

 <b>manx care</b> Kiarail Vannin	<h1>SUMMARY REPORT</h1>	Meeting Date:	10 <sup>th</sup> January 2023
		Agenda Item:	
		Enclosure Number:	

<b>Meeting:</b>	<b>Manx Care Board</b>		
<b>Report Title:</b>	<b>Finance Director's Report</b>		
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<b>Other meetings presented to or previously agreed at:</b>	<b>Committee</b>	<b>Date Reviewed</b>	<b>Key Points/Recommendation from that Committee</b>

### Summary of key points in report

#### Current Forecast

The current projected overspend position (as per the Nov Management Accounts) is £8.9m. This is a £0.4m positive movement on October's forecast of £9.4m. Following an in-depth review of activity the Tertiary forecast has improved by £2.5m.

However, higher run-rate spend across the organisation has meant a corresponding increase of £2.1m to the forecast. This increase is primarily driven by additional mental health placements, increased theatre consumable spend and increased cancer drug spend.

The Back to Balance plan is detailed below and as the items identified materialise the forecast will be adjusted accordingly.

#### Back to Balance

Since the finalisation of the November forecast, the DHSC has approved £3.3m funding from the Reserve, which will be reflected in the December forecast.

	£000's	£000's
Current Forecast Overspend (November 2022)		<b>- 8,906</b>
Use of DHSC Reserve (Included in Forecast)		5,026
Approved	3,297	
Potential	1,729	
Fund Claims (Included in Forecast)		300
Anaesthetists	896	
Risk that full amount is not funded	- 596	
Business cases not eligible for HCTF funding		<b>- 368</b>
Clinical Domain Leads (Primary Care Network)	- 246	
Safeguarding Business Case	- 122	
Business cases in forecast eligible for HCTF		221
ED Safe Staffing	160	
Frailty Unit	62	
<b>Revised Forecast</b>		<b>- 3,727</b>

Additional CIP / Mitigations	4,000
Reserve Fund available	-

<b>Remaining Surplus (Deficit)</b>	<b>273</b>
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A small surplus is still expected. However, there are still a number of further risks (detailed later in the report) which may reduce this figure if they come to pass.

At present, the DHSC Reserve Fund is fully committed based on potential requirements, however not all of them may materialise. Similarly, further pressures may emerge in coming months. These costs are not currently in the forecast. (See Appendix 1 for detail)

Funding is being sought from the Healthcare Transformation Fund for a number of business cases. £221k is already included in our forecast and £990k are not. Two business cases originally intended for HCTF funding (Clinical Domain Leads (PCN) & Safeguarding) have been reviewed and determined to not be eligible for funding. For the purpose of the forecast, it is assumed they are funded from Manx Care's baseline.

Business cases for CAMHS, and Hear & Treat have been submitted to Treasury for approval. Hear & Treat has been approved and a decision on CAMHS is awaited. Cases for Intermediate Care, Frailty & ED Safe Staffing are expected to be submitted during January. However, feedback from treasury has indicated that funding will only be approved temporary posts rather than permanent ones, which may cause issues with some of these cases. Discussions are underway to see if this can be addressed as it potentially excludes most of the current cases which propose permanent recruitment.

### **Tertiary Spend**

Uncertainty around the Tertiary spend has been flagged as a risk and a Deep Dive exercise was recently carried out to determine what an appropriate forecast spend for this year would be. Initial analysis of charges identified a drugs rebate of £500k (which has been included in the forecast) and other potential rebates of approx. £650k. Additionally, analysis of recent activity data has allowed the Tertiary forecast to be further reduced. In total the forecast has improved in the month by £2.5m. Further analysis of the elective and non-elective spend, as well as a full review and validation of the Patient Transfer Lists was planned for December but was not possible due to operational issues. It is hoped that these actions will be completed in January and may allow the forecast to be reduced further still.

### **CIP**

To date £3.7m savings have been delivered which means the program is broadly on track to deliver the core target of £4.3m. Additional funding of £700k has been approved by Treasury to support accelerated delivery of the CIP plan to generate an additional £5m in savings. MIAA were appointed as the partner to support that delivery. The first priorities were to:

- Assign values to all projects that have not yet been evaluated
- Incorporate the Mitigations agreed into the CIP Plan and assess and validate the proposed savings
- Validate the expected savings associated with current workstreams based on performance to date

Each of these opportunities has been validated and risk assessed to determine the likely delivery in 22/23, which is now £7.5m. This includes the original £4.3m so represents an additional £3.2m of savings. Attached at Appendix 2 is a summary of the performance of each of the workstreams against this revised target:

Capacity issues are still affecting delivery as competing priorities such as CQC preparation and transformation delivery support continue to impact on ability to support CIP activities. A number of workstreams have not been able to provide updates for the last CIP Programme Board which means that actual and projected savings have not been fully reviewed. MIAA are supporting on this but require input and data from operational areas to do so. Internal Manx Care PMO resource has been reassigned to provide some of this support.

Significant risks remain around staff capacity in Secondary Care Medicines, which have a target of £800k this year and a support plan is being developed to mitigate this. A new Chief Pharmacist has recently been appointed and it is hoped this will help to stimulate delivery. Staffing challenges and data sharing issues in Primary Care prescribing are now easing and delivery is coming back on track.

## Risks

The following financial risks are not yet reflected in the current year forecast:

- There are a number of potential On-Island care packages and UK placements that have not yet been agreed. Based on current estimates, this could represent an additional £1.4m cost pressure. We intend to use the Reserve Fund to mitigate these costs should they materialise.
- Given the current inflationary pressures, much of the contract compliance work is creating additional cost pressures as contracts are renegotiated or regularised. It may be necessary to pause the compliance work to avoid this. Estimates are that this could be approx. £250k of cost pressure but is difficult to determine.
- The DHSC Reserve Fund is now fully allocated which leaves no capacity to absorb any additional cost pressures unless CIP savings can be increased further. DHSC may also have plans for use of the fund that Manx Care are, as yet, unaware of.
- Significant amounts of Annual Leave have been carried over due to Covid, but it is not feasible to measure the quantum of this. An allowance has been made in this year's budget for this but the cost of Annual Leave may be considerably more than the amount allowed for.
- There is a risk that some of the CIP savings identified have already been incorporated into the forecast as part of our 'run rate' so will not contribute to the enhanced delivery. Detailed analysis is underway to assess the potential risk and is expected to be reflected in the October accounts.

## 23/24 Funding

Treasury have indicated that the funding envelope for Manx Care for 23/24 will be £302.6m. The DHSC had previously decided to move £5m from the DHSC Reserve Fund into Manx Care's baseline, giving a total funding envelope for 23/24 of £307.6m. However, the Department has since reversed that decision leaving the total funding envelope at £302.6m. This represents a £19.8m increase on 22/23 budget. But, it falls short of the £34.3m requested by the DHSC and £53.4m short of the amount recommended by Manx Care.

This means that based on current assumptions, the funding amount for 23/24 will be insufficient to cover the Priority 1 – Unavoidable Cost Pressures identified.

This will have a significant impact on the aspirations and ambitions of both Manx Care & DHSC of what is deliverable in 23/2. As part of the agreement of the 23/24 Mandate, detailed discussions between Manx Care and DHSC are planned for January.

Additional income opportunities have been identified by KPMG and are being assessed. In addition, the CIP Project will need to deliver more than the 1.5% target included in the budget. At present, the 23/24 CIP Plan has identified potential savings of £7m with further projects to be valued and developed.

It's also worth noting that none of the above include the potential impact of Transformation projects (currently in excess of £10m ongoing revenue funding). Whilst many of them will be funded in the first instance from HCTF, so the impact in 23/24 is likely to be minimal, they represent a significant risk in future years.

### Recommendation for the Board to consider:

Consider for Action		Approval		Assurance	X	Information	X
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## Appendix 1 - DHSC Reserve Fund

	£000's	£000's
DHSC Reserve Fund		<b>6,500</b>
Potential use of DHSC Reserve (included in November forecast)		<b>5,026</b>
PPU (loss of income)	859	
High Cost Patients	2,430	
TT Costs	357	
S115 Placements (amounts above budget)	700	
IG Fine	170	
Winter Pressures	510	
Other proposed use of DHSC Reserve Fund (not included in November forecast)		<b>1,474</b>
Additional High Cost Placements	683	
Potential Social Care Packages / Placements	612	
CQC Compliance Requirements	200	
Contingency from existing claims re-allocated	- 21	
<b>Total Reserve Fund Claim</b>		<b>6,500</b>
Remaining Reserve Fund		0

## Appendix 2 – Detailed CIP Delivery

<b>Workstream</b>	<b>Target Delivery</b>	<b>Delivered YTD</b>	<b>% Delivered</b>
Elective Care	1,564,788	585,209	37%
Infrastructure	140,500	-	0%
Mental Health	605,000	882,000	146%
Non Elective Care	1,200,000	916,384	76%
Oncology	-	-	0%
Pathology	-	-	0%
Primary Care	45,750	-	0%
Primary Care Medicines	365,000	460,805	126%
Procurement	236,630	271,988	115%
Radiology	52,536	-	0%
Secondary Care Medicines	1,095,911	148,058	14%
Social Care	305,000	-	0%
System-Wide Medicines	-	-	0%
Tertiary	815,125	415,125	51%
Workforce	1,066,951	71,204	7%
<b>Grand Total</b>	<b>7,493,191</b>	<b>3,750,774</b>	<b>50%</b>