

SUMMARY REPORT

Meeting Date:

9th May 2024

Agenda Item:

Enclosure Number:

Meeting:	Manx Care Public Board Meeting		
Report Title:	Finance Director's Report		
Authors:	Jackie Lawless		
Accountable Director:	Jackie Lawless		
Other meetings presented to or previously agreed at:	Committee	Date Reviewed	Key Points/Recommendation from that Committee

Summary of key points in report

The final year end position for 2023-24 (as per March Management Accounts) is a total deficit of £31.1m:

FINANCIAL SUMMARY - 31 MARCH 2024										
	MONTH £'000				FY £'000				Mov't to Prior Month	Mov't to Prior Forecast
	Actual	Budget	Var (£)	Var (%)	Actual	Budget	Var (£)	Var (%)		
OPERATIONAL	26,880	25,246	(1,633)	(6%)	327,092	302,975	(24,117)	(8%)	289	(169)
Income	(1,490)	(1,281)	209	16%	(15,910)	(15,368)	542	4%	172	(6)
Employee Costs	18,140	16,469	(1,671)	(10%)	208,360	197,639	(10,721)	(5%)	(188)	(707)
Other Costs	10,229	10,058	(171)	(2%)	134,642	120,704	(13,938)	(12%)	305	543
2023/24 PAY AWARD	487	0	(487)	-	7,004	0	(7,004)	-	100	305
TOTAL - OPERATIONAL	27,367	25,246	(2,121)	-	334,096	302,975	(31,121)	-	389	135
APPROVED RESERVE CLAIMS	819	0	(819)	-	6,321	0	(6,321)	-	(320)	133
High Cost Patients / Care Packages	337	0	(337)	-	4,039	0	(4,039)	-	0	0
S115 Aftercare	79	0	(79)	-	950	0	(950)	-	0	0
Recovery College	63	0	(63)	-	107	0	(107)	-	(60)	(60)
Vaccine Service	340	0	(340)	-	1,225	0	(1,225)	-	(260)	192
TOTAL SPEND (Exc R&R)	28,186	25,246	(2,940)	(12%)	340,417	302,975	(37,442)	(12%)	69	268
RESTORATION & RECOVERY	296	700	404	58%	10,283	10,300	17	0%	(110)	17
TOTAL	28,482	25,946	(2,536)	(10%)	350,699	313,275	(37,425)	(12%)	(41)	285

The total actual spend of £350.7m includes £7m for unfunded pay awards and £6.3m recouped from the DHSC Reserve Fund. The monthly run rate has been consistently reducing from £29m in August to £28m in March. This is largely as a result of the enhanced financial controls, oversight and scrutiny over spend.

The Operational deficit of £31.1m has been offset by underspends in DHSC and against the Reserve, which mean that the combined position falls within the £30m Supplementary Vote approved in October 2023.

As part of the Supplementary Vote approval, Treasury sought assurance that all possible efforts were being made to contain and, if possible, reduce spend. It was agreed that the measures rated G below (totalling £1.7m) would be implemented, monitored and reported back to Treasury. To date, the target has been exceeded with £2.8m realised.

Mitigation Measure	RAG	Proposed (£m)	Agreed (£m)	Actual (£m)	Update 22/3/2024
1. Reduce Agency & Bank staff	G	0.6	0.6	1.8	Only requests to support services rated Red or Amber approved at weekly WEP. Overall review of agency placements carried out regularly with a small number terminated. No agency contracts in place older than 6 months. A number of long standing bank staff are currently moving into substantive roles so impact will be felt once moves have been finalised. Combined Bank and Agency spend in Nov £428k lower than October, spend in Dec £620k lower than October. Spend in Jan £324k lower than in October. Spend in Feb £289k lower than in October, Spend in March £186k lower than in October
2. Non-clinical recruitment freeze	G	0.6	0.6	0.05	Implemented in October. All new recruitment requests (clinical and non-clinical) reviewed by CEO for approval. Assumptions based on non-replacement of leavers. To date, 7 posts have become vacant, of which 2 in Patient Information Centre have been approved for recruitment based on clinical risk of not sustaining activity.
3. Suspend electives 1 st December	A	0.5		0	Agreed not to implement. Winter pressures may affect elective activity levels anyway but will not yield spend reductions as any reductions will be unplanned.
4. No pay award HMD/MPTC	R	0		0	Pay Award of 6% now offered, which was already reflected in the forecast
5. Enhanced CIP	A	0		0	September forecast amended to reflect reduced likelihood of CIP savings resulting in reduced spend further as most savings have already been incorporated into the forecast. Included in Financial Risks
6. Constrain tertiary	A	0.2		0	Agreed not to implement. However, new modelling developed as part of the CIP is now in operation. This allows additional detailed analysis and scrutiny of activity data which should identify anomalies and incorrect charging before payments are made, or enable recovery of previous payments.
7. Delay dispensing fee uplift	A	0.5			Dispensing fee uplift has now been implemented and paid
8. Delay Hillside retendering	A	0.1		0.1	Hillside practice now being run by Manx Care as of 1st December. Savings already factored into forecast
9. Delay sight test increases	G	0.5	0.5	0.5	Actioned
10. Suspend Synaptik Activity	A	0			N/a
11. Winter pressures	A	0.3		0.3	Revised winter plan now in place to reflect reduction in funding.
Total		3.3	1.7	2.8	

Cost Improvement Programme

Final performance against the CIP target of £7.5m stands at £8.5m (114%). £7m in cash savings have been delivered with a further £1.5m in efficiency savings. The required CIP included in Manx Care's Funding Allocation was £4.2m Delivery this year is more than double this target, which has helped hold the financial position.

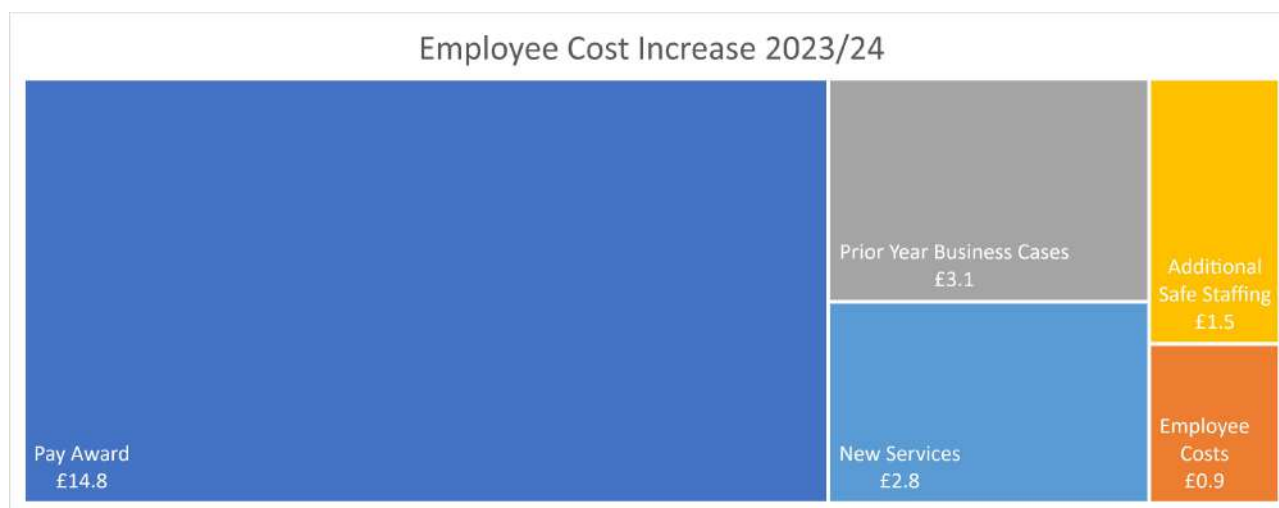
Total Savings March '24			
Workstream	Target	Delivered	RAG
Commercial Opportunities	64,000	7,961	12%
Elective Care	921,001	1,217,480	132%
Infrastructure	30,000	50,825	169%
Mental Health	665,000	665,000	100%
Non Elective Care	1,700,200	2,184,936	129%
Primary Care Medicines	335,000	400,353	120%
Procurement	333,247	379,550	114%
Secondary Care Medicines & Radiology	684,971	971,425	142%
Social Care	597,717	1,195,943	200%
Tertiary	1,130,836	286,000	25%
Workforce	1,000,000	1,176,428	118%
Grand Total	7,461,972	8,535,902	114%

Cash Out Savings March '24			
Workstream	Target	Delivered	RAG
Commercial Opportunities	64,000	7,961	12%
Elective Care	701,001	965,817	138%
Infrastructure	30,000	50,825	169%
Mental Health	665,000	665,000	100%
Non Elective Care	874,712	1,130,439	129%
Primary Care Medicines	335,000	400,353	120%
Procurement	233,247	191,670	82%
Secondary Care Medicines & Radiology	684,971	971,425	142%
Social Care	597,717	1,195,943	200%
Tertiary	1,130,836	286,000	25%
Workforce	1,000,000	1,176,428	118%
Grand Total	6,316,484	7,041,862	111%

Prior Year Comparison

Total spend has increased by £34m (11%) from £306m in 22/23 to £340m in 23/24. Contract and supplies costs have increased by £11.7m (9%), largely driven by inflationary pressures. However, drugs costs continue to rise faster than inflation. Contracted spend continues to be high reflecting the increasing demand for specialist packages of care and rising market costs, which is primarily impacting Social Care. However, Tertiary spend has risen by less than inflation demonstrating better management and control.

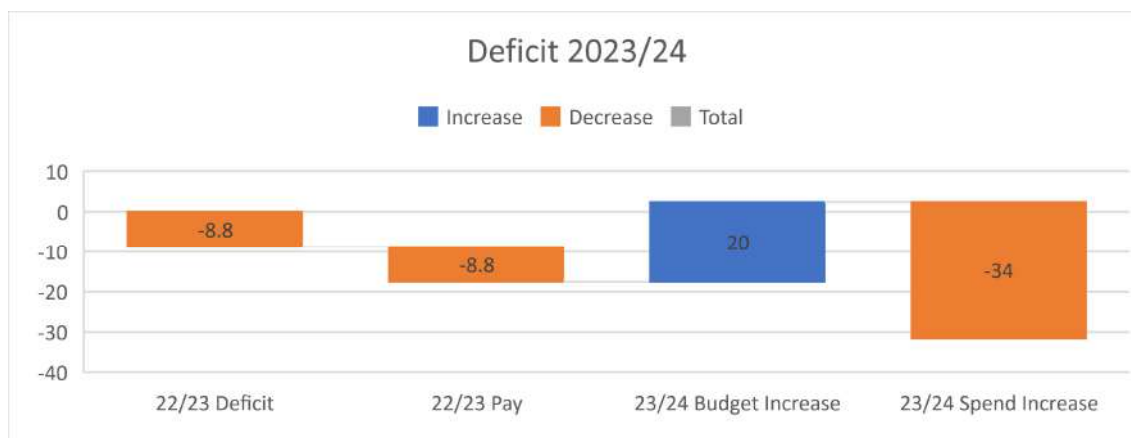
Employee Costs have risen by £23m (12%). The bulk of this increase (£14.8m) is due to Pay Awards, which have increased employee costs by 8%.



Recruitment activity and enhanced controls have reduced Agency spend by £3.2m compared to last year. Bank spend is higher than last year but this is largely driven by pay award increases and within expected trends. However, employee costs (other than pay awards) have increased slightly due to one-off impacts on annual leave, sickness and other allowances.

The remaining £8m increase relates to a wide range of investments either in new services, additional safe staffing or the full year cost of prior year investments where only part year costs were incurred. Safe Staffing investments have been made in ED, Nursing and Social Care and increased investment made in nurse training. Costs of new services or full year costs of services initiated in 22/23 include Integrated Care, Frailty, SARC, CFS/ME/Long Covid, Diabetes, Covid Vaccination, Health Safeguarding, Mental Health Recovery College, Primary Care, Information Governance, Risk Management & Health & Safety.

During the same period, funding has increased by £20m (7%), leaving a gap of £14.5m. Furthermore, we began 23/24 with a deficit of £8.8m plus additional costs of £8.8m relating to 22/23 Pay Awards. Adding this to the £34m spend increase described above has created the gap that required a £30m Supplementary Vote.



2024/25 Position

The agreed budget for Manx Care in 2024/25 will be £346.8m – an increase from 23/24 of £43.9m. This increase was partly achieved by moving the £6.9m Reserve Fund from DHSC to Manx Care. However, £2.9m of the Reserve Funding has been retained in DHSC and the remaining £4m allocated to Manx Care.

In each of the past 2 years, Manx Care has drawn fully from the Reserve, primarily to fund highly specialised commissioning. These costs will now need to be funded entirely from within Manx Care’s baseline, so the net increase in the funding available to Manx Care is £37m. This is hugely positive – particularly in the current economic climate, and largely addresses the inflationary pressures from previous years that have contributed to the £30m deficit position in 23/24.

Funding pressures totalling £48m have been identified and prioritised in the usual fashion. Of these, £17.6m are largely unavoidable and relate to inflationary pressures and existing commitments. Further priorities include responding to CQC, Ofsted and Mandate requirements. In order to fund these requirements, savings and efficiencies above the CIP target of £6m will be required.

Manx Care is committed to achieving financial balance in 2024/25 so all proposed additional spend has been fully assessed and prioritised and a comprehensive CIP Programme totalling £18.5m has been developed. Should the CIP not deliver to target then this will impact on our ability to achieve balance during 24/25. To address this, robust monitoring mechanisms have been put in place from the start of the financial year that will focus efforts on recovering financial positions at an early stage.

Constraining spend to budget may well have operational impacts which will need to be thoroughly assessed to understand any risk they may pose to the core safety and performance of services and balance these against the financial risks.

Recommendation for the Board to consider:

Consider for Action		Approval		Assurance	X	Information	X
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