

## PLYMOUTH CITY COUNCIL

**Subject:** Capital & Revenue Monitoring Report 2016/17 – Quarter3  
**Committee:** Cabinet  
**Date:** 7 February 2017  
**Cabinet Member:** Councillor Darcy  
**CMT Member:** CMT  
**Author:** Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change (Finance)  
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**Ref:**  
**Key Decision:** No  
**Part:** I

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### Purpose of the report:

This report outlines the finance monitoring position of the Council as at the end of December 2016.

The primary purpose of this report is to detail how the Council is delivering against its financial measures using its capital and revenue resources, to approve relevant budget variations and virements, and report new schemes approved in the capital programme.

As shown in Table I below, the estimated revenue overspend is £1.272m, reflecting an improved financial position of £1.550m since the previous quarter. The overall forecast net spend equates to £187.974m against a budget of £186.702m, which is a variance of 0.68%. This needs to be read within the context of needing to deliver £24m of savings in 2016/17 on the back of balancing the 2015/16 revenue budget where £21m of net revenue reductions were successfully delivered.

Additional management solutions and escalated action to deliver further savings from the council's transformation programme will be brought to the table over the coming months in order to address the in year forecasted overspend.

**Table I: End of year revenue forecast**

	Budget £m	Forecast Outturn £m	Variance £m
Total General Fund Budget	186.702	187.974	1.272

The latest approved Capital Budget covering 2016/17 to 2020/2021 stands at £478m which was agreed at Council on 21 November 2016. The report sets out in Table 6 proposed increases to the Capital Budget of £3m, which results in a proposed budget of £478m, now for the period 2016 – 2021.

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## **The Corporate Plan 2016 - 19**

This quarterly report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan. The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information, both on a local and national context.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. The ability to deliver spending plans is paramount to ensuring the Council can achieve its objectives to be a Pioneering, Growing, Caring and Confident City.

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### **Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

That Cabinet:-

1. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;
2. Approve the non-delegated revenue budget virements (shown in Table 5);
3. Increase the Capital Budget 2016-21 is increased to £478m (shown in Table 6);

**Alternative options considered and rejected:**

None – our Financial Regulations require us to produce regular monitoring of our finance resources.

**Published work / information:**

2015/16 Budget Reports [Delivering the Co-operative Vision within a 4 year budget](#)

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

**Sign off:**

Fin	dn1617.36	Leg	DVS2 6692	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Andrew Hardingham, AD for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## DECEMBER 2016 FINANCE MONITORING

**Table 1: Revenue Monitoring Position**

Directorate	Gross Expenditure	Gross Income	2016/17 Latest Approved Budget	Forecast Outturn	Forecast Year End Variation	Movement from previous quarter
	£m	£m	£m	£m	£m	£m
<b>Executive Office</b>	4.419	(0.409)	4.010	4.023	0.013	(0.012)
<b>Corporate Items</b>	11.012	(10.094)	0.918	0.918	0.000	0.000
<b>Transformation and Change</b>	150.335	(115.629)	34.706	34.436	(0.270)	(1.293)
<b>People Directorate</b>	275.807	(153.318)	122.489	123.462	0.973	(0.087)
<b>Public Health</b>	20.007	(19.644)	0.363	0.363	0.000	0.000
<b>Place Directorate</b>	70.035	(45.819)	24.216	24.772	0.556	(0.158)
<b>TOTAL</b>	<b>531.615</b>	<b>(344.913)</b>	<b>186.702</b>	<b>187.974</b>	<b>1.272</b>	<b>(1.550)</b>

**Table 2: Plymouth Integrated Fund**

Plymouth Integrated Fund	Section 75 indicative position	2016/17 Latest Budget	Forecast Outturn	Forecast Year End Overspend / (Underspend)
	£m	£m	£m	£m
<b>New Devon CCG – Plymouth locality</b>	331.000	355.698	357.223	1.525
<b>Plymouth City Council</b>	*131.000	137.505	138.178	0.673
<b>TOTAL</b>	<b>462.000</b>	<b>493.203</b>	<b>495.401</b>	<b>2.198</b>

The financial position above for the Plymouth Integrated Fund is at December 2016. The full report is shown in Appendix 1.

\*This represents the net People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant).

**Table 3: Key Issues and Corrective Actions**

Issue	Variation £M	Management Corrective Action
<p><b>EXECUTIVE OFFICE</b></p> <p>Democracy and Governance support cost pressures. £0.224m relates to a stretch target for efficiencies in this area.</p>	0.013	<p>The £0.224m Democracy &amp; Governance Legacy received in October 2015 and the addition of the reallocation of the MTFS is continuing to be actively managed. Further savings plans are being developed but are difficult to quantify at present including the upcoming service review. Despite this, there is confidence this variation will continue to be reduced.</p>
<p><b>CORPORATE ITEMS</b></p>	(0.000)	<p>There is currently a nil variance to report.</p>
<p><b>TRANSFORMATION and CHANGE – Finance</b></p> <p>Anticipated that these pressures will be addressed and the service area will come in on budget despite the significant savings target set for 2016/17.</p>	0.100	<p>Finance Fit is delivering savings, with over £0.850m banked towards the £1.500m target. Plans are in place to deliver the sustainable project benefits. Any shortfall will be met from one-off in-year savings.</p>
<p><b>TRANSFORMATION and CHANGE – Legal</b></p>	(0.028)	<p>Service pressures within Elections and Legal are currently being offset by underspend on Court Fees, Legal Agents and Legal expenses resulting in a small underspend for the Department.</p>

<b>TRANSFORMATION and CHANGE – Customer Services</b>	0.219	Housing Benefit Subsidy is showing a significant pressure of £0.741m. This is a £306k improvement on Q2 due to increased overpayments income. The pressure is currently being offset in part by salary savings elsewhere within the service.
<b>TRANSFORMATION and CHANGE – Human Resources &amp; OD</b>	(0.465)	£0.310m efficiency target delivered in full. Underspend reflects staff salary savings and the reduction in training budget as agreed.
<b>TRANSFORMATION and CHANGE – Departmental</b>	0.189	Reallocation of Commercialisation and CST programme targets.
<b>TRANSFORMATION and CHANGE – Transformation and Portfolio</b>	(0.285)	£0.500m efficiency target delivered in full and a further £0.285m underspend identified.
<b>TRANSFORMATION and CHANGE – ICT Commissioned Service</b>  There is currently a nil variance to report.	0.000	Processes and Service Levels monitored through the ICT Review Group.
<b>PEOPLE – Children Young People and Families</b>  The Children Young People and Families (CYP&F) Service are continuing to report a budget pressure of £0.560m a reduction of £0.093m in the month.  The Service continues to face unprecedented pressures, care applications are up, and the service are struggling to purchase	0.560	The reduction is as a result of the quarter three ‘Star Chamber’ exercise.  A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in

cost effective placements to adequately meet demand. In the last 11 months, Plymouth has observed an increase in the number of children in care of 5.4%. The continued increase in numbers of children in care is in line with national and regional trends.

There are risks that continue to require close monitoring and management:

- Increased number of young people in care since budget setting autumn 2015.
- Lack of availability of the right in-house foster care placements creating overuse of IFA's.
- Use of Residential Placements due to lack of foster care placement sufficiency across the Peninsula. The lack of availability of foster care is leading to a small number of children being placed in residential care as an alternative to fostering.
- Court ordered spend continues on Parent & Child Assessment placements.
- There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person.
- There are currently 27 Residential Placements with budget for only 20.
- There are currently 102 Independent Foster Care (IFA's) placements with budget for only 70.  
We are aiming to achieve savings from the transformation of our In House Foster Care Service.
- A region wide lack of placements due to an increase in demand for placements.

place for young people improving timeliness and reducing cost pressure.

As part of the transformation project for 2016/17, CYP&F are expected to make savings of over £2.100m (in order to contribute to the £9.214m Directorate target). Circa £1.000m has been saved to date through EVRS and the Transformation of Services together with an anticipated £0.800m through review and commissioning of placements and a further £0.300m from an extensive piece of work across the peninsular to provide children's secure places.

In addition, Children's Improvement Board will be considering a project to address in year pressures including accelerating the In House Fostering Action Plan.

<p><b>PEOPLE – Strategic Co-operative Commissioning</b></p> <p>The Strategic Co-operative Commissioning (SCC) service is reporting a budget pressure of £0.510m at month 9 – a decrease of (£0.195m) from last month. The main reasons for the reduction in the forecast were:          (£0.120m) - Management actions to postpone the cost increases on residential and nursing clients and,          (£0.040m) - Reduction to the numbers of short stay clients.</p> <p>However there are still overspends forecast on the care packages as reported in previous months.</p> <p>The savings target for grant maximisation of £2.219m will be offset using set aside balance sheet provision.</p>	<p>0.510</p>	<p>As part of the transformation project for 2016/17, the SCC budget is making savings of over £5m (in order to contribute to the £9.214m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme. These have been achieved via savings around reduced client numbers, reviews of high cost packages and contracts.</p>
<p><b>PEOPLE – Education Participation and Skills</b></p> <p>Education Participation and Skills is still reporting a breakeven position at the end of month 9. Star Chamber exercises have taken place within the Service and these will continue to drive out savings during the year, to mitigate emerging pressures.</p>	<p>0.000</p>	<p>During 2016/17 the Education Participation and Skills budget will need to make savings of £1.269m (in order to contribute to the £9.214m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme. Circa £1.159m has been saved to date through EVRS and the transformation of services.</p>
<p><b>PEOPLE – Community Connections</b></p> <p>Community Connections is continuing to deliver (£0.097m) savings.</p>	<p>(0.097)</p>	<p>The demand for emergency accommodation has increased by £0.048m to £0.153m, this has been contained mainly through additional one-off income repaid renovation grants and previously unreported letting income Community Centres.</p> <p>The emergency B &amp; B placements average between April and December is 33 per week, which exceeds the profiled budget of 28 placements per week. The forecast for the remainder of the year is for 40 per week average placements which reflects the current trend,</p>



		notably December average 41. Action is ongoing to limit the overall cost pressure through lower placements and prevention work.
<p><b>PEOPLE – Management &amp; Support</b></p> <p>Projecting a balanced budget for 2016/17 .Further consideration required for disaggregated corporate income maximising delivery plan £0.667m.</p>	0.000	
<p><b>PUBLIC HEALTH</b></p> <p>Although the 16/17 Public Health ring-fenced grant was cut by £1.293m for Plymouth City Council, the Directorate is on track to achieve a balanced budget. As part of this balanced budget, Public Health is making contributions towards schemes in other Council departments, and will continue to prepare plans to achieve the anticipated further reduction to the ring fenced grant in 2017/18.</p>	0.000	This will be achieved through management of vacancies, contract activity and values, and a focus on increased commercialisation and income generation.
<p><b>PLACE - Strategic Planning and Infrastructure</b></p> <p>Salary savings arising from vacancy management and increased income from commercialisation of viability services and transport projects are currently more than mitigating pressures arising from a shortfall on Planning Application fees and other cost pressures resulting in a further improvement in the projected under spend for the department.</p>	(0.324)	We continue to monitor the impact of Brexit in relation intelligence being gathered around property and housing investment decisions which are being widely reviewed by investors. There is precedent in the department to respond to market failure through market recovery measures and appropriate responses will be kept under close review, including through the consideration of the Plymouth and South West Devon Joint Local Plan.

<p><b>PLACE - Economic Development</b></p> <p>Previously reported pressures within Economic Development will be mitigated via management actions and the use of reserves.</p>	0.000	<p>Internal pressures within Economic Development are being managed through one off actions to remove the pressure whilst additional steps are being taken to remove the one-off pressures for next year focusing on an ability to generate income in future years.</p>
<p><b>PLACE - Management Support</b> (Director's budget)</p> <p>£127k Redistribution of formerly centrally held targets for 2016/17.</p>	0.013	<p>Review all areas to identify savings and removal of non-essential spend to meet £127k target.</p>
<p><b>PLACE - Street Services</b></p> <p><b>Waste:</b>  There is a projected overspend within the waste service of £749k. The main pressures that account for this projected overspend are on-going vehicle cost pressures, increase in tonnages, staffing costs and loss of income at the RTS which is now close to being resolved with a new occupant but the financial effect will not materialise until next year. The decision not to charge for non-domestic waste at HWRCs has also added to the overspend.</p> <p>Staffing levels across the service have also been revised which will provide some mitigation against the pressure. The capitalisation of bin purchases will also help in terms of mitigation</p> <p><b>Cost &amp; Volume indicators</b>  Budget 81,500 tonnes  Forecast of Tonnage 83,100 tonnes  Increase in tonnes = 1,600 tonnes which equates to potential</p>	0.867	<p>A plan to modernise waste and street scene services has been agreed through Cabinet. It is a series of measures to ensure the service is fit for purpose and modernised through changes in working practices and implementation of revised waste policies to deliver savings and generate income.</p> <p>This will address both the waste demand pressure, and the fleet size – which is tied together intrinsically. This will not mitigate pressures until 2017/18.</p> <p>An Immediate Action plan has been put in place to reduce any unnecessary spend across the whole of street services to mitigate the budget pressures.</p>

<p>increase in cost of £146k</p> <p><b>Fleet and Garage:</b> The fleet and garage has delivered savings and income of £1.335M over two years. There is still an additional target of £445K, however the handing back of certain parts of the fleet are linked to changes to operational arrangements that are still be to be completed. This pressure has been mitigated by (£177k) through delays in purchasing and therefore a reduction in borrowing costs. They are also looking to find (£50k) of additional savings within the service. Fleet are therefore forecasting an overspend of £217k.</p> <p><b>Street Cleansing and Grounds:</b> Street Cleansing and Grounds are reporting to budget.</p> <p><b>Highways and Car Parking:</b> Highways, Parking &amp; Marine will find savings of £100k within the service to contribute to Street Services overall gap by a range of one-off efficiency savings, service reductions and increased income.</p>		<p>The re-profiling of fleet vehicle purchases has reduced borrowing costs by £170k.</p>
<p><b>TOTAL</b></p>	<p><b>1.272</b></p>	

### Overall Comments Finance AD

Overall there is a significant improvement from Quarter 2. The progress made within housing benefit overpayment billing and recovery is the biggest contributor to this.

Discussions are ongoing with the Council's Highways Contractor, Amey, for recovery of significant amounts outstanding for third party claims due under the December 2014 Settlement Agreement. Failure to recover these amounts would result in a significant deficit in the Insurance Provision. The position is being carefully monitored.

It is expected with continued tight control of expenditure that any overspend can be eliminated by the year-end, particularly given the increased controls over agency expenditure.

### Recommendation

It is recommended that Cabinet note the current monitoring position and action plans in place to reduce/mitigate shortfalls.

## **VIREMENTS**

Table 5 below includes a number of virements between specific directorate budgets. All virements in excess of £0.1m are required to be approved by Cabinet and are shown below.

**Table 5: Virements detail**

	Life Centre Dowry Contribution to Reserves	Agreed transfer of Community Youth Service	Totals
Directorate	£m	£m	£m
Executive Office			
Corporate Items	(0.150)		(0.150)
Transformation and Change			
People Directorate	0.150	0.00	0.150
Public Health			
Place Directorate			
	0.000	0.000	0.000

### Recommendation

It is recommended that Cabinet approve the non-delegated virements which have occurred since 1<sup>st</sup> July 2016.

## **Capital Programme 2016-2021**

The latest approved capital budget was reported to Council on 21 November 2016, as £475m. This covered the 5 year period 2016 –2021.

The budget has since been reviewed resulting in an increase in the overall funding for the period 2016 – 21, by £3m to £478m. This is set out in Table 6 below.

**Table 6: Current Capital Resources**

Description	£m
Latest Approved Budget 2016 - 2021	475
Addition of ring-fenced grants 2016-2021	5
Other Changes	(2)
<b>Total Revised Capital Budget for Approval (2016 – 21)</b>	<b>478</b>

Within the approved budget (representing forecast resources), the Capital Programme represents projects approved for delivery. Table 7 below shows the revised annual programme for the 2016 – 21 period, as at the end of December 2016.

**Table 7: Revised Capital Programme**

Directorate	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Transform & change	4.628	1.603				6.231
People	12.182	5.543	0.464			18.189
Place	86.182	59.314	22.512	9.214	2.713	179.935
Public Health	0.224					0.224
<b>Total</b>	<b>103.216</b>	<b>66.460</b>	<b>22.976</b>	<b>9.214</b>	<b>2.713</b>	<b>204.579</b>

### **Recommendation**

Cabinet are asked to recommend to Council that the Capital Budget 2016 -2021 is increased to £478m (as shown in Table 6)

## Appendix 1: Plymouth Integrated Fund



Northern, Eastern and Western Devon  
Clinical Commissioning Group



# **NHS NEW Devon CCG Plymouth Integrated Fund Finance Report – Month 9 2016/17**

## **Introduction**

This report sets out the forecast financial performance of the Plymouth Integrated Fund for the month of December 2016 (month 9).

The report is in two sections. The first section details the performance of the Integrated Fund, including the section 75 risk share arrangements. The second section details the financial performance of the Western Planning and Delivery Unit (PDU) of the Clinical Commissioning Group.

In summary, the Integrated Fund is forecasting to deliver against budget with a nil risk share impact.

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## **SECTION 1 – PLYMOUTH INTEGRATED FUND**

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### **Plymouth Integrated Fund Finance Position**

The summarised financial performance of the Integrated Fund for both the CCG and the City Council is set out in **Appendix 1**. Both the Health and Local Authority elements of the Integrated Fund are forecasting to be overspent against budget by year end. There are risks in delivery of this position for both organisations.

The impact of the risk share in the year remains minimal, at less than £50k. This is because the extent of the overspend forecast in each element of the fund is relative to the risk share percentages. This could fluctuate as the year end is reached and the final positions crystallise.

### **Health Contribution to the Fund**

The financial plan for 2016/17 is not yet approved by NHS England but negotiations are nearing conclusion with the national Arm's Length Bodies of the CCG share of the system wide control total and the contractual arrangements to support this. As in

## **Appendix 1: Plymouth Integrated Fund**

previous months, the month 9 budget has been set based on a partial move towards the proposed system plan at PDU level.

Overall the Health contribution to the fund is forecast to be overspent against budget at £1.3m. Within this there are some pressures as identified, and the forecast includes an assumption about further cost recovery actions and agreements in the latter part of the year.

### **Acute Care**

The CCG is forecasting an underspend of £0.4m for acute care for the Integrated Fund. This has improved since last month, mainly as a result of revised assumptions around the Independent Sector usage.

### **Community Services**

This position has not changed since last month, and reflects a small overspend forecast at £0.8m, due mainly to the inclusion of the risk in capital resources. A mitigation plan continues to be explored.

### **Placements**

The overspend, as in previous months, is due to higher than planned numbers of clients and costs of care packages. The position has improved slightly from last month and now is forecast to be £1.2m over budget.

### **Other**

The other lines have worsened this month due to the inclusion of a number of risks in the system, where there is a higher likelihood that the mitigations will not deliver to the extent planned in previous months.

## **Local Authority Contribution to the Fund**

### **Children, Young People and Families**

The Children Young People and Families Service are reporting a budget pressure of £0.560m a reduction of £0.093m in the month. The reduction is as a result of the quarter three star chamber exercise.

The Service continues to face unprecedented pressures, care applications are up, and the service are struggling to purchase cost effective placements to adequately meet demand. In the last 11 months, Plymouth has observed an increase in the number of children in care of 5.4%. The continued increase in numbers of children in care is in line with national and regional trends.

As part of the transformation project for 2016/17, CYP&F are expected to make savings of over £2.100m (in order to contribute to the £9.214m Directorate target). Circa £1.000m has been saved to date through EVRS and the Transformation of

## Appendix 1: Plymouth Integrated Fund

Services together with an anticipated £0.800m through review and commissioning of placements and a further £0.300m from an extensive piece of work across the peninsula to provide children's secure places. In addition Children's Improvement Board will be considering a project to address in year pressures including accelerating the In House Fostering Action Plan.

There are risks that continue to require close monitoring and management:

- Increased number of young people in care since budget setting autumn 2015.
- Lack of availability of the right in-house foster care placements creating overuse of IFA's.
- Use of Residential Placements due to lack of foster care placement sufficiency across the Peninsula. The lack of availability of foster care is leading to a small number of children being placed in residential care as an alternative to fostering.
- Court ordered spend continues on Parent & Child Assessment placements.
- There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person.
- There are currently 27 Residential Placements with budget for only 20
- There are currently 102 Independent Foster Care (IFA's) placements with budget for only 70. We are aiming to achieve savings from the transformation of our In House Foster Care Service.
- A region wide lack of placements due to an increase in demand for placements.

The overall number of children in care at the end of November stands at 404 - a reduction of 2 in the month.

The quarterly 'Star Chamber' exercise is planned to continue to mitigate budget pressures.

The number of children placed with independent fostering agencies stands at 102 against a target budget of 70 placements. Residential placements stands at 27 against a target of 20 budgeted placements with a number of these placements being high cost due to the complex nature of these children's needs. There is currently one young person placed in 'welfare' secure. The In-House Foster Care placements have 174 including connected carer's placements against a target budget of 219 placements, and 3 placements in 'Other Local Authority' Foster Care. There is currently 2 In House Parent & Child Assessment Placement, 1 court ordered Independent foster care placement and 1 high cost Residential placement. There are 18 young people 16+ placed in supported living against a target budget of 20.

A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place.



## **Appendix 1: Plymouth Integrated Fund**

This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure.

Extensive work is underway to review all placements in order to reduce the pressure on cost and volume where appropriate.

### **Strategic Co-operative Commissioning**

The Strategic Co-operative Commissioning (SCC) service is reporting a budget pressure of £0.510m at month 9 – a decrease of (£0.195m) from last month. The main reasons for the reduction in the forecast were:

- (£0.120m) - Management actions to postpone the cost increases on residential and nursing clients and,
- (£0.040m) - Reduction to the numbers of short stay clients.

However there are still overspends forecast on the care packages as reported in previous months.

As part of the transformation project for 2016/17, the SCC budget is making savings of over £5m (in order to contribute to the £9.214m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme. These have been achieved via savings around reduced client numbers, reviews of high cost packages and contracts.

### **Education Participation and Skills**

Education Participation and Skills is still reporting a breakeven position at the end of month 9.

During 2016/17 the Education Participation and Skills budget will need to make savings of £1.269m (in order to contribute to the £9.214m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme. Circa £1.159m has been saved to date through EVRS and the transformation of services.

Star Chamber exercises have taken place within the Service and these will continue to drive out savings during the year, to mitigate emerging pressures.

### **Community Connections**

Community Connections is continuing to deliver (£0.097m) savings.

The demand for emergency accommodation has increased by £0.048m to £0.153m, this has been contained mainly through additional one-off income repaid renovation grants and previously unreported letting income Community Centres.

The emergency B & B placements average between April and December is 33 per week, which exceeds the profiled budget of 28 placements per week. The forecast

## **Appendix 1: Plymouth Integrated Fund**

for the remainder of the year is for 40 per week average placements which reflects the current trend, notably December average 41.

Action is ongoing to limit the overall cost pressure through lower placements and prevention work.

### **Public Health**

Although the 16/17 Public Health ring-fenced grant was cut by £1.293m for Plymouth City Council, the Directorate is on track to achieve a balanced budget.

As part of this balanced budget, Public Health is making contributions towards schemes in other Council departments, and will continue to prepare plans to achieve the anticipated further reduction to the ring fenced grant in 2017/18.

### **Conclusion**

The Integrated Fund is currently forecasting an overspend against budget in both the Health and Local Authority elements of the Fund. There is currently a minimal impact from the Section 75 risk share agreement, but this could fluctuate over the coming months as positions begin to crystallise.

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## **SECTION 2 – WESTERN PDU MANAGED CONTRACTS**

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### **Context / CCG Wide Financial Performance at Month 9**

The financial plan for 2016/17 is not yet approved by NHS England but negotiations are nearing conclusion with the national Arm's Length Bodies of the CCG share of the system wide control total negotiated between the 4 main providers within the Devon footprint. The CCG budget has therefore been set on the draft financial plan to deliver an in year deficit of £29m. In addition to this the brought forward deficit from 2013/14 to 2015/16 of £78.4m is repaid bringing the CCG to a planned cumulative deficit position of £107.4m.

As in previous months, the budget and forecast outturn positions for month 9 are reported in line with the CCG share of the system wide control total. This is a deficit position of £34m following the release of the non-recurrent headroom reserve. This move to the system position has been made in agreement with NHS England. However, the ability to reach this position for the CCG is predicated on a non-recurrent movement of deficit between the CCG and provider organisations. This is the element of the financial plan that remains outstanding, and is still the subject of discussion with NHS England. This results in a currently unmitigated risk to the reported deficit which is reflected in the CCGs risk position.

### **Month 9 Summary financial position**

## Appendix 1: Plymouth Integrated Fund

	Planned Deficit £'000	Actual Deficit £'000	Variance £'000	Movement from previous mth
Year To date in year position	24,603	28,039	3,436	380
B/fwd deficit	52,257	52,257	0	0
<b>Total In year Position</b>	<b>76,860</b>	<b>80,296</b>	<b>3,436</b>	<b>380</b>
Forecast in year deficit	29,006	33,561	4,555	0
B/Fwd deficit	78,386	78,386	0	0
<b>Total Forecast Deficit</b>	<b>107,392</b>	<b>111,947</b>	<b>4,555</b>	<b>0</b>

### Year to date

The year to date financial position of the CCG reflects the move to the CCG share of the system wide gap as described above. This results in an in-year deficit of £28.0m (prior to the repayment of brought forwards deficits). Within the commissioning budgets there are some under and over spends which are detailed in the report below and significantly the year to date impact of the FNC national price change and continued growth in Independent Patient Placement (IPP) spend.

### Forecast

The forecast outturn of the CCG is in line with the CCG's share of the system wide gap, proposed as part of the negotiation on a system wide control total and organisations relative share of the financial gap. In addition, the CCG has had to absorb cost pressures, the material issue being £3.5m due to the impact of FNC and IPP as described above. This has been offset through the partial release of contingency reserves and benefit within the CHC forecast in the forecast to meet the planned level of in year deficit.

### System Wide Savings Plan

The CCG is reporting 80% achievement of the net CCG share of the System Wide Savings plan as at month 9 with a forecast achievement of 73%. This is following alignment with the system wide savings plan and the release of the system wide gap budget offset by the headroom and increased deficit.

### Risk

The CCG financial position shows no movement from month 8. The remaining unmitigated risk is £11.4m and should it materialise would result in the CCG having a deficit of £45.0m. Work is ongoing within the system to mitigate this risk position.

### Western PDU Finance Position

#### Introduction

The initial draft budget (as described within the context above) for the contracts managed in the Western PDU is £306.5m. Adjustments to budgets this month include the remapping of Mental Health contracts into the Locality to better reflect

## **Appendix 1: Plymouth Integrated Fund**

where the contracts are managed. The total budget now stands at £318.2m. The increase is mainly due to the allocation of budgets and risks into the position that were previously held corporately, but which are nearing conclusion and now more appropriately reflected in the local position. This is mainly due to negotiations around RTT capacity in the acute sector.

The Locality is currently forecasting a marginal underspend against the budgets for the contracts that are managed in the West. This is a net position and includes some overspending and some underspending contracts. This is an improvement from last month of £0.5m, mainly linked to updated NCA's forecasting (part of an ongoing review), and to the RTT Capacity mentioned above. The most significant variances to plan include:

- Livewell Southwest, resultant from the use of Minor Injuries Services for which we hold a variable contract. Also included this month is the risk that capital resources will not be received and for which the CCG is contractually committed. We continue to seek resolution to this risk.
- Acute Trusts. The NCA position is improving due to an ongoing review of activity and forecasts. In general the remainder of acute variations are offsetting and balanced (albeit with some under and some over spending contracts).
- Wheelchair Services, resultant from a technical improvement due to a clarification on the application of VAT

The detailed analysis for the PDU is included at **Appendix 2**.

### **Acute Care Commissioned Services**

#### **Plymouth Hospitals NHS Trust**

As explained in the context above, at the time of writing, the final contract value for Plymouth Hospitals NHS Trust is unconfirmed and the contract unsigned. The contract performance will still be reported on and scrutinised at the same degree of granularity and as such detail can be provided in this report.

At this stage the budget allocation and forecast spend reflect the anticipated final contract value of £176.7m.

#### ***Capacity Constraint***

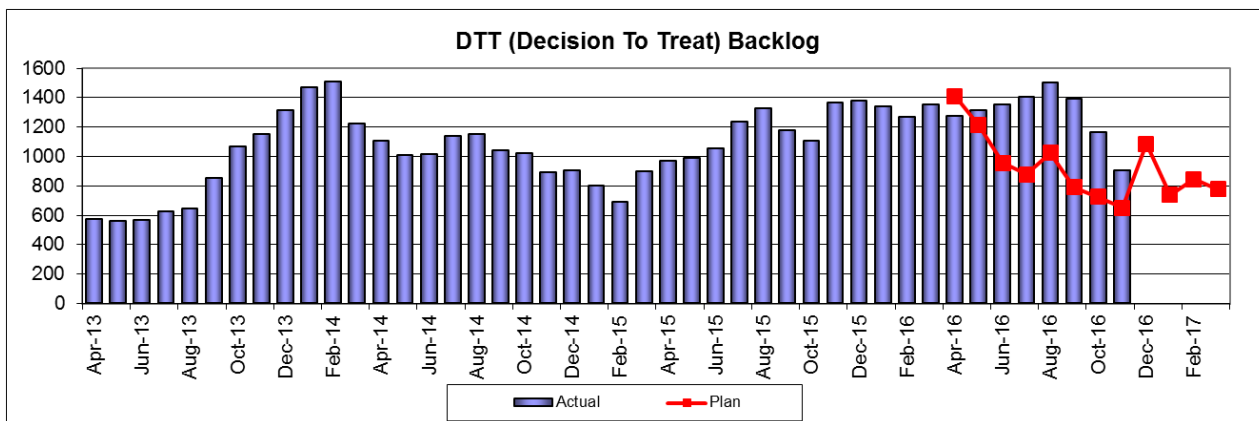
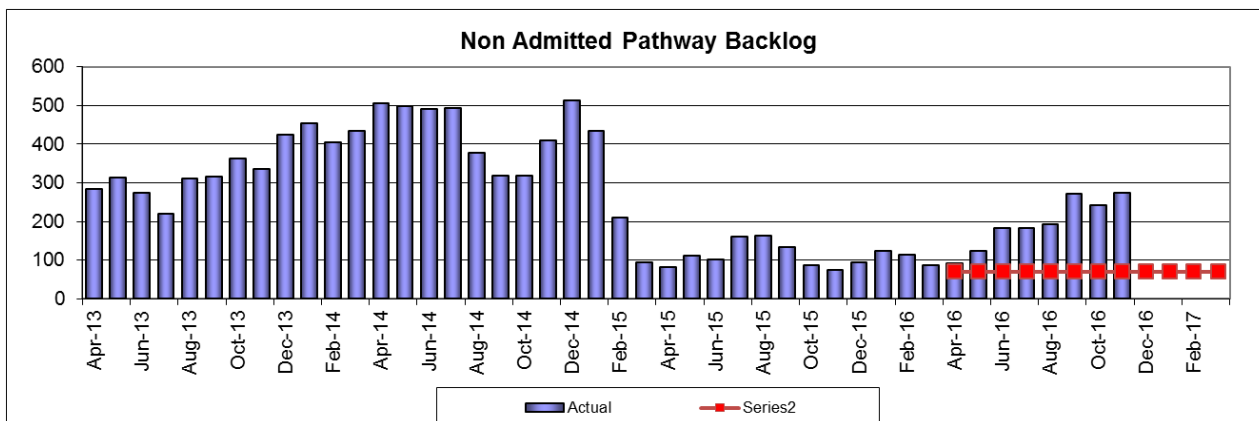
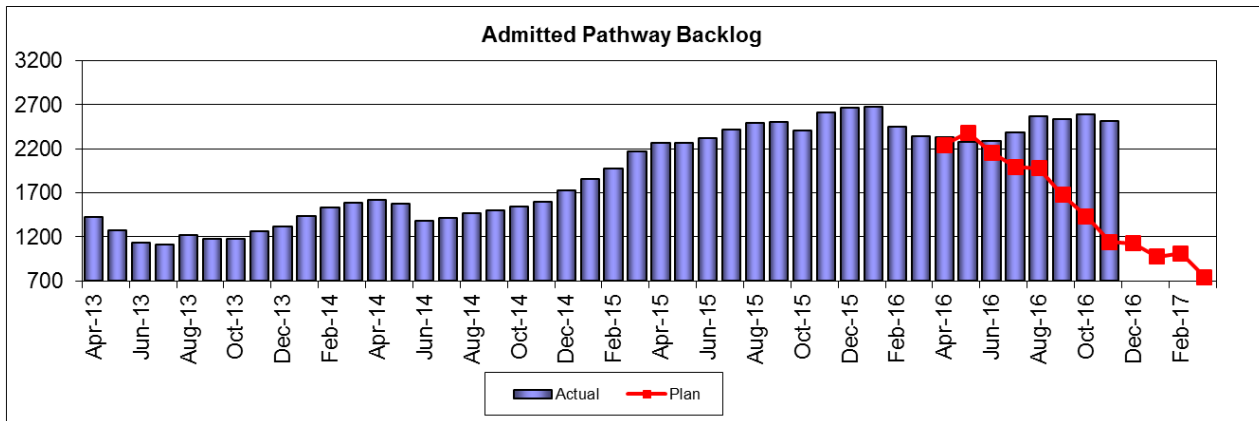
There are a number of specialities that the Trust has been unable to provide sufficient capacity to deliver RTT and match the demand in the system. The agreed level of capacity shortfall has been excluded from the contract, and the locality has been working with the Trust and other providers to bring appropriate levels of additional capacity online. This includes plans with Care UK to open a 3<sup>rd</sup> theatre whilst they have already started providing General Surgery and Endoscopy, with

# Appendix 1: Plymouth Integrated Fund

PHNT to refurbish and increase the throughput of Tavistock theatre and to bring modular theatres online.

## RTT Compliance

Performance to month 8 is summarised in the following tables.



## Contract Performance

The month 8 performance information showed a year to date overperformance against the contract plan of £1.34m.

The main reasons for the contractual underperformance are summarised below.

## Appendix 1: Plymouth Integrated Fund

2016/17 M08	Planned Spend	Actual Spend	Variance	Variance Activity	Variance Spend
	£000s	£000s	£000s		
Elective	25,493	25,075	- 418	-2.7%	-1.6%
Non Elective	39,311	40,084	773	2.0%	2.0%
A&E	5,817	5,962	145	3.9%	2.5%
Outpatients	20,515	21,440	925	5.2%	4.5%
Excluded Services	25,029	24,914	- 115		-0.5%
Penalties			-		
CQUIN	2,681	2,709	28		
Contract Adjustments			-		
<b>Total</b>	<b>118,846</b>	<b>120,184</b>	<b>1,338</b>		<b>1.1%</b>

The **Elective** position is £0.4m (1.6%) behind plan from a financial perspective but 2.7% behind plan in overall activity terms. The main contributors to this position are under performances within Upper GI surgery, Vascular Surgery, Cardiology, Gynaecology and General Surgery where the Junior Doctor Strikes, theatre cancellations and bed availability have caused a reduction in capacity. This position is offset by over performances in Clinical Haematology, Endoscopy and Plastic Surgery.

**Non Elective** has overperformed in medical and surgical specialties, whilst women's and support services were slightly under plan. The year to date overperformance is £0.8m which is over plan by 2.0% in both financial and activity terms. £0.4m of this overperformance occurred in month 8 highlighting the pressures this part of the hospital have been under.

In **Accident and Emergency** the Trust have seen 1,875 (3.9%) more patients than planned for so far this year. The majority of this overperformance has occurred in month 7 and 8.

The overall position of an overperformance of £0.9m (4.5%) on **Outpatients** masks a wide variation in performance at individual specialty level with over performances in ENT, Paediatrics, Dermatology, Colorectal Surgery and most significantly Ophthalmology. Clinical Haematology, Endoscopy and Pain Management are behind the year to date plan. Within this position there is also variation in the type of outpatient attendance where follow ups account for £34k of the over performance, first attendances £227k and procedures £664k. The rate of monthly overperformance had slowed in month 6 and 7 but has increased again in month 8.

### Referral Information

Referral information for month 8 of 2016/17 showed an overall decrease of 3.6% compared to the same period last year, with GP referrals being 4.5% below the equivalent 2015/16 volumes.

PHNT	Referral Source	2015/16	2016/17	Variance	%
Externally Generated	GP	38,629	36,889	- 1,740	-4.5%
	Dentist	122	118	- 4	-3.3%
<i>Sub Total</i>		<b>38,751</b>	<b>37,007</b>	<b>- 1,744</b>	<b>-4.5%</b>
Internally Generated	Consultant	10,911	11,409	498	4.6%
	Other	5,532	4,999	- 533	-9.6%
	A&E	2,523	2,216	- 307	-12.2%
<i>Sub Total</i>		<b>18,966</b>	<b>18,624</b>	<b>- 342</b>	<b>-1.8%</b>
<b>Grand Total</b>		<b>57,717</b>	<b>55,631</b>	<b>- 2,086</b>	<b>-3.6%</b>

The first part of 2015/16 saw higher referrals than the latter part of the year as a step change reduction was noted mid-year. Therefore this measure is comparing the high

## Appendix 1: Plymouth Integrated Fund

part of 2015/16 with the continued low referral rates seen since mid-2015/16. So whilst this measure shows a reduction compared to the previous year, it is a continuation of the reduction that we experienced last year and not a significant further reduction.

The source data in this report is taken from the Provider data supplied under schedule 6 of the contract except where the Provider is stated as 'Other'. Other Provider data is taken from DRSS Bookings. Filters are applied to the Provider data to remove any non-consultant led activity, maternity activity and specialties which are not year on year comparable. NHS England (including Specialised) activity is also excluded to provide a NEW Devon CCG view.

### Performance Measures

The Trust are appraised against a number of nationally and locally defined key performance indicators. A summary of the key measures is included below:

<b>PHNT Month 8 key performance indicators</b>			
<b>Measure</b>	<b>Target</b>	<b>This month</b>	<b>YTD</b>
RTT - Percentage seen within 18 weeks - admitted pathways	90%	67.8%	
RTT - Waits over 52 weeks	0	70	
Diagnostics - Percentage of patients waiting over 6 weeks - 15 key tests	<1%	2.9%	
Cancer - Percentage seen within 2 weeks - urgent referral to first seen	93%	94.9%	93.8%
Cancer - Percentage treated within 62 days - urgent referral to first definitive treatment	85%	75.7%	80.1%
Cancer - Percentage treated within 31 days - decision to treat to first definitive treatment	96%	94.9%	95.4%
Ambulance handovers - Number of handovers over 30 minutes	0	115	577
Ambulance handovers - Number of handovers over 60 minutes	0	5	25
A&E - Percentage of attendances seen within 4 hours	95%	83.6%	84.7%
Delayed transfers of care (acute) - bed days		1,027	6096
Clostridium difficile - Number of hospital infections	35	0	1
MRSA - Number of hospital infections	0	0	1
Cancelled operations - patients to be offered another binding date within 28 days	0	18	192
Cancelled operations - urgent operations cancelled a second time	0	0	0

## **Appendix 1: Plymouth Integrated Fund**

### **South Devon Healthcare Foundation Trust**

The 2016/17 South Devon Healthcare Foundation Trust contract value for acute services has been set at £5.24m on a variable PbR basis, with a further £0.92m fixed contract for community services.

At month 8 the contract is over performing by £191k which has increased from the overspend of £137k that was reported in month 7. This is made up of underspends within elective activity (-£89k) and overspends within non elective admissions (£94k), outpatients (£25k) and high cost drugs (£55k).

The contract also has a QIPP target of £147k which is being reported as undelivered and so represents a further £98k overperformance so far this year.

### **Independent Sector**

The IS position at most providers remains constant this month. However the position has improved as a result of a review of additional RTT activity due to new capacity being brought on line.

### **London Trusts**

There are no significant movements from the previous month within the London trusts. Significant over-performance due to high cost critical care patients remains at Guys and the Royal Brompton.

### **Livewell Southwest**

The Livewell Southwest (LSW) Contract is blocked, with a single variable service (the Minor Injuries Unit). LSW produce a monthly performance/finance databook which allows both parties to shadow monitor the block contract and review key performance metrics.

We are currently validating activity data to understand the underlying activity position within this contract.

### **Care Co-ordination Team**

We have continued to see a drop in CCRT numbers on the caseload, and are currently forecasting an outturn of £8.2m for 2016/17, which is an underspend of £48k.

### **Primary Care Enhanced Services**

Whilst the budgets and expenditure are reported in the Western PDU report, this is to ensure that all lines of expenditure for the CCG are reported in a PDU and there is integrity to the reports produced. There is, however, a separate governance



## Appendix 1: Plymouth Integrated Fund

structure for Enhanced Services that sits outside and alongside the two PDU structures to ensure there is segregation of decision making in primary care investments. The forecast expenditure is in line with budgets.

### QIPP Savings Delivery

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year To Date			Current Year Forecast		
	Budget	Actual	Variance Adv / (Fav)	Budget	Forecast	Variance Adv / (Fav)
	£000's	£000's	£000's	£000's	£000's	£000's
<b>SAVINGS LEDGER REPORT</b>						
NHS Royal Devon & Exeter Foundation Trust	-720	-504	216	-2,442	-1,408	1,034
NHS Plymouth Hospitals NHS Trust	-2,056	-831	1,225	-4,516	-2,633	1,883
NHS Northern Devon Healthcare Trust	-899	-369	530	-1,720	-1,287	433
Prescribing	-2,742	-3,159	-417	-3,995	-3,995	-
Continuing Healthcare	-5,978	-7,569	-1,591	-10,000	-12,000	-2,000
Individual Patient Placements Adult	-337	-416	-79	-449	-502	-53
Other Community Services	-867	-867	-	-1,300	-1,300	-
Care Co-ordination Team	-360	-398	-39	-531	-531	-
System Gap	-14,541	-1,917	12,623	-19,389	-	19,389
<b>GROSS SAVINGS</b>	<b>-28,499</b>	<b>-16,030</b>	<b>12,469</b>	<b>-44,342</b>	<b>-23,656</b>	<b>20,686</b>

<b>TOTAL INVESTMENT</b>	-3,918	-3,918	0	-4,832	-2,069	2,763
Contractualisation of system position	-8,120	-10,632	-2,513	-10,826	-14,176	-3,350
<b>NET SAVINGS</b>	<b>-40,537</b>	<b>-30,580</b>	<b>9,957</b>	<b>-60,000</b>	<b>-39,901</b>	<b>20,099</b>
<b>IHAM Growth Mitigation</b>	<b>-10,500</b>	<b>-10,500</b>	<b>-</b>	<b>-14,000</b>	<b>-14,000</b>	<b>-</b>
<b>NHS England monitored QIPP</b>	<b>-51,037</b>	<b>-41,080</b>	<b>9,957</b>	<b>-74,000</b>	<b>-53,901</b>	<b>20,099</b>

80%

73%

### System wide savings plan

The above savings report has been aligned to the system wide savings plan with the balance of the system gap being held within the system gap reserve. In order to fund the opening system budget positions, the System leaders agreed to utilise the non-recurrent RTT reserve and the system investment reserve in the opening position. The commitments to reach the opening position over drew these reserves by £4.8m.

In order to recreate the system reserves it was agreed that a £15m stretch target would be applied to the programmes of work to recover the position. After changes in organisations' positions, this target is now £10m and the system chief executives have committed to delivering this for 2016/17. This element is currently being worked on and will be contractualised once plans are signed off.

## **Appendix 1: Plymouth Integrated Fund**

The above year to date position is aligned to the system wide plan savings report for the CCG element of the plan. Overall the CCG is reporting 80% delivery of plan with 73% delivery forecast by year end.

During month 9, the CHC forecast has increased by £2m as delivery of their stretch target has been established. This has enabled the negative investment reserve to be reduced for the CCG contribution towards clearing the stretch target. The balance is assumed to be met through the wider Devon system. The elective care forecast reduced by £3.35m during month 8 which is reflected in the shortfall in providers' delivery. This shortfall is mitigated by an increase in contractualised QIPP as a result of the block contract arrangements. This is being managed as part of the overall risk management of the system to achieve the system wide control total. As part of the monitoring of the system wide savings plan, each Senior Responsible Officer (SRO) for the 6 work streams is required to sign off the forecast of the savings they are responsible for as a system. The CCG element of savings will be driven by and aligned to the SRO forecast.

### **Conclusion**

In summary, the forecast outturn position for the Planning and Delivery Unit is marginally underspent against plan. This incorporates the impact of the Integrated Fund, for which the risk share forecast is currently zero.

***Ben Chilcott***  
***Chief Finance Officer, Western PDU***

***David Northey***  
***Head of Integrated Finance, PCC***

# Appendix 1: Plymouth Integrated Fund

## APPENDIX 1

### PLYMOUTH INTEGRATED FUND PERFORMANCE AND RISK SHARE

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

PLYMOUTH INTEGRATED FUND

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year to Date			Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
<b>CCG COMMISSIONED SERVICES</b>						
Acute	129,902	129,328	-574	171,959	171,582	-377
Placements	31,663	32,338	675	41,730	42,931	1,200
Community & Non Acute	55,973	56,580	607	74,651	75,497	846
Mental Health Services	941	916	-26	1,255	1,229	-26
Other Commissioned Services	10,984	10,562	-422	15,108	14,669	-439
Primary Care	36,604	36,129	-476	48,574	48,295	-278
<b>Subtotal</b>	266,068	265,853	-215	353,278	354,204	926
Running Costs & Technical/Risk System Plan Agreement	-960	1,055	2,015	2,421	3,319	899
					-300	-300
CCG Net Operating Expenditure	265,108	266,908	1,800	355,698	357,223	1,525
Risk Share					-	-
CCG Net Operating Expenditure (after Risk Share)	265,108	266,908	1,800	355,698	357,223	1,525
<b>PCC COMMISSIONED SERVICES</b>						
Children, Young People & Families	25,525	25,945	420	34,033	34,593	560
Co-operative Commissioning & Adult Social Care	56,819	57,201	383	75,758	76,268	510
Education Participation and Skills	7,526	7,526	-	10,035	10,035	-
Community Connections	2,340	2,267	-73	3,120	3,023	-97
<b>Subtotal</b>	92,210	92,939	730	122,946	123,919	973
Public Health Commissioning	10,919	10,919	-	14,559	14,559	-
Recovery Plans in Development					-300	-300
PCC Net Operating Expenditure	103,129	103,859	730	137,505	138,178	673
Risk Share					-	-
PCC Net Operating Expenditure (after Risk Share)	103,129	103,859	730	137,505	138,178	673
Combined Integrated Fund	368,237	370,767	2,530	493,203	495,401	2,198

# Appendix 1: Plymouth Integrated Fund

## APPENDIX 2

### PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
	Adv / (Fav)			Adv / (Fav)		
	£000's	£000's	£000's	£000's	£000's	£000's
<b>ACUTE CARE</b>						
NHS Plymouth Hospitals NHS Trust	135,518	135,337	-181	179,298	179,106	-192
NHS South Devon Healthcare Foundation Trust	4,785	5,011	225	6,353	6,622	270
NHS London Contracts	1,223	1,369	147	1,623	1,837	214
Non Contracted Activity (NCA's)	6,639	6,310	-329	8,813	8,283	-530
Independent Sector	10,333	9,648	-685	13,721	13,232	-489
Other Acute	-	5	5	-	32	32
<b>Subtotal</b>	<b>158,498</b>	<b>157,680</b>	<b>-818</b>	<b>209,807</b>	<b>209,111</b>	<b>-697</b>
<b>COMMUNITY &amp; NON ACUTE</b>						
Livewell Southwest	54,220	54,970	750	72,294	73,294	1,000
GPWSI's (incl Sentinel, Beacon etc)	1,323	1,308	-15	1,764	1,733	-31
Community Equipment	486	480	-6	648	640	-8
Ultrasound (Sonarcare)	192	177	-14	256	245	-11
Reablement	1,138	1,125	-13	1,517	1,500	-17
Other Community Services	192	191	-1	256	255	-1
Better Care Fund_Plymouth CC	6,416	6,416	0	8,555	8,555	0
<b>Subtotal</b>	<b>63,967</b>	<b>64,668</b>	<b>700</b>	<b>85,290</b>	<b>86,223</b>	<b>933</b>
<b>MENTAL HEALTH SERVICES</b>						
Mental Health Contracts	19	19	-	25	25	-0
Other Mental Health	746	746	0	994	994	-
<b>Subtotal</b>	<b>765</b>	<b>765</b>	<b>0</b>	<b>1,020</b>	<b>1,020</b>	<b>-0</b>
<b>OTHER COMMISSIONED SERVICES</b>						
Stroke Association	115	120	5	153	159	6
Hospices	2,010	1,899	-111	2,679	2,551	-128
Care Co-ordination Team	6,227	6,192	-35	8,252	8,204	-48
Patient Transport Services	315	356	41	420	475	55
Wheelchairs Western Locality	1,612	1,351	-261	2,150	1,790	-360
Commissioning Schemes	143	147	4	191	191	-0
All Other	377	382	5	503	392	-111
<b>Subtotal</b>	<b>10,799</b>	<b>10,447</b>	<b>-352</b>	<b>14,348</b>	<b>13,762</b>	<b>-586</b>
<b>PRIMARY CARE</b>						
Enhanced Services	5,679	5,679	-0	7,573	7,573	-
Other Primary Care	130	-130	-259	173	171	-2
<b>Subtotal</b>	<b>5,809</b>	<b>5,550</b>	<b>-259</b>	<b>7,746</b>	<b>7,744</b>	<b>-2</b>
<b>TOTAL COMMISSIONED SERVICES</b>	<b>239,839</b>	<b>239,110</b>	<b>-729</b>	<b>318,211</b>	<b>317,858</b>	<b>-352</b>