

Plymouth Integrated Fund

Finance Report – Month 07 2017/18

Introduction

This report sets out the outturn financial performance of the Plymouth Integrated Fund for the year to date and the forecast for the financial year 2017/18.

The report is in several sections.

- The first section details the performance of the Integrated Fund, including the section 75 risk share arrangements.
- The second identifies the Better Care Fund, which is a subset of the wider Integrated Fund, but has specific monitoring and outcome expectations.
- The third section details the financial performance of the Western Planning and Delivery Unit (PDU) of the Clinical Commissioning Group (CCG).
- Appendix 1 which shows the Plymouth Integrated Fund performance and risk share.
- Appendix 2 which shows the PDU managed contracts financial performance.
- Appendix 3 which is a glossary of terms used in the report.

In summary, the outturn position for both the Integrated Fund and the Western Planning and Delivery Unit are forecast to overspend plan. This is explored further throughout the report.

SECTION 1 – PLYMOUTH INTEGRATED FUND

Integrated Fund - Month 7 Report 2017/18

The impact of the risk share across the Integrated Fund is now reflected, and at this stage, should both organisations return their currently forecast outturns, this would result in a minimal risk share impact between organisations. There remain clear signs of pressure in the system, in particular around Looked after Children in Care, Intermediate Care in both Health and Social Care, and Continuing Healthcare. Further risks are emerging around Primary Care Prescribing. There is currently a minimal impact of the risk share agreement on either party.

The overall fund position is reflected in Appendix 1.

Plymouth City Council Integrated Fund

As in previous months, the integrated fund for Plymouth City Council (PCC) is shown as gross spend and now also includes the Support Service Recharge costs for the

People directorate and Public Health department along with the capital spend for Disabled Facilities Grant, which is funded from the Better Care Fund.

Children, Young People and Families

The Children Young People and Families Service are again reporting a budget pressure of £1.500m at month 7. Although the overall number of looked after children have increased this month, we are reporting no change in pressure in the month and are consuming the increased cost of placements for the additional young people. A region wide lack of placements has meant that some children have been placed in residential rather than the preferred fostering placements at a much higher cost.

An additional focused meeting with colleagues in transformation, commissioning and finance to look at additional plans in order to reduce costs.

The overall number of children in care at the end of the month of October stands at 402, an increase of 2 from September.

Strategic Co-operative Commissioning

The Strategic Commissioning service is forecasting a year end overspend against budget of £0.437m at month 7, no change from month 6 due to work being completed on the Medium Term Financial Strategy update.

Education, Participation and Skills

Education, Participation and Skills are again reporting a balanced budget position at Month 7.

Community Connections

Community Connections is forecasting a year end budget overspend of £0.258m mainly as a result of increased demand for emergency temporary accommodation. This is the same pressure reported in the previous month.

Average B & B numbers for April to October have been 57 placements per night with nightly costs increasing, as demand has increased use of Travelodge together with increasing accommodation needs for families.

The cost pressure for maintaining an average 57 per night placement level is £0.707m, which the service is targeting to reduce with use of alternative properties provided through existing contracts.

Public Health

Although the 17/18 Public Health ring-fenced grant was cut by a further £0.398m for Plymouth City Council, the Directorate is on track to achieve a balanced budget. However it should be noted that there are pressures with achieving some income targets and there is increasing demand for activity led services.

Plymouth City Council Delivery Plans

Between People Directorate and Public Health, over £10m of savings will need to be delivered during 2017/18, which includes savings of over £2.8m of savings brought forward from 2016/17 which were delivered as one-off savings. At the moment, it is expected that all savings will be achieved - breakdown shown below:

Plymouth City Council	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
			Adv / (Fav)			Adv / (Fav)
Month 7 - October 2017	£000's	£000's	£000's	£000's	£000's	£000's
Children, Young People & Families	1,103	1,103	-	1,890	1,890	-
Strategic Cooperative Commissioning	2,265	2,265	-	3,883	3,883	-
Education Participation & Skills	475	475	-	814	814	-
Community Connections	309	309	-	530	530	-
Additional People Savings	1,671	1,671	-	2,864	2,864	-
Public Health	86	86	-	148	148	-
	5,909	5,909	-	10,129	10,129	-

Western Locality of CCG Integrated Fund

The integrated fund for the Western Locality is now reflecting a forecast unplanned overspend before the use of corporate contingencies of £0.9m.

As reported last month, the pressures for the Independent Sector contracts, and Continuing Healthcare have now crystallised into the forecast from our previous risk analysis. There remains some pressure on Intermediate Care, and this has not yet crystallised into the position and remains on our risk profile. There are also cost efficiency expectations for Individual Patient Placements and Section 117 packages of care.

Independent Sector:

The Year to Date and the Forecast are now more accurately reflective of the updated risk, following a review of both, including the forecast delivery of QIPP in year. The forecast overspend is identified at just under £0.7m CCG wide, and of which £0.5m relates to Plymouth (and impacts on the Integrated Fund).

This also now reflects the up to date position with regard to Neurosurgery as highlighted in last months report.

Intermediate Care:

The pressure in the cost of the Intermediate Care (Discharge to Assess) beds in the West remains above plan. The forecast assumes a recovery programme bringing the pressure back into financial balance. The level of bed usage in place at this point, if remaining static for the remainder of the year, would indicate an overspend of £1.2m,

which is a significant improvement on the previously reported forecast. Included within the assumption of breakeven is an assumed benefit from the use of the iBCF resources.

This is an area of significant focus on transformation and recovery, and is reported in detail to the Western System Improvement Board on a bi-weekly basis.

Continuing Healthcare:

The CCG wide Continuing Healthcare budget for 2017/18 is £80.3m. At month 7, the forecast spend for the year is £81.7m resulting in a forecast overspend of £1.4m. There remains a significant risk that this position may deteriorate further. Of this overspend, the element that relates to the Integrated Fund is £0.4m.

The CCG wide Continuing Healthcare QIPP savings target for 2017/18 was originally £6.0m but has now been “stretched” to £8.0m. The forecast savings are £6.6m so forecast under delivery against the target of £1.4m is reported at this time. It is recognised that there is also significant risk in this which will require considerable management focus.

The key risk for this cohort of patients is that the numbers receiving Continuing Healthcare has plateaued and this may impact on the delivery of the overall cost reductions.

IPP and Section 117:

For IPP a risk share continues to be agreed with Livewell Southwest, and performance is good when compared to the same period last year.

For section 117 packages of care a plan is being developed to manage the cost of packages of care as a pooled budget. This will be run in parallel in the current year, and the CCG will continue to work with Livewell Southwest in the delivery of the planned efficiency targets.

Primary Care Prescribing:

The West has the greater opportunity in terms of savings from Primary Care Prescribing, and therefore has the greater share of the cost efficiency target. The PDU is currently on target to achieving this target. The level of risk this month remains high as a result of the withholding of Category M savings centrally, and the impact of NCSO (No Cheaper Stock Obtainable). The volatility of these make it difficult to accurately predict a forecast for the CCG at this stage, and both the CCG and the Integrated Fund are reported at break even, with the risk being held at CCG level.

Efficiency Programmes:

Month 07 October	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
SAVINGS LEDGER REPORT						
Independent Sector	-2,042	-725	1,317	-3,500	-1,321	2,179
Prescribing	-4,958	-4,958	-	-8,500	-8,500	-
Continuing Healthcare	-3,242	-2,736	506	-8,000	-6,698	1,302
IPP	-1,076	-1,076	-	-3,000	-3,000	-
Running Costs	-1,465	-1,321	144	-2,789	-2,789	-
GROSS SAVINGS	-12,782	-10,816	1,966	-25,789	-22,309	3,481

QIPP Reported to NHSE

Contractualised 16/17 FYE	-6,510	-6,510	-	-11,160	-11,160	-
Social Care	-1,167	-1,167	-	-7,000	-7,000	-
Technical Accounting	-1,167	-1,167	-	-2,000	-2,000	-
TOTAL SAVINGS REPORTED TO NHSE	-21,626	-19,659	1,966	-45,949	-42,469	3,481

Additional System Savings

Headroom Release	-2,117	-2,117	-	-3,629	-3,629	-
Investment Release	-817	-817	-	-1,400	-1,400	-
TOTAL SYSTEM SAVINGS	-18,049	-16,083	1,966	-39,818	-36,338	3,481

The above savings report feeds into the system wide savings plan excluding the contractualisation of 16/17 full year effect, although this forms part of the position reported to NHS England.

Overall the CCG is reporting 89% delivery of plan year to date with 91% delivery forecast by yearend. There is a shortfall on independent sector both year to date and forecast as plans continue to be worked up. There is also a shortfall on the forecast for continuing healthcare due to client numbers not falling as expected.

The above report is currently reflecting the CCG wide position. Further analysis is ongoing to localise the reporting of these delivery plans to Planning and Delivery Units.

Integrated Fund Summary

At this stage in the year both parts of the fund are experiencing emerging pressures reflected in forecast overspends that require management to return the position to balance. The forecasts reflect the position before the impact of corporate contingencies. There remains a minimal impact of the risk share at this stage.

SECTION 2 – BETTER CARE FUND (BCF)

Better Care Fund (BCF) and Improved Better Care Fund (iBCF)

The table below shows the total BCF for 2016/17 and 2017/18, along with the distribution between CCG and PCC.

	2016/17	2017/18 Estimated
	£m	£m
PCC Capital (Disabled Facilities Grant)	1.954	2.126
PCC Revenue	9.087	8.852
CCG Revenue	8.310	8.856
Sub Total BCF	19.351	19.834
iBCF (see below)	0.000	0.764
iBCF (see below)	0.000	5.800
Sub Total iBCF	0.000	6.564
Total Funds	19.351	26.398

As part of the resource settlement for 2017/18, PCC were awarded amounts from the Governments iBCF. The first amount was £0.764m which forms part of the PCC revenue settlement. The Government then awarded additional monies, as part of the £2billion to support social care nationally, at the Spring Budget of which PCC will receive:

2017/18	£5.800m
2018/19	£3.660m
2019/20	£1.815m.

These funds are being paid to the Local Authority and come with conditions that they are *“to be spent on adult social care and used for the purposes of meeting adult social care needs, reducing pressures on the NHS - including supporting more people to be discharged from hospital when they are ready - and stabilising the social care provider market.”*

A report was taken to Cabinet in July that showed the 2017/18 additional funding and allocations to specific areas and projects. This report was approved and the schemes are now being worked up with more detail. A summarized expenditure plan is included below:

	2017/18
	£m
Priority One - Meeting Adult Social Care Needs	1.400
Priority Two - Reducing Pressures on the NHS	3.351
Priority Three - Stabilising the Social Care Market	1.000
Sub Total	5.751
Contingency	0.049
Sub Total iBCF	5.800

This is not recurrent money and so overall investments will seek to be a 'bridging' resource to implement the STP new models of care or deliver efficiencies.

SECTION 3 – WESTERN PDU MANAGED CONTRACTS

Context / CCG Wide Financial Performance at Month 7

This report sets out the financial performance of the CCG to the end of October 2017 (Month 7 management accounts)

The CCG plan for 2017/18 has been produced in conjunction with our main acute providers within a wider System Transformation Plan (STP) footprint encompassing South Devon and Torbay CCG (SD&T CCG).

The CCG's planned deficit for 17/18 is £57.1m. This is an improvement from its original plan of £21.4m following proposals developed through the Capped Expenditure Process (CEP). NHS England has confirmed that the plans submitted under the CEP will be used to review the CCG's performance and accordingly the CCG is reporting against this revised plan. In addition to this the CCG has a brought forward deficit from 2013/14 to 2016/17 of £120.5m making the planned cumulative deficit £177.7m.

Although the plan has been updated, NHS England has also confirmed they will continue to measure overall performance against the control total of £17.4m deficit. The current forecast would represent an overspend of £39.7m to the control total.

The updated CCG plan sits within an overall plan for the STP which has a deficit of £61.5m with a savings plan of £168.2m. The plan is based on an agreed set of block contracts with the main providers which de-risks this element of the CCG's commissioning budget and delivers savings within those contracts of £11.2m.

As of Month 7 the year to date and forecast outturn positions are in line with the current plan.

Western PDU Finance Position

Introduction

The Locality is forecasting to marginally (£0.4m) overspend budget at this stage in the year, and this is also reflected in the year to date position. In general the main pressure is for the Independent Sector provider contracts, and this is explained more fully in the report.

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

Acute Care Commissioned Services

Plymouth Hospitals NHS Trust

The contract value for Plymouth Hospitals NHS Trust is agreed at £180.9m, however, the contract remains unsigned whilst the system wide plan is being reviewed by system regulators. 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.

The forecast now reflects some of the planned variations to contract resulting from the work plan of the Western System Improvement Board, and is currently set at £185.9m.

Contract Performance

The month 7 performance information showed a year to date overperformance against the contract plan of £0.5m.

The main reasons for the contractual overperformance are summarised below.

2017/18 M07	Planned Spend	Actual Spend	Variance	Variance Activity	Variance Spend
	£000s	£000s	£000s		
Elective	22,625	19,634	- 2,991	-10.8%	-13.2%
Non Elective	39,512	39,452	- 60	2.4%	-0.2%
A&E	5,691	6,008	317	3.1%	5.6%
Outpatients	18,180	18,104	- 76	-0.1%	-0.4%
Excluded Services	21,711	20,229	- 1,482		-6.8%
Penalties			-		
CQUIN	2,378	2,407	29		
Contract Adjustments	- 4,807		4,807		
Total	105,290	105,834	544		0.5%

The **Elective** position is £2.99m (13.2%) behind plan from a financial perspective but 10.8% behind plan in overall activity terms.

Non Elective has underperformed for the second month, by £190k in month 7 resulting in a total underperformance year to date of £60k.

In **Accident and Emergency** the year to date overperformance totals £317k, this is significant at 5.6% over plan. In activity terms the overperformance percentage is lower at 3.1% which indicates that the complexity or volume of care has increased.

Following on from the overperformance last month, **Outpatients** has underperformed in month 7 to a value of £126k. This now gives an overall underperformance of £76k. Outpatient procedures are over plan by £452k, whilst first attendances and follow ups are both around £300k behind plan. Overall, there have been 156 fewer outpatient attendances than had been planned for.

The plan has an adjustment for system savings; this number reflects the difference between the PbR activity plan and the agreed system wide plan and for NEW Devon is worth £8.24m. Any activity savings will fall into the reporting of the points of delivery in which they occur, so it is likely that this line will show as an overspend all year. At month 7 this is an overperformance of £4,807k.

South Devon Healthcare Foundation Trust

The 2017/18 South Devon Healthcare Foundation Trust contract value for acute services has been set at a total of £6.07m. £5.15m of this accounts for the acute contract which is on a variable PbR basis, with a further £0.92m fixed contract for community services.

At month 7, this contract is forecast to underspend budget by £0.1m.

Independent Sector & London Trusts

The monitoring information to date indicates a small forecast overspend against plan for the London Trusts.

Within the Independent Sector at Month 7, a significant overspend is emerging against some contracts, but most of this is found within the Care UK contract. There is a significant degree of additional performance within Orthopaedics accounting for the bulk of this over-performance. At Nuffield Plymouth, there is a large overspend within Spinal Surgery but this is being partially offset by underperformances within other specialties. Assumptions have been made in regard to budgetary management as well as in the delivery of QIPP during the latter part of the year in informing a forecast overspend of £0.7m.

Livewell Southwest

The Livewell Southwest (LSW) Contract is blocked. LSW produce a monthly performance/finance databook which allows both parties to shadow monitor the block contract and review key performance metrics.

Discharge to Assess beds

Despite the service redesign and additional support to maintain a 6 week timeframe for Intermediate Care, the system has been forecast to significantly overspend. A huge amount of focus on pathways of care has been put in place recently, and this is driving a change in the cost of bed usage. The position is improving, but still remains a risk. The forecast has been set to breakeven unit the outcome of this pathway design process is known. This pressure remains a key focus of scrutiny through the Western System Improvement Board.

Primary Care Enhanced and Other 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 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 outturn expenditure is in line with budgets.

Conclusion

In summary, the outturn position for both the Integrated Fund and the Western Planning and Delivery Unit is forecast to overspend plan at this stage in the year. There are pressures in the system around Looked After Children in Care, Intermediate Care in both Health and Social Care, and Continuing Healthcare, with emerging risks around Primary Care Prescribing.

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APPENDIX 1
PLYMOUTH INTEGRATED FUND AND RISK SHARE

Month 07 October	Year to Date			Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
CCG COMMISSIONED SERVICES						
Acute	103,078	103,342	264	177,012	177,501	489
Placements	24,482	24,480	-2	40,947	41,377	429
Community & Non Acute	32,558	32,567	9	55,813	55,829	16
Mental Health Services	15,932	15,932	0	27,312	27,312	-
Other Commissioned Services	6,653	6,648	-5	11,374	11,343	-31
Primary Care	3,351	3,391	40	6,139	6,115	-23
Subtotal	186,054	186,360	306	318,597	319,477	880
Running Costs & Technical/Risk	3,358	3,178	-180	14,329	14,328	-0
CCG Net Operating Expenditure	189,412	189,538	126	332,926	333,805	879
Risk Share					-	-
CCG Net Operating Expenditure (after Risk Share)	189,412	189,538	126	332,926	333,805	879
PCC COMMISSIONED SERVICES						
Children, Young People & Families	14,743	21,515	6,773	35,383	36,883	1,501
Strategic Cooperative Commissioning	32,300	45,475	13,175	77,520	77,957	437
Education, Participation & Skills	44,381	62,134	17,753	106,515	106,515	0
Community Connections	1,617	2,415	797	3,882	4,140	258
Director of people	90	126	36	216	216	-
Public Health	6,800	9,521	2,720	16,320	16,321	1
Subtotal	99,932	141,186	41,254	239,836	242,033	2,197
Support Services costs	6,845	9,583	2,738	16,428	16,428	-
Disabled Facilities Grant (Cap Spend)	886	1,240	354	2,126	2,126	-
Recovery Plans in Development	-	-	-	-	-	-
PCC Net Operating Expenditure	107,663	152,009	44,347	258,390	260,587	2,197
Risk Share					-	-
PCC Net Operating Expenditure (after Risk Share)	107,663	152,009	44,347	258,390	260,587	2,197
Combined Integrated Fund	297,074	341,547	44,473	591,316	594,392	3,076

APPENDIX 2

WESTERN PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

Month 07 October	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	Adv / (Fav) £000's	£000's	£000's	Adv / (Fav) £000's
ACUTE CARE						
NHS Plymouth Hospitals NHS Trust	108,390	108,390	0	185,886	185,886	-
NHS South Devon Healthcare Foundation Trust	3,713	3,727	14	6,385	6,272	-113
NHS London Contracts	1,023	873	-149	1,759	1,709	-50
Non Contracted Activity (NCA's)	5,440	5,440	-0	9,354	9,354	-
Independent Sector	7,864	8,253	389	13,524	14,200	676
Referrals Management	1,557	1,511	-46	2,678	2,584	-94
Other Acute	14	14	-	24	24	-
Cancer Alliance Funding	591	592	0	1,014	1,014	-
Subtotal	128,591	128,800	209	220,623	221,043	419
COMMUNITY & NON ACUTE						
Livewell Southwest	28,895	28,895	0	49,535	49,535	-
GPwSI's (incl Sentinel, Beacon etc)	944	944	-	1,618	1,618	0
Community Equipment Plymouth	378	378	-	648	648	-0
Peninsula Ultrasound	149	166	17	256	285	29
Reablement	885	885	-	1,517	1,517	-0
Other Community Services	149	149	0	256	256	-
Joint Funding_Plymouth CC	4,265	4,265	0	7,311	7,311	-0
Subtotal	35,665	35,682	17	61,140	61,169	29
MENTAL HEALTH SERVICES						
Livewell MH Services	15,817	15,817	0	27,115	27,115	-
Mental Health Contracts	15	15	-	26	26	-
Other Mental Health	589	589	-0	1,010	1,010	-
Subtotal	16,421	16,421	0	28,151	28,151	-
OTHER COMMISSIONED SERVICES						
Stroke Association	89	93	3	153	159	6
Hospices	1,563	1,563	0	2,679	2,679	-
Discharge to Assess	3,811	3,811	-0	6,533	6,533	0
Patient Transport Services	1,300	1,299	-0	2,228	2,228	0
Wheelchairs Western Locality	1,050	1,050	-	1,800	1,800	-
Commissioning Schemes	111	111	-0	191	191	-
All Other	514	488	26	881	840	-41
Recharges	363	363	-0	778	778	-
Subtotal	8,801	8,777	-23	15,243	15,208	-34
PRIMARY CARE						
Prescribing	33,817	33,817	0	57,971	57,971	-
Western Meds Management Clinical	149	117	-32	256	205	-51
Enhanced Services	4,636	4,636	-0	8,740	8,740	0
GP IT Revenue	1,719	1,715	-4	3,311	3,311	-
Other Primary Care	229	229	-	393	393	-
Subtotal	40,550	40,514	-36	70,671	70,620	-51
TOTAL COMMISSIONED SERVICES	230,028	230,195	167	395,828	396,191	363

APPENDIX 3
GLOSSARY OF TERMS

PCC - Plymouth City Council

NEW Devon CCG – Northern, Eastern, Western Devon Clinical Commissioning Group

CYPF – Children, Young People & Families

SCC – Strategic Cooperative Commissioning

EPS – Education, Participation & Skills

CC – Community Connections

FNC – Funded Nursing Care

IPP – Individual Patient Placement

CHC – Continuing Health Care

NHSE – National Health Service England

PbR – Payment by Results

QIPP —Quality, Innovation, Productivity & Prevention

CCRT – Care Co-ordination Response Team

RTT – Referral to Treatment

PDU – Planning & Delivery Unit

PHNT – Plymouth Hospitals NHS Trust