

TAMESIDE AND GLOSSOP

Care together

Tameside and Glossop Integrated Financial Position

2016/2017 Revenue & Capital Monitoring Statements

Period Ending 31 March 2017 (Month 12)

25 May 2017

Kathy Roe
Claire Yarwood
Ian Duncan


Tameside and Glossop
Clinical Commissioning Group


Tameside and Glossop
Integrated Care
NHS Foundation Trust

 **Tameside**
Metropolitan Borough

Section 1

Care Together Economy

Revenue Financial Position

Care Together Economy Revenue Financial Position

Organisation	Year End			Movement	
	Budget £'000s	Actual £'000s	Variance £'000s	Previous Month £'000s	Movement in Month £'000s
Tameside & Glossop CCG	388,441	381,272	7,169	3,491	3,678
Tameside MBC	69,272	71,904	(2,632)	(4,011)	1,379
Total Single Commissioner	457,713	453,176	4,537	(520)	5,057
ICFT Deficit	(17,300)	(13,840)	(3,460)	(2,525)	(935)
Total Whole Economy	440,413	439,336	1,077	(3,045)	4,122

2016/17 position in all 3 organisations has now been finalised. We are currently in the process of completing year end accounts and annual reports as separate statutory organisations. The audit process is underway.

All three organisations have met financial control totals in 2016/17:

- CCG has delivered a 1% surplus. The movement in the table above is in line with latest guidance on treatment of national system risk reserve and is explained in more detail on a separate slide
- The net deficit at outturn relating to the three Council services included within the ICF will be financed from Council reserves. The significant deficit primarily arose within Children's Services and was due to exceptional additional demand during the year. Details of the variations for each service are provided on the Tameside MBC slide
- ICFT had an authorised deficit of £17.3m for 2016/17. The actual normalised deficit was £13.3m, so exceeding the target by almost £4m.

While financial control totals have been met across the economy, this has only been possible because of non-recurrent actions. On a recurrent basis there remains an underlying deficit across the economy, which increases risk in future years.

Tameside & Glossop CCG

Description	Year End Position			Movement	
	Budget £000's	Actual £000's	Variance £000's	Previous Month £000's	Movement in Month £000's
Acute	197,310	197,708	(398)	(526)	128
Mental Health	29,052	28,757	295	99	196
Primary Care	81,657	81,715	(58)	(732)	674
Continuing Care	12,251	13,388	(1,137)	(377)	(760)
Community	27,483	27,530	(47)	(51)	4
Other	35,510	27,763	7,747	4,413	3,334
QIPP		0	0	0	0
CCG Running Costs	5,178	4,411	767	665	102
CCG Expenditure	388,441	381,272	7,169	3,491	3,678
CCG Surplus	3,491	7,169	3,678		

The 2016/17 financial position has now been finalised and the CCG has met all of its key financial duties, including:

- Delivery of 1% surplus (£3,491k),
- Full achievement of £13,500k QIPP target.
- Kept 1% of allocation uncommitted to fund a national system risk reserve
- Growth in Mental Health spend of 3% to meet Mental Health Investment Standard
- Remaining within the running costs allocation

We are currently in the process of producing the annual report and accounts and are working collaboratively with our external auditors whilst they undertake the final accounts audit.

Recommendations

- Note the final year end position and the diligent efforts undertaken to meet the 2016-17 QIPP target.
- Acknowledge the significant recurrent savings still required to close the long term financial gap.

Changes in the position since Month 11 include:

- **Acute:** Improvement in position as year end settlements agreed with providers. Details on a separate slide.
- **Mental Health:** Improvement in reported position following discharge from high cost out of area placements. Mental Health Investment standard met.
- **Primary Care:** Absence of a winter spike in prescribing, together with progress against QIPP have resulted in a significant reduction in spend. A detailed report on the current prescribing position is provided later in this report.
- **Continuing Care:** New data has highlighted significant pressure in this area, which is offset slightly by clawback on Personal Health Budgets.
- **Community:** Broadly consistent with position last month
- **Other:** Since the start of this year the CCG has been maintaining a reserve of 1% of its allocation (£3,678) in line with nation planning guidance on uncommitted spend. The intention of this was to create a national system risk reserve which would be used mitigate significant financial risk across the NHS as a whole, in particular within the provider sector.
A letter was received from Paul Bauman on 15 March asking us to release this reserve, increasing the value of the CCG surplus to £7,169k. In total commissioners across the country have released around £800m to increase CCG surpluses in March. This will be used in national consolidated accounts to help to offset the provider deficit position and help to secure a balanced position for the NHS overall.
- **CCG Running Costs:** Credit note from GM Shared Services, estates savings and reduced payroll cost.

Key Movements & Narrative: CCG

Acute Provider Drilldown

- **Acute Providers:** Yearend positions agreed with providers, favorable movement to full year forecast of £156K.
- **Central Manchester:** Adverse movement against agreed outturn of (£89k) due to Critical Care (£74k) and continued increases within Non Elective Pathways.
- **Stockport:** Favorable movement against agreed outturn of £248k due to projected reductions in Neuro Rehab £136K/Non Elective pathways £60k, remaining savings across multiple pathways.
- **UHSM:** Adverse movement against agreed outturn of (£78K) attributable to Day Cases (£30K)/Outpatients (£32K)
- **SRFT:** Favorable movement against agreed outturn of £178K, full year Neuro Rehab £217k/ Adhoc (£60k).
- **Pennine Acute:** Adverse movement against agreed outturn of (£49k) due to continued increases in Ophthalmology/High Cost patient/Maternity.
- **ICFT:** An agreed end of year settlement is in place which has mitigated any potential over performance.

Provider	Year to Date			Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
TFT	126,421	126,421	(1)	126,421	126,421	(1)
CMFT	22,280	23,533	(1,253)	22,280	23,533	(1,253)
SFT	11,969	10,864	1,105	11,969	10,864	1,105
UHSM	6,568	6,985	(417)	6,568	6,985	(417)
PAHT	4,029	3,970	58	4,029	3,970	58
SRFT	3,226	3,273	(48)	3,226	3,273	(48)
WWL	1,409	1,300	109	1,409	1,300	109
BOLT	80	72	8	80	72	8
Total	175,980	176,418	(438)	175,980	176,418	(438)

Acute Referrals Analysis – UPDATE BELOW

- ICFT GP Referrals are down -9.8% compared to same period 15/16 (Apr-Feb). Other referrals have also improved over the same period -0.9%.
- The main areas of GP referral reduction are shown in the below table

GP Referrals to Tameside & Glossop ICFT				
Specialty	2015/16	2016/17 FOT	% Change	Reduction in number of referrals
NEUROSURGERY	159	100	-37%	-59
VASCULAR SURGERY	1,043	687	-34%	-356
ENT	4,215	3,035	-28%	-1,180
GENERAL SURGERY	1,568	1,183	-25%	-385
RHEUMATOLOGY	1,145	925	-19%	-220
NEPHROLOGY	274	223	-19%	-51
Unknown/Other	2,563	2,093	-18%	-470
TRAUMA & ORTHOPAEDICS	4,798	3,980	-17%	-818
OPHTHALMOLOGY	2,807	2,374	-15%	-433
UROLOGY	2,681	2,379	-11%	-302

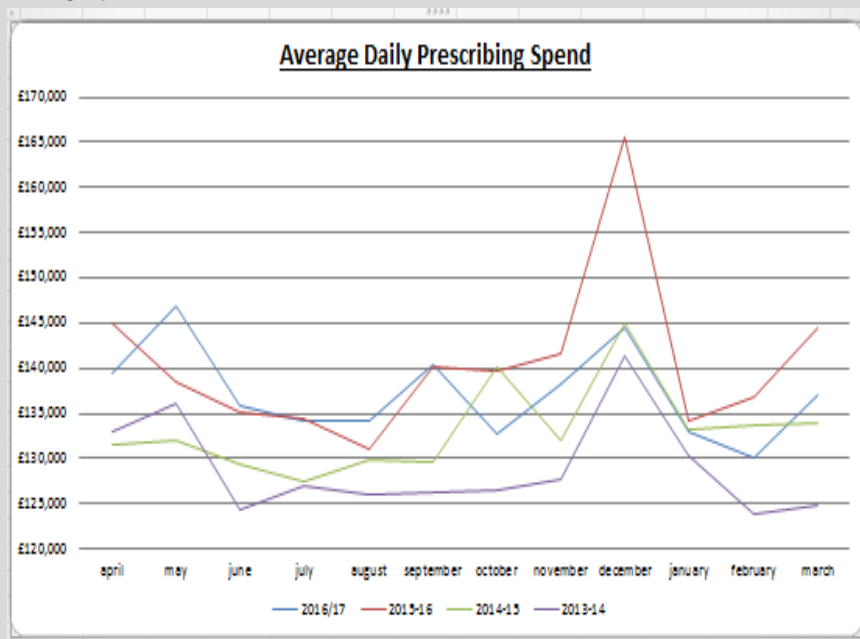
- The main areas of Other referral increase are shown in the below table .

Other Referrals to Tameside & Glossop ICFT				
Specialty	2015/16	2016/17 FOT	% Change	Increase in number of referrals
PAEDIATRIC NEUROLOGY	11	26	138%	15
CARDIOTHORACIC SURGERY	111	145	31%	34
ANAESTHETICS	12	15	27%	3
RESPIRATORY MEDICINE	855	1,075	26%	220
OPHTHALMOLOGY	638	799	25%	161

CCG Key Movements & Narrative: CCG

Prescribing

- As reported previously there has been considerable pressure on the prescribing budget this year. However the year end figure of £41.8m is better than has been anticipated in recent months. This figure includes an accrued figure for March which will prevent a repeat of the cross-year pressure that emerged last year on the prescribing budget .
- The additional pressure on the budget that has been reported in previous months has not fully materialised, which in part is because the winter spike seen in previous years has not been as severe. This is reflected in the graph below which shows the average daily spend for each month.



- The QIPP initiatives implemented by the Medicines Management Team continue to be effective and have resulted in an average daily spend in February of £129,989 on prescribing which is the first time since September 2014 it has fallen below £130k per day.
- Savings on the budget have also been achieved relating to the costs of the Scriptswitch licence and higher than expected rebates being received.
- There is a challenging target for 2017/18 on prescribing which requires additional savings to be achieved if the budget figure of £40.9m is to be achieved. This will require a sustained effort to reduce volumes and will need continued support for both new and existing initiatives implemented by the Medicines Management Team.
- It has been identified that where a reduction in usage of certain drugs has been achieved there has been an increase applied in the prices meaning little impact is seen in overall costs for those drugs. This is indicative of one of the external variables that continue to make accurately forecasting the prescribing position difficult and results in a situation where this particular cost centre will be subject to a degree of volatility that others are not.
- Prescribing remains an area in need of a high level of focus.

Key Movements & Narrative: CCG

Continuing Health Care

- A preliminary review of Continuing Health Care (CHC) costs took place a number of months ago. The data at the time indicated that there was not a significant pressure to the CHC budgets.
- However, at year end, when the full actuals have been extracted from SBS there is an increase than those earlier indications. Also, the charges from TMBC were significantly higher than those expected when the previous review was done.
- The average monthly CHC spend has increased from the first half of the year to the second half of the year. The first 6 months of the year there was an average monthly spend of circa £1.3m across all the CHC cost centres. The second 6 months of the year there was an average monthly spend of more than £1.395m. This surge of costs along with increase in full year costs from TMBC, has created a further pressure on the CHC budgets than those anticipated.
- Fast Track patients are creating a significant part of this pressure and some of these patients are exceeding the short term timeframe.
- There is an added pressure to next years CHC budgets from the increase in cost of care fees across the economy. There is an increasing concern that the budget set for 2017/18 is already insufficient.

Personal Health Budgets

- The movement in month in Adults PHBs is due to a review of unused funds of some patients. The monies unused have been claimed back from the patients following a detailed clinical review. There is a slight increase in the children's PHBs due to a back payment of one patient's package.

Better Care Fund

- There is a total better care fund of £17,301k in Tameside. Separately the CCG contributes £448k toward the Derbyshire BCF. Total spend has been in line with budgets and is reported to NHS England via the Health & Wellbeing board. Final Q4 metrics are currently being assessed and will be available by June.

Tameside MBC

Narrative	Year End			Movement	
	Budget	Actual	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's
Adult Social Care & Early Intervention	41,995	41,956	39	(1,165)	1,204
Children's Services, Strategy & Early Intervention	25,877	28,684	(2,807)	(2,846)	39
Public Health	1,400	1,264	136	0	136
TMBC Sub Total	69,272	71,904	(2,632)	(4,011)	1,379

The Council year end financial position has shown an improvement of **£1.379m** from the previously reported figure at month 11. Details of the year end variations are provided below :

Children's Services (£2.807m deficit)

- Savings initiatives unrealised (£0.9m)
- Increases in the cost of Looked After Children placements due to exceptional additional demand (£1.2m) and agency staff recruitment to address social work caseloads (£0.6m).

Public Health (£0.136m surplus)

- Savings have been realised within Public Health contracts and associated overhead related expenditure.

Adult Social Care (£0.039m surplus)

- There has been a significant improvement in the Adult Social Care financial position. The main improvements are ;
- Additional Homecare expenditure of c£0.303m that had been expected to incur in the final quarter of the financial year did not materialise. This is as a result of commissioned hours being significantly in excess of actual hours provided.
- February 2017 and March 2017 income from client contributions towards community based care packages was higher than expected. This is a significant increase on the previous year's position (£0.250m)
- Funded Nursing Care placements income was greater than projected (£0.356m)
- There have been further reductions in Direct Payments expenditure due to a reduction in client numbers (£0.100m)

Tameside and Glossop ICFT

Description	Month 12 Year End Position			Movement	
	Budget £'000s	Actual £'000s	Variance £'000s	Previous Month £'000s	Movement in Month £'000s
Income	202,453	212,355	9,902	210,439	(1,916)
Expenditure	210,365	217,166	(6,801)	216,186	(980)
EBITDA	7,912	4,811	3,101	5,747	(936)
Financing	9,388	8,509	879	8,509	0
Normalised Surplus/(Deficit)	17,300	13,320	(3,980)	14,256	(936)
Exceptional Items	0	520	(520)	520	0
Net Deficit after Exceptional Costs	17,300	13,840	(3,460)	14,776	(935)

Financial Position

- For 2016/17 the ICFT has delivered a normalised deficit of £13.3m against its control total which is £3.98m better than plan.
- An exceptional item in relation to the impairment of the value of buildings has increased the Trust's net deficit position to £13.8m.
- In delivering this position the ICFT has:
 - Delivered the Efficiency savings target.
 - Successfully appealed for Q3 and Q4 STF associated with the A&E trajectory.
 - Matched STF for delivery of an improved deficit against plan.
 - Agreed and finalised the Block with Tameside and Glossop CCG
 - Small over performance on associate PbR contracts and we have not fixed these positions.
 - Broadly delivered agency expenditure within the NHSI agency ceiling.

Key Risks going forward.

- The impact of IR35 and renegotiation of rates.
- Delivery of key performance targets and potential increases to the expenditure run rate.

Key Information

- The Trust has successfully appealed the reduction of STF funding relating to delivery of the A&E trajectory for Q3 & Q4.
- Due to the timing of the receipt of any additional cash, a short term uncommitted loan was agreed to fund the deficit.
- The Trust received an additional £1m of STF from NHSI in month 12 to reflect the Trust delivering a deficit better than the plan.

The Financial Gap

Establishing the Financial Gap

- The financial gap as outlined in the locality plan across the health and social care economy in Tameside & Glossop is estimated to be £70.2m by 2020/21.
- In 2016/17 the opening gap was £45.7m which consists of £13.5m CCG, £8m council and £24.2m ICO. Progress towards closing these gaps has been made throughout the year.
- The provider gap represents the non-recurrent financial position for the ICFT. The Trust is forecasting receipt of £8.3m of sustainability and transformation funding in 2016/17 resulting in a forecast year end deficit of £14.5m.
- A detailed savings tracker is currently being developed to include an economy wide position of progress made in bridging the financial gap. This will comprise a variety of informative dashboards which will be used to track progress and highlight any areas of concern and risk. This will be presented to the next meeting.

CCG QIPP Target

- The CCG has fully met the £13.5m financial gap in 2016/17:

Summary of QIPP £'000s	2016/17			
	R	A	G	Total
PRIORITY 1 - Prescribing	0	0	0	0
PRIORITY 2 - Effective Use of Resources / Prior Approval	0	0	0	0
PRIORITY 3 - Demand Management	0	0	500	500
PRIORITY 4 - Single Commissioning Function Responsibilities	0	0	553	553
PRIORITY 5 - Back Office Functions and Enabling Schemes	0	0	200	200
PRIORITY 6 - Governance	0	0	0	0
Other Schemes in progress/achieved:				
Neighbourhoods	0	0	459	459
Primary Care	0	0	698	698
Mental Health	0	0	232	232
Acute Services - Elective	0	0	500	500
Enabling Schemes to facilitate QIPP	0	0	0	0
Technical Finance & Reserves	0	0	6,167	6,167
Other efficiencies	0	0	4,191	4,191
Grand Total:	0	0	13,500	13,500

- The majority of the gap in 2016/17 was closed on a non-recurrent basis.

Recurrent vs Non Recurrent Savings	R	A	G	Total
Recurrent Savings	0	0	1,744	1,744
Non Recurrent Savings	0	0	11,756	11,756
Total	0	0	13,500	13,500

Integrated Commissioning Fund 2016/17

Narrative	Year to Date (M12)			Year End			Movement	
	Budget	Actual	Variance	Budget	Actual	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Acute	197,310	197,708	(398)	197,310	197,708	(398)	(526)	128
Mental Health	29,052	28,757	295	29,052	28,757	295	99	196
Primary Care	81,657	81,715	(58)	81,657	81,715	(58)	(732)	674
Continuing Care	12,251	13,388	(1,137)	12,251	13,388	(1,137)	(377)	(760)
Community	27,483	27,530	(47)	27,483	27,530	(47)	(51)	4
Other	35,510	27,763	7,747	35,510	27,763	7,747	4,413	3,334
CCG Running Costs	5,178	4,411	767	5,178	4,411	767	665	102
CCG Sub Total	388,441	381,272	7,169	388,441	381,272	7,169	3,491	3,678
Adult Social Care & Early Intervention	41,995	41,956	39	41,995	41,956	39	(1,165)	1,204
Children's Services, Strategy & Early Intervention	25,877	28,684	(2,807)	25,877	28,684	(2,807)	(2,846)	39
Public Health	1,400	1,264	136	1,400	1,264	136	0	136
TMBC Sub Total	69,272	71,904	(2,632)	69,272	71,904	(2,632)	(4,011)	1,379
GRAND TOTAL	457,713	453,176	4,537	457,713	453,176	4,537	(520)	5,057

A: Section 75 Services	236,568	232,790	3,778	236,568	232,790	3,778
CCG	194,544	190,954	3,590	194,544	190,954	3,590
TMBC	42,024	41,836	188	42,024	41,836	188

B: Aligned Services	188,468	188,312	155	188,468	188,312	155
CCG	161,220	158,244	2,975	161,220	158,244	2,975
TMBC	27,248	30,068	(2,820)	27,248	30,068	(2,820)

C: In Collaboration Services	32,677	32,074	603	32,677	32,074	603
CCG	32,677	32,074	603	32,677	32,074	603
TMBC	0	0	0	0	0	0

Risk and Other Issues

- 2016/17 financial year is now complete and we have delivered all required financial targets. Accounts have not yet been audited, but we do not anticipate any issues in this process.
- The main financial risks to the recurrent position of the the Integrated Commissioning Fund are listed below.
- Detailed registers including further information on risk and mitigating actions are regularly reviewed at Audit Committee. Copies are available on request.
- IR35 – With effect from 6 April 2017, the legislation associated with employing ‘off payroll’ workers will change. This has a potential financial risk due to a reduction in the availability of ‘off payroll’ workers which could lead then to higher related costs if they are subsequently employed by the Economy. This is a particular risk to staffing at the A&E department.

Transformation Funding

- Transformation funding of £23.2m has been approved by Greater Manchester Health & Social Care Partnership. The Investment Agreement that will support the release of the funding been developed and was signed on 16 December 2016. The year 1 funding of £5.2m has now been made available to the economy and it is expected that this money has been fully accounted for in 2016-17.

Financial risk impacting recurrent position of ICF	Probability	Impact	Risk	RAG
Not spending transformation money in a way which delivers required change	2	4	8	A
Over spend against GP prescribing budgets	4	4	16	R
Over spend against Continuing Health Care budgets	4	4	16	R
Operational risk between joint working.	1	5	5	A
Over spend on PbR contracts	3	4	12	A
CCG Fail to maintain expenditure within the revenue resource limit and achieve a 1% surplus.	1	4	4	G
In year cuts to Council Grant Funding	2	3	6	A
Care Home placement costs are dependent on the current cohort of people in the system and can fluctuate throughout the year	4	4	16	R
Looked After Children placement costs are volatile and can fluctuate throughout the year	3	4	12	A
Unaccompanied Asylum Seekers	4	3	12	A
Care Home Provider Market Failure	3	5	15	R
Funded Nursing Care – impact of national changes to contribution rates and potential legal challenge	4	3	12	A
IR35 – the potential impact of reduced availability of ‘off payroll’ workers from 6 April 2017 and the increased cost impact if they are subsequently employed by the Economy.	4	4	16	R

Section 2

Care Together Economy

Capital Financial Position

Tameside MBC

Scheme	Approved Capital Programme Total	Approved 2016/2017 Allocation	Total Expenditure 2016/2017	2016/2017 Outturn Variation	Scheme Comments
	£'000	£'000	£'000	£'000	
Children's Services - In Borough Residential Properties	912	912	786	126	Purchase of 2 additional in-borough properties including associated property adaptations. Options to provide an Edge of Care establishment are currently being considered.
Public Health - Leisure Estate Reconfiguration	20,268	3,814	3,580	234	<p>Active Dukinfield (ITRAIN) - The scheme is complete and the facility fully operational.</p> <p>Active Longdendale (Total Adrenaline) - The scheme is complete and the facility is fully operational</p> <p>Active Hyde (Pool Extension) – Enabling works have been completed. The scheme is out to tender and will take 8 months to complete from contract award.</p> <p>Denton Wellness Centre – Key Decision being developed which seeks approval for proposals to secure the timely delivery of the Denton Wellness Centre project. Its is anticipated that work will start in late 2017.</p>
Adult Services - Disabled Facilities Grant - Adaptations	1,978	1,978	1,474	504	The residual value of grant remaining will be utilised in 2017-18 to ensure as many people as possible are supported to live independently within their own homes.
Total	23,158	6,704	5,840	864	

Section 3

GM Transformation Fund

Progress Update

GM Transformation Funded Schemes

Scheme Description	Progress
Home First	Underway – delivering reduced length of stay
Digital Health	Underway – pilot commenced in March 2017
Neighbourhoods	Recruitment to some posts completed. Caseload reviews commenced in April 2017
System Wide Self Care	Delivery commenced 1 April 2017 in Glossop. Tender launched 31 March 2017 for Tameside
Flexible Community Beds	Beds opened in November 2016
Home Care	In Development
Organisational Development	Economy OD engagement events taken place. Future sessions in neighbourhoods to be arranged
Estates	Underway

Section 4

Tameside & Glossop

2017/2018 Funding Allocations

2017/2018 FUNDING SUMMARY

Economy Summary	2017/2018 Net Resource	2017/2018 Net Expenditure Forecast	Control Total Deficit / (Surplus)	Savings Target
	£'000	£'000	£'000	£'000
CCG	381,491	401,895	(3,496)	23,900
TMBC	96,438	96,438	0	773
ICFT	204,752	239,424	24,347	10,325
Total				34,998

RAG Rating Of Savings Target

	RED	AMBER	GREEN	TOTAL
	£'000	£'000	£'000	£'000
CCG	4,098	3,437	16,365	23,900
TMBC	0	347	426	773
ICFT	3,421	3,757	3,147	10,325
Total	7,519	7,541	19,938	34,998

CCG

Savings presented are after the application of optimism bias

Unidentified savings are categorized as red

Does not factor in impact of post budget setting pressures (e.g. CHC & Healthier Together)

TMBC

Related overheads are excluded

The additional funding for Adult Social Care announced by the Government on 8 March 2017 is also excluded

ICFT

The ICFT 2017/18 plan is for a deficit of £24.3m.

The Trust therefore requires a £24.3m revenue loan from the Department of Health to provide the cash to fund the deficit. There is a risk this could be repayable in future years.