(124,795)
Nursing, Patient Safety & Governance Services	1,795	-	(1,795)
Operations Services	20,609	18,854	(1,755)
Surgery, Theatres, Critical Care & Anaesthetics	255,092	86,506	(168,586)
Tertiary Care Services	2,744	2,560	(184)
Total	932,005	687,079	(244,926)

Tertiary

The Tertiary budget has been amended to reflect the activity that was transferred to the Cancer & Diagnostics Care group but the underlying baseline budget is not expected to cover the predicted activity which assumes similar levels to 21/22. The forecast will be updated with the latest SLAM data from our UK providers. April figures will be available from May.

The agreement of indicative annual activity plans with linked NHS trusts in the North West of England for the 2022/23 service year are currently in progress. Indicative activity plans have been agreed to date with the Walton Centre and Wrightington, Wigan and Leigh Teaching Hospitals which are detailed in Appendix 3.

The agreement of indicative annual activity plans with the remaining linked NHS trusts in the North West of England for the 2022/23 service year continue to progress and indicative activity plans will be detailed in later reports once agreed.

Manx Care Management Accounts – April 2022

CIP

The CIP target for Year 2 has been set at £4.3m, which is reflected in the forecast. This is made up of the 1% efficiency target of £2.7m plus an additional £1.5m agreed as part of the agreed growth funding. The CIP Plan for 2022/23 is currently being finalised but will aim to achieve higher savings than the £4.3m target.

To this end, the programme has been expanded to include all operational areas of Manx Care. The existing work streams from 21/22 will continue and have already delivered £983k of savings for 22/23. An additional £5.6m of potential savings have been identified so far with further savings to be added. However, these figures will be reviewed once all delivery risks have been fully assessed.

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	846	Pay negotiations for 21/22 & 22/23 are still ongoing for MPTC/NJC and no pay awards for the other pay groups for 22/23 have been agreed. The forecast includes an average of 3.5% across all pay groups. As an indication, an additional 0.5% to this assumption is £0.8m.
UK Placements	500	The current forecast is based on committed and known costs but additional activity may be incurred or existing placements extended and no contingency is included for this.
Anaesthetists Cover	1,000	Decision still to be made on what additional cover may be needed for the anaesthetists & whether additional agency may need to be brought in. It is expected that this will be covered by additional funding from Treasury.
Review of internal business cases	1,000	On-going internal business cases that are being reviewed as part of the BCRG governance process with timelines and funding still to be identified. These are not included in the current forecast. There are also a number of Transformation business cases where the proposal is that implementation begins in 22/23 but funding is still to be agreed.
Total	3,346	

Manx Care Management Accounts – April 2022

Appendix 1 - Summary by Care Group as at 30th April 2022

OPERATIONAL COSTS BY CARE GROUP - 30 APRIL 2022								
	YTD £'000				FY £'000			
	Actual	Budget	Var (£)	Var (%)	Forecast	Budget	Var (£)	Var (%)
TOTAL BY CARE GROUP	23,558	23,547	(11)	(0%)	291,481	282,567	(8,914)	(3%)
CLINICAL CARE GROUPS	21,718	21,652	(67)	(0%)	270,497	259,818	(10,679)	(4%)
Medicine, Urgent Care & Ambulance Service	3,314	2,783	(531)	(19%)	40,704	33,392	(7,313)	(22%)
Surgery, Theatres, Critical Care & Anaesthetics	2,967	2,990	23	1%	35,601	35,877	277	1%
Integrated Cancer & Diagnostics Services	1,761	1,889	128	7%	21,883	22,670	787	3%
Integrated Women, Children & Family Services	1,450	1,373	(76)	(6%)	17,003	16,479	(524)	(3%)
Integrated Mental Health Services	1,759	1,985	227	11%	24,068	23,821	(247)	(1%)
Integrated Primary Care & Community Services	4,618	4,926	308	6%	58,553	59,108	555	1%
Integrated Social Care Services	3,930	4,167	237	6%	49,645	50,005	361	1%
Tertiary Care Services	1,920	1,539	(381)	(25%)	23,040	18,466	(4,574)	(25%)
SUPPORT & CORPORATE SERVICES	1,837	1,896	58	3%	20,982	22,748	1,766	8%
Infrastructure & Hospital Operations	657	735	78	11%	8,836	8,814	(22)	(0%)
Operations Services	259	260	1	0%	3,264	3,114	(150)	(5%)
Nursing, Patient Safety & Governance Services	344	351	7	2%	4,193	4,217	24	1%
Medical Director Services & Education	277	183	(94)	(51%)	2,943	2,197	(746)	(34%)
Corporate Services	301	367	66	18%	1,746	4,406	2,660	60%
Covid Sickness Costs (Included in Care Groups)	(268)	0	268	-	(775)	0	775	-
GRAND TOTAL - PER MANAGEMENT A/C'S	23,290	23,547	258	1%	290,705	282,567	(8,138)	(3%)

Appendix 2 – Fund Claims

Fund Claim	
Medical Indemnity	Covers compensation claims and associated legal fees. Central fund held by Treasury and adjusted based on on-going claims.
Covid Costs	Business cases are provided to the DHSC/Treasury quarterly in advance and costs for Q1 were approved. The forecast currently only includes these Q1 costs.
Covid Vaccination	Funding to deliver the vaccination programme for all of 21/22 has been approved by the DHSC/Treasury.
Restoration & Recovery	Funding agreed to clear waiting list backlogs due to Covid. Relates to a business case approved in 21/22 and activity carried over into 22/23.
111 Service	Funding for the 111 service has remained with the DHSC and Manx Care will currently reclaim any costs incurred.

Appendix 3 – Agreed Tertiary Activity Plans

The Walton Centre

The Walton Centre provides comprehensive neurology, neurosurgery, spinal and pain management services for Isle of Man patients. The annual activity plan for the Walton Centre has now been agreed for 2022/23. Payments in twelfths will be made each month based on the annual activity plan figure with quarterly activity reconciliations of under/over performance. The annual activity plan includes 4% elective recovery on elective outpatient first and procedure. The split of the annual activity plan to Point of Delivery (POD) level is detailed below:

POD (Point of Delivery)	2022/23 Activity Plan	2022/23 Income Plan	2021/22 Activity	2021/22 Income
Coiling	283	£191,427	283	£188,227
Day case	54	£41,690	51	£39,543
Drugs	0	£17,322	0	£17,033
Elective	62	£438,273	61	£473,090
Elective Excess Bed days	28	£10,268	20	£6,412
Implants	47	£179,184	47	£176,189
Intensive care	199	£341,317	199	£335,612
Major Trauma BPT	4	£13,673	4	£13,212
Non Elective	33	£427,672	33	£421,278
Non Elective Excess Bed days	6	£1,862	1	£382
Outpatient First	271	£73,435	261	£69,430
Outpatient First Non face to Face	110	£34,758	106	£17,962
Outpatient Follow-up	346	£80,966	346	£79,613
Outpatient Follow-up Non face to Face	243	£63,827	243	£61,884
Outpatient Procedure	4	£1,077	4	£1,265
Diagnostic Imaging	86	£0	86	£0
Rehab Level 1 Hyper Acute	28	£19,981	28	£19,647
Spinal BPT	20	£19,356	20	£19,861
Grand Total	1,824	£1,956,088	1,793	£1,940,640

The annual activity plan only includes off island referred activity. Activity related to any visiting clinician arrangements/MDT's etc are currently managed and embedded in the relevant Care Group within Noble's Hospital both from an operational and budget perspective.

Manx Care Management Accounts – April 2022

Wrightington, Wigan and Leigh Teaching Hospitals RE

Wrightington, Wigan and Leigh (WWL) Teaching Hospitals mainly provides specialist orthopaedic services for Isle of Man patients. The annual activity plan for WWL has now been agreed for 2022/23. Payments in twelfths will be made each month based on the annual activity plan figure with quarterly activity reconciliations of under/over performance. The annual activity plan is based on 2019/20 actuals based on projected increases in referrals for trauma and orthopaedic referrals. The activity plan will be monitored and reviewed collectively with WWL for the anticipated increase in trauma and orthopaedic referrals and adjusted if required at the end of quarter 1 2022/23. The split of the annual activity plan to POD level is detailed below:

POD (Point of Delivery)	2022/23 Activity Plan	2022/23 Income Plan	2021/22 Activity	2021/22 Income
Trauma & Orthopaedics	502	£288,632	414	£170,000
ENT	1	£147	0	£0
Ophthalmology	0	£0	1	£152
Anaesthetics	17	£6,485	4	£317
Pain Management	4	£772	1	£25
General Medicine	0	£0	1	£1,983
Cardiology	2	£181	5	£1,378
Rheumatology	3	£682	1	£98
Physiotherapy	42	£1,717	8	£286
Occupational Therapy	21	£1,539	18	£1,241
Radiology	2	£68	0	£0
Diagnostic Imaging	34	£3,278	19	£1,705
Bonebank	4	£6,225	2	£948
Surgical Appliances	2	£996	3	£435
Walk in Centre	0	£0	2	£169
Grand Total	634	£310,722	479	£178,737

The annual activity plan only includes off island referred activity. Activity related to any visiting clinician arrangements/MDT's etc are currently managed and embedded in the relevant Care Group within Noble's Hospital both from an operational and budget perspective.