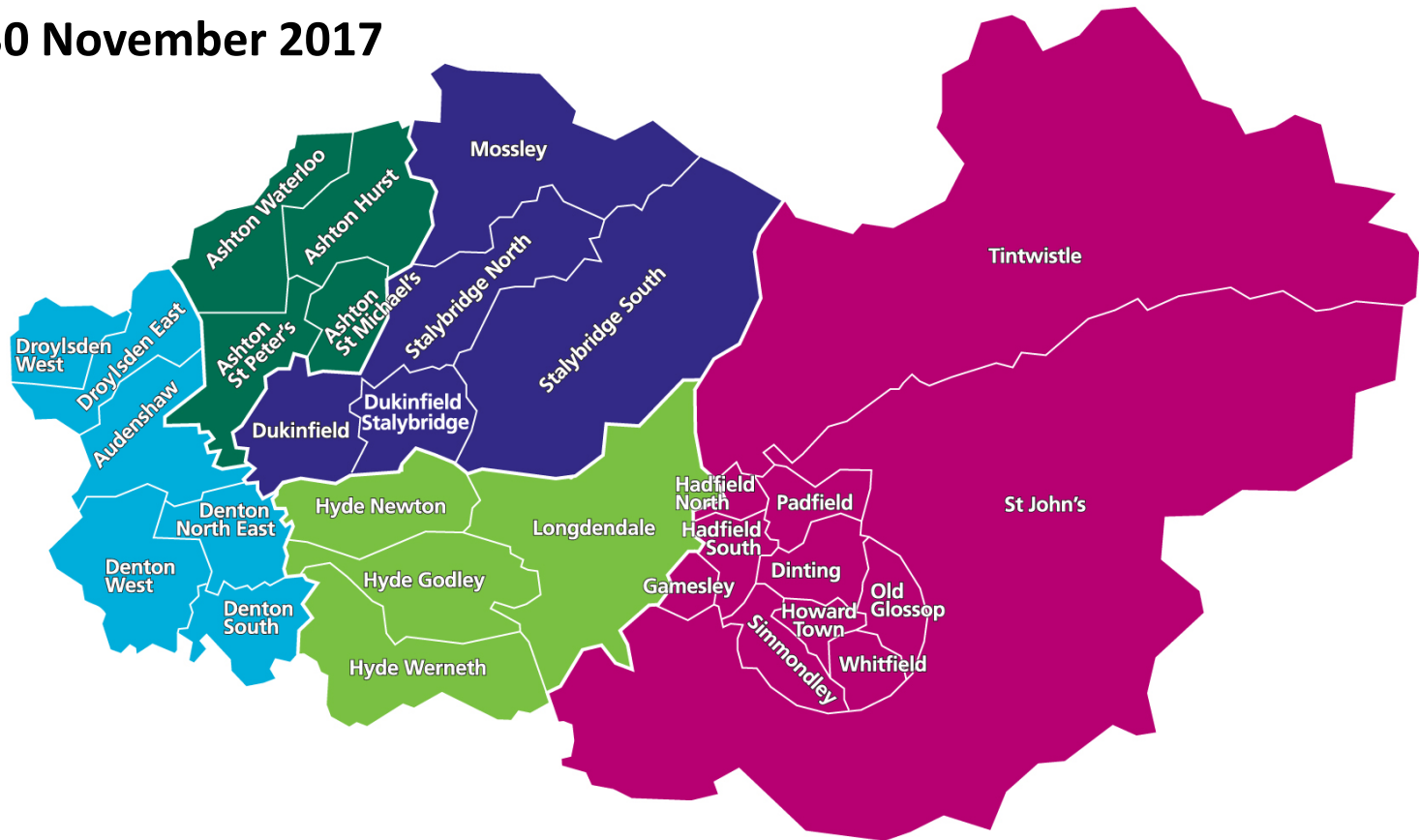


Tameside and Glossop Integrated Financial Position

Financial Monitoring Statements

Period Ending 30 November 2017
Month 8



Kathy Roe
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Integrated Care Together Economy Financial Position

- This is a jointly prepared report of the Tameside & Glossop Care Together constituent organisations on the consolidated financial position of the Care Together Economy.
- The report provides a 2017/2018 financial year update on the month 8 financial position (at 30 November 2017) and the projected outturn (at 31 March 2018).
- The table below summarises the 2017/18 position and shows an deficit of £11,336k between the current position and financial control totals:

Organisation	YTD Position			Forecast Position			Forecast Position	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Strategic Commission	327,306	332,126	-4,820	485,827	497,163	-11,336	-11,172	-164
ICFT	-17,125	-17,864	-739	-24,349	-24,349	0	0	0
Total	310,181	314,262	-5,559	461,478	472,814	-11,336	-11,172	-164

- While this is a large figure it is important to appreciate this within the context of the total budget:



- The strategic commissioner is forecasting a financial deficit of £11,336k, mostly driven by Individualised Commissioning and Children's Social Care. We continue to report that we will meet financial control totals, however there are risks associated with this.
- The ICFT are working to a control total deficit of £24,506k (including exceptional items) for 2017/18. Trust efficiencies of £10,397k are required in order to meet this control total.
- The Integrated Commissioning Fund will receive extra non-recurrent contributions as appropriate during 2017-18 to ensure a balanced position is maintained.

In 2017/18 the Care Together economy still has a £11,336k financial gap

How do we close this gap?

- £4,386k projected overspend on continuing care driven by an increasing number of patients accessing service
- £7,605k projected overspend on Children's Services predominantly driven by out of area placements
- £4,111k projected shortfall on QIPP
- £1,601k projected overspend on acute, driven by increased activity (mainly emergency admissions) at providers other than the ICFT
- Risk Attached to delivery of Trust Efficiency Plan (TEP)
- Medical agency spend creating particular pressures

Tameside Integrated Care Foundation Trust Financial Position

	Month 8			Year to Date			Forecast
	Plan	Actual	Variance	Plan	Actual	Variance	Plan
	£000	£000	£000	£000	£000	£000	£000
Normalised Surplus/(Deficit)	(2,018)	(1,497)	521	(17,125)	(17,864)	(739)	(24,349)
Exceptional Costs	13	24	11	106	(1,327)	(1,433)	158
Net Deficit after Exceptional Costs	(2,031)	(1,521)	510	(17,231)	(16,537)	695	(24,507)
Capital Expenditure	825	138	687	1,642	1,403	239	4,255
Cash and Equivalents	1,000	1,613	613				
Trust Efficiency Savings	702	761	59	4,880	4,802	(78)	10,397
Use of Resources Metric	3	3	0	3	3	0	3



YTD Net position is £17.9m deficit, c. £0.7m over the proposed deficit.



Forecast deficit £24.3m is in line with plan. However there is risk attached to delivery of this.



Trust Efficiency Programme is c. £0.1m behind the year to date (YTD) target



Cash is £613k above the planned balance

↓ Pressure/High Risk ↑ Improvement/Low risk

Key Risks – I&E

- **Control Total** - The Trust has agreed with NHSI that it will deliver it's planned deficit. As the Trust did not sign up to the NHSI control total, there will be no access to STF or capital monies for A&E Streaming and from the Digital fund.
- **Medical Staffing** - The level of medical agency expenditure is providing a financial pressure for the Trust
- **Activity levels** - Income on smaller clinical contracts is falling, but no corresponding reduction in costs.
- **TEP** - Failure to deliver the Trusts efficiency target.
- **Expenditure on A&E and General Medicine** is significantly over budget reflecting pressure in non-elective activity.

Key Risks – Balance Sheet/Other

- **Loans** - At the end of 2016/17, the Trust had loan liability of £54.8m. It is anticipated that this will increase to £78.1m in 2017/18. The Trust will be required to repay part of this liability in 2018 and a further loan may be required to service this repayment. This is a risk along with the risk of increased borrowing rate.
- **Cash** - The October month end cash balance was £0.6m above the expected £1.0m planned.
- **Agency Cap** - The NHSI requirement is for the Trust to reduce medical agency expenditure by £1.2m. Currently the Trust is forecasting to achieve the Agency cap by c. £0.2m.

Tameside and Glossop Strategic Commissioner Financial Position

Key Headlines:

- Forecast Overspend of £11.336m by year end
- Significant pressures in Children's Services and Individualised Commissioning
- Further work required to close the financial gap. Risk share in place to mitigate at year end

Risk Share:

The forecast overspend will be managed in line with the agreed risk share arrangements across the strategic commissioner:

Risk Share (£000's)	11,336
TMBC	4,111
Non Rec Contribution	
CCG	500
TMBC	6,725

- Non Rec contributions into the fund which are repayable over a 4 year period
- 80:20 risk share arrangement as per contributions to ICF
- £0.5m upper threshold on CCG contribution to TMBC & £2m cap on TMBC contribution to CCG

- The tables and narrative which follow provide detail on the Integrated Commissioning Fund (ICF) in 2017/18. The Tameside & Glossop Care Together Strategic Commissioning Board are required to manage all resources within the ICF and comply with both organisations' statutory functions from the single fund. Both CCG and Council are bound by the terms within the Section 75 agreement and associated Financial Framework agreement which has been duly approved by both organisations.
- Both organisations are currently reporting that statutory duties and financial control totals will be met.
- A risk share arrangement is in place between the Council and CCG relating to the residual balance of net expenditure compared to the budget allocation at 31 March 2018, the details of which are provided in the panel to the left.

£000's	YTD Position			Forecast Position			Forecast Position	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
Acute	134,993	136,448	- 1,454	204,971	206,572	- 1,601	- 1,408	- 193
Mental Health	19,673	20,194	- 522	29,502	30,468	- 966	- 1,215	249
Primary Care	55,987	54,841	1,147	83,435	82,332	1,103	596	507
Continuing Care	9,069	11,558	- 2,490	13,626	18,013	- 4,386	- 4,434	48
Community	18,312	18,571	- 258	27,473	27,581	- 108	- 93	- 15
Other	21,063	17,508	3,555	25,537	19,579	5,958	6,554	- 596
QIPP	-	-	-	-	4,111	- 4,111	- 4,324	213
CCG Running Costs	3,791	3,772	19	5,197	5,197	-	-	-
Adult Social Care	30,224	30,093	131	44,185	43,989	196	163	33
Children's services	21,307	26,377	- 5,070	35,192	42,797	- 7,605	- 7,195	- 410
Public Health	12,888	12,765	123	16,708	16,524	184	184	-
Integrated Commissioning Fund	327,306	332,126	- 4,820	485,827	497,163	- 11,336	- 11,172	- 164
CCG Expenditure	262,888	262,891	- 3	389,742	393,853	- 4,111	- 4,324	213
TMBC Expenditure	64,418	69,235	- 4,817	96,085	103,310	- 7,225	- 6,848	- 377
Integrated Commissioning Fund	327,306	332,126	- 4,820	485,827	497,163	- 11,336	- 11,172	- 164
A: Section 75 Services	181,326	182,628	- 1,302	265,130	269,191	- 4,061	- 4,013	- 48
B: Aligned Services	123,513	127,565	- 4,052	187,369	194,870	- 7,501	- 7,187	- 314
C: In Collaboration Services	22,467	21,933	534	33,328	33,101	226	28	198
Integrated Commissioning Fund	327,306	332,126	- 4,820	485,827	497,163	- 11,336	- 11,172	- 164

Tameside and Glossop Strategic Commissioner Financial Position

Acute

Forecast Overspend £1,601k

- Against a full year budget of £204,971k, there is forecast expenditure of £206,572k. This represents an overspend of £1,601k. The acute position has deteriorated by £193k since month 7.
- The acute cost centre is by far the largest within the CCG and includes the majority of the contract with the ICFT, spend with other NHS provider trusts, spend with the independent sector and ambulances.
- While the ICFT contract is our largest contract, it is paid on block therefore there is zero variance included in the commissioner position. Further exploration of the ICFT position is found later in this report.
- The biggest areas of variance are found if we look at the associate provider contracts:

£000s	Full Year Budget	Forecast Outturn	Variance	Movement on Prior Month
Manchester FT	28,750	31,051	2,301	57
Stockport FT	10,578	10,396	182	285
Salford Royal	4,851	5,083	232	29
Pennine Acute	3,793	3,495	298	25
The Christie	1,420	1,553	133	24
Wrightington	975	1,151	177	84

- **Manchester FT:** On 1 October 2017 Manchester University NHS Foundation Trust was created from the merger of the South Manchester and Central Manchester Foundation Trusts. While contracts were negotiated and continue to report separately, the position has been consolidated in the table above. In total we have an 8% (£2,301k) overspend against this contract, the main drivers include:

- Amputations – there have been 15 emergency amputations in the first 6 months of 2017/18, compared to 14 in the full 12 months of 2016/17, creating a financial pressure of £400k. The additional amputation activity is being driven by the SUS primary diagnosis codes relating to ‘Arterial Embolism and Thrombosis’ and ‘Complications of Cardiac and Vascular Prosthetic Devices, Implants and Grafts’.

- Macular - cost pressure of £281k, with other CCGs in a similar position. This service has recently moved to a year of care tariff which was supposed to generate financial savings. Questions are currently being asked about the accounting treatment of the year of care tariff, which may result in some savings this year.

- Other areas of overspend on the Manchester FT contract include:

❖ Emergency admissions	£904k
❖ A&E	£143k
❖ Critical care	£268k
❖ Maternity	£341k
❖ PbR excluded drugs	£319k

- A large part this across the board overspend is caused by the way in which the contract was set. When 2017/18 contracts were negotiated certain assumptions were made about achievement of QIPP, which resulted in the agreed contract containing less activity than the final 2016/17 outturn:

- ❖ 812 fewer A&E attendances
- ❖ 141 fewer critical care bed days
- ❖ 1,714 fewer excess bed days.

- QIPP has been unable to deliver this level of activity reduction this year. In fact compounding the pressures discussed above is significant growth over and above the 2016/17 outturn in a number of areas:

❖ critical care	7.2% growth
❖ diagnostics	63% growth
❖ outpatient procedures	19% growth

- As with other providers we have an underspend on elective and outpatient activity, which is potentially linked to a reduction in GP referrals. However outpatient first attendances are overspending by £112k (growth on prior year of 6%), meaning a direct cause and effect relationship between referrals and activity cannot be proved. Further investigation is taking place in this area.

Tameside and Glossop Strategic Commissioner Financial Position

➤ **Stockport FT:** In total the Stockport contract is forecast to underspend by £182k. This is driven primarily by a reduction in outpatient, elective and daycase activity offset by pressures in A&E, emergency admissions and critical care. While still forecast to underspend, there has been an adverse movement in the position of £285k this month:

- ❖ £146k of this relates to two specific patients who between them spend 69 days in critical care.
- ❖ £87k relates to stroke excess bed days while the remainder relates to a new neuro rehab patient.

➤ **Salford Royal:** Main drivers of overspend (£232k) include critical care and non-elective spinal and stroke. Much of the pressure is caused by activity which had historically formed part of specialist commissioning. Work is ongoing to look at the specialist IAT process which may result in some kind of GM risk share. But other commissioners (including NHSE) also seeing significant activity increases, which would limit impact of any adjustments.

➤ **Pennine Acute:** £298k underspend across the board. All areas except A&E are spending less than planned, which is consistent with the position over the last couple of months.

➤ **The Christie:** Historically commissioned as a specialist service by NHS England, commissioning responsibility for this contract transferred to the CCG in April 2017. £133k overspend in clinical haematology and medical oncology. Ongoing discussion around risk share across GM.

➤ **Wrightington:** Forecast overspend of £177k is driven by an increase in the number of elective procedures, in particular complex hip and knee replacement surgery which has grown considerably over then last couple of months.

➤ **Independent Sector:** is set to overspend by £492k. In particular on contracts with BMI Healthcare, Beacon Medical and Broomwell. Activity in this area has grown in real terms, particularly for diagnostic procedures where the independent sector are able to offer treatment with a shorter wait and at lower cost than the ICFT. Meaning much of the overspend is a result of a deliberate commissioning decision.

➤ **Ambulances:** Ambulances are currently forecast to plan, however there is risk attached to this. NWS notified commissioners at the end of November about a significant error in the categorisation of activity into the mobility & mileage charge bands on the GM contract. This error dates back from the commencement of the contract on 1/7/16 with a financial value across Greater Manchester. Discussions are taking place to assess the validity of this, but there is a risk to the current financial position.

Mental Health

Forecast Overspend £966k

➤ Against Core budgets we are reporting a £966k overspend. This is driven by an increase in high cost individualised commissioning placements, offset by slippage on implementation of new services and a reduced number of patients on step down units at Pennine Care.

➤ Since M7 the mental health position has improved by £249k. Last month the CCG position included costs for a patient who has been assessed as requiring a secure NHSE funded bed. However, as no suitable beds were available commissioning responsibility remains with CCG until patient is transferred. An appropriate NHSE commissioned bed has now been found resulting in the improvement in the CCG position.

➤ The CCG are on track to meet the Mental Health Investment Standard (MHIS) in 2017/18. A paper is currently being prepared for submission to single Commissioning Board looking at achievement of MHIS in future years and how this links to the five year forward view for mental health.

Primary Care

Forecast Underspend £1,103k

➤ Currently forecast at £1,103k underspent, with a £507k improvement over the prior month. Primary Care IT and slippage of CIS spend into 18/19 are significant contributors to the underspend. The movement from Month 7 is a result of underspend on extended access. While this creates a non recurrent benefit in 17/18, it will create a pressure against budgets in future years.

➤ Prescribing shows a nil variance in ledger, but this is largely because of the way QIPP is reported. Against a QIPP target of £2,516k we are expecting underlying QIPP achievement of around £2.2m. However because of national price concessions in relation to the pricing of generic drugs we will only be able to realise £1,198k of this in 2017/18.

Tameside and Glossop Strategic Commissioner Financial Position

Continuing Care

Forecast Overspend £4,386k

- The growth in continuing care has been well documented in previous reports. The levels of overspend continue and the cost of individualised packages of care remain the CCGs biggest financial risk.
- Broadcare, a new computer system to monitor these placements went live at the beginning of December and a recovery plan is in place to improve the position. This plan includes a review of current discharge pathways regarding fast track patients and repatriation of high cost out of area placements.

Community

Forecast Overspend £108k

- The majority of spend within this directorate is within the block contract for the ICFT. The variance relates to VAT on the wheelchairs contract. We are including the worst case scenario in our forecast, but are involved in ongoing discussion with the inland revenue about a reclaim of this tax.

Other

Forecast Underspend £5,958k

- This directorate includes BCF, estates, transformation funding and reserves. BCF and transformation funding are both on track to spend in line with plan. There is some risk around estates as we have still not received accurate schedules from Propco.
- The underspend within the directorate relates to reserves where we have budget to offset the overspend reported elsewhere and ensure the CCG meets financial control totals. It should be noted that there is still a negative reserve to clear over and above the outstanding QIPP in order to meet these targets at year end.

QIPP

Forecast Overspend £4,111k

- Against an annual savings target of £23,900k, £13,328k (56%) of the required savings have been banked in the first eight months of the year. In addition to this there are further savings of £6,461k which we are certain of achieving.

- In order to meet financial control totals we still need to deliver further £4,111k of QIPP savings (plus clear the negative reserve). More work required to turn amber/red schemes green and to bring new schemes forward in order to close this residual gap.

CCG Running Costs

Forecast Breakeven

- On track to remain within running cost allocation and deliver £1,137k QIPP savings. On a YTD basis £832k of savings have already been banked

Adult Social Care

Forecast Underspend £196k

- Savings of £30k have been identified within one of the Learning Disability Supported Accommodation contracts. This has been achieved through collaborative working with the provider concerned to adopt new operating models around sleep ins. The full year effect of £85k will be realised in 2018/19.
- Increase of £84k in Fairer Charging income received for community based services, this is income based on the individual client financial assessments of approximately 1000 clients (this number varies slightly throughout the year).
- Employee related spend is forecast to be £400k less than budget. The number of assessed hours required for the Council provided Learning Disabilities Homemaker Service are less than budgeted due to services being delivered by the independent sector.
- Increased numbers of Nursing bed placements (201 at April 2017 to 222 at the end of November) has resulted in forecast spend being £680k in excess of budget (the average net cost of a nursing placement excluding Funded Nursing Care (FNC) is £29k per year). The additional placements
- have contributed to reductions in DTOC numbers since April 2017. The current daily average DTOC is 12 compared to 30+ in April 2017. The age of admission is also reducing which is leading to an increase in length of stay (average age of admission last year was 82 compared to 80 currently) which could have a future financial impact.

Tameside and Glossop Strategic Commissioner Financial Position

Children's Services

Forecast Overspend £7,605k

- Forecast spend on employee related costs forecast to be £1.04m in excess of budget. The service continues to recruit Social Workers to support the additional caseload demands since the 2017/18 budget was approved. The ongoing strategy is to transition agency employees onto permanent contracts within the service as this is a lower cost alternative and also improves the quality and stability of service delivery.
- Alongside the recruitment of agency Social Workers, there is also additional estimated expenditure to the approved budget on a number of additional senior positions as the Council and its partners take action to make the required improvements to the service, including the appointment of a new Director and Assistant Director of Children's Services.
- The number of Looked After Children has increased from 519 at April 2017 to 583 in November 2017. The current budget allocation will finance approximately 450 placements, assuming average weekly unit costs for placements. This unprecedented level of demand has led to a forecast position of £6.78m in excess of the available budget in 2017-18.

Public Health

Forecast Underspend £184k

- Consistent with the position reported in previous month.

Better Care Fund

- The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.
- 2017/18 Better Care Fund contributions for both Tameside and Derbyshire have now been agreed. As detailed in the table below the Tameside BCF for 2017/18 is £24,093k. In Derbyshire the fund is valued at £101,283k.
- Contributions from T&G CCG are £15,597k and £2,252k respectively. Meaning the CCG is investing £17,849k in BCF in total.
- An expenditure plan that meets all requirements is in place and funds are now being spent in line with the approved plan. Actuals are expected to come in equal to budget, with neither an under or overspend forecast.
- The CCG is spending £5,085k from the BCF pot, reducing the net contribution down to £12,764k.

2017/18 BCF Funding (£000's)	Tameside			Derbyshire			Total CCG Position
	Council	CCG	Total	Council	CCG	Total	
T&G CCG Contribution	0	15,597	15,597	0	2,252	2,252	17,849
Centrally Funded Grants (DFG)	2,153	0	2,153	5,966	0	5,966	0
iBCF	6,343	0	6,343	19,612	0	19,612	0
Other Sources of funding (other CCGs)	0	0	0	73,454	0	73,454	0
Total BCF Funding 2017/18	8,496	15,597	24,093	99,031	2,252	101,283	17,849

2017/18 BCF Expenditure (£000's)	Tameside			Derbyshire			Total CCG Position
	Council	CCG	Total	Council	CCG	Total	
Integrated Neighbourhoods	3,265	3,027	6,292	0	456	456	3,483
Integrated Urgent Care	2,375	1,602	3,977	0	0	0	1,602
Maintaining and Enhancing Services	11,671	0	11,671	0	0	0	0
Disabled Facilities Grant	2,153	0	2,153	5,966	0	5,966	0
Other	0	0	0	94,840	0	94,840	0
Total BCF Expenditure	19,464	4,629	24,093	100,806	456	101,262	5,085

Net CCG contribution	12,764
Tameside	10,968
Derbyshire	1,796

Integrated Commissioning Fund Risks

Risk Share (£000's)	11,336
TMBC	4,111
Non Rec Contribution	
CCG	500
TMBC	6,725

- A** **Acute services:** Increased demand for emergency services reflecting winter pressures and budget pressures emerging from Specialist Commissioning devolved services
- A** **Mental Health:** Heightened levels of out of area placements at premium prices due to shortage of MH beds locally, cost pressures to deliver FYFV and sustainability of local MH provider
- R** **Continuing Healthcare:** Increased demand for CHC services and individualised specialist placements
- A** **Adult Social Care:** Increased demand for social care services to support improvement in DTOCs and financial pressure from living wage legislation and care home market
- R** **Children's Services:** Increased investment required in children's placements and social workers in line with OFSTED recommendations
- A** **QIPP and Savings Targets:** Unidentified savings schemes to address QIPP and Council savings targets and bridge financial gap

Financial Gap and Efficiency Position

- In order to deliver financial control totals, an economy wide savings target of £35,070k was set for 2017/18. This is made of £10,397k Trust Efficiency Plan (TEP) savings at the ICFT and £24,673k across the strategic commissioner (made up of £23,900k CCG QIPP and £773k of planned council savings).
- The table below details progress against this target. In total savings of £31,069k are expected, leaving a shortfall of £4,000k against plan. This represents an improvement since M7 of £70k. On a YTD basis the economy as a whole is £860k behind plan, which is driven by the CCG.
- The ICFT still have £2,376k savings to deliver in final 4 months of the year. Deep dives are underway to confirm delivery of outstanding schemes.
- For the commissioner, we are below target on demand management because we are not seeing the anticipated activity reductions at associate providers. Also on prescribing, because of external pressures which are being placed upon CCG's. Non recurrent savings from budget management have gone some way to bridging this gap. While the Council shows savings of £773k are on track, this does not include the pressures associated with children's social care.

Key Headlines:

- £19,874k of actual savings delivered in first 8 months of year.
- This represents an under-achievement against plan of £860k.
- Final projected economy savings are £4,000k lower than target.
- This represents a £70k improvement of the position reported at M7.
- More work is required to bring forward new schemes addressing the short fall.
- £19,877k (64%) of expected savings are due to be delivered on a recurrent basis.

£000's	YTD Position			Annual Target	Risk Rated Forecast Position				Expected Savings	Variance
	Target	Delivered	Variance		Posted	Low	Medium	High		
ICFT	5,745	6,031	286	10,397	8,021	1,824	130	1,144	9,975	- 422
Technical Target	828	1,327	498	1,243	1,428	249	-	-	1,677	434
Divisional Target - Corporate	204	441	237	557	505	20	16	-	541	- 16
Pharmacy	647	1,094	447	1,020	1,325	-	5	49	1,330	310
Workforce Efficiency	209	371	163	392	448	155	-	25	602	211
Divisional Target - Surgery	419	393	- 26	640	648	-	7	-	655	15
Transformation Schemes	81	70	- 11	121	70	56	-	-	126	5
Estates	267	257	- 9	1,000	453	547	-	360	1,000	-
Paperlite	528	449	- 79	803	617	92	-	67	708	- 95
Divisional Target - Medicine	83	-	- 83	125	-	14	8	63	22	- 103
Medical Staffing	391	225	- 165	716	430	93	-	206	523	- 193
Nursing	641	438	- 203	975	465	275	-	-	740	- 235
Demand Management	1,064	746	- 319	1,732	1,215	151	93	268	1,459	- 272
Procurement	384	220	- 164	1,073	418	173	-	107	591	- 482
Strategic Commissioner	14,988	13,843	- 1,145	24,673	13,843	6,603	649	866	21,094	- 3,578
Technical Target	1,635	3,197	1,562	1,875	3,197	3,981	-	-	7,178	5,303
Primary Care	1,663	2,279	617	1,748	2,279	-	-	-	2,279	532
Neighbourhoods	781	781	-	781	781	-	-	-	781	-
Single Commissioning	725	882	157	1,137	882	255	-	-	1,137	-
Effective Use of Resources	586	586	-	1,116	586	-	-	-	586	- 530
Acute Services - Elective	1,000	503	- 497	1,500	503	252	150	150	905	- 595
Other	724	724	-	1,324	724	-	-	-	724	- 600
Mental Health	294	296	2	994	296	-	-	-	296	- 698
GP Prescribing	1,552	610	- 942	2,516	610	356	233	566	1,198	- 1,318
Back Office Functions	349	359	10	2,024	359	240	-	-	599	- 1,425
Demand Management	5,165	3,110	- 2,055	8,885	3,110	1,378	150	150	4,638	- 4,247
Adult Social Care	224	224	-	336	224	20	92	-	336	-
Public Health	291	291	-	437	291	122	24	-	437	-
Total Economy Position	20,734	19,874	- 860	35,070	21,864	8,427	778	2,009	31,069	- 4,000