

Plymouth Integrated Fund

Finance Report – Month 09 2017/18

Introduction

This report sets out the 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.

A risk is emerging that the risk share will have an impact in the current year as the Council budgets are still forecasting an £0.8m overspend. When the risk share methodology is applied to the outturn of the CCG element of the Plymouth fund, which is also forecast at £0.8m, it results in a risk share charge from the Council to the CCG of £0.1m.

The position continues to be managed with recovery plans and is expected to improve by year end.

SECTION 1 – PLYMOUTH INTEGRATED FUND

Integrated Fund - Month 9 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 £0.1m risk share impact between organisations. The system remains under significant pressure and there is continued focus on managing and delivering an improvement to the current forecasts. The areas of particular pressure include Looked after Children in Care, Intermediate Care in both Health and Social Care, Continuing Healthcare, and Prescribing.

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

Children, Young People and Families

The Children Young People and Families Service are reporting a budget pressure of £0.458m.

The overall CYPF overspend can be attributed to the increased cost and volume of looked after children's placements. The national and local context for children's placements is extremely challenging, with increasing difficulties in securing appropriate, good quality placements. Despite these increased costs, the department has made significant off setting savings in year with good progress through the management-challenge sessions and budget containment meetings.

Early in-year monitoring identified the increasing costs of placements, with increases effective during 2017/18 showing 16.59% uplifts. The department has been working throughout the year to contain and cover from other savings; however as we have reached the third quarter a budget virement has been agreed of £1m, effectively increasing the children's services budget for the current year. This cost pressure has been identified going forward into future years and as such the MTFs additional funding has been increased from the original £2m to £3.2m.

High demand and limited supply of placements, a tightening of Ofsted requirements, as well as initiatives such as the introduction of the National Living Wage, have all led to an increase in the unit costs of placements. We have seen an average cost increase for placements of 16.59%.

The overall number of children in care at the end of the month of December stands at 411.

Strategic Co-operative Commissioning

The Strategic Commissioning service is forecasting a year end overspend against budget of £0.430m at month 9, no change from month 8.

Strategic commissioning will have achieved its target of delivering over £5.2m of savings in the current year.

Within the overspend reported of £0.430m there is a pressure of £0.485m within Supported Living with client numbers increasing: domiciliary care are also showing a budget pressure of £1.011m. Both of these areas of additional spend have been offset by additional income.

Within ASC over the last 12 months they have:

- Provided services for 4,782 adults receiving social care packages.
- Paid for over 1,294 people to be cared for in residential and nursing homes.
- Provided a total of 617,765 hours of domiciliary care provided to those living in their own homes per year, with an average of 11,880 hours per week.
- Supported 3,488 people with a community based package of care.
- Supported 698 people via a direct payment.

The strategic commissioning department are continuing to undertake management reviews of all areas of expenditure and all assumptions around care packages etc to minimise this over spend, with a target of a breakeven position by the end of the financial year

Education, Participation and Skills

Education, Participation and Skills are again reporting a balanced budget position at Month 9.

Community Connections

Community Connections is reporting a balanced budget position at Month 9, a reduction of £0.212 in the month. Although the B&B numbers are still high, work is being done within the department to bring the budget back to balance by the end of the financial year.

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 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		
Month 9 - December 2017	Budget	Actual	Variance	Budget	Actual	Variance
			Adv / (Fav)			Adv / (Fav)
	£000's	£000's	£000's	£000's	£000's	£000's
Children, Young People & Families	2,087	2,087	-	2,783	2,783	-
Strategic Cooperative Commissioning	3,922	3,922	-	5,229	5,229	-
Education Participation & Skills	1,069	1,069	-	1,425	1,425	-
Community Connections	408	408	-	544	544	-
Additional People Savings (apportioned to depts above)	-	-	-	-	-	-
Public Health	111	111	-	148	148	-
	7,597	7,597	-	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 £0.8m.

As reported last month, the pressure for the Independent Sector contracts remains, but Continuing Healthcare has improved marginally, improving the overall position. 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 9, the forecast spend for the year is very marginally above this level. There remains a significant risk that this position may deteriorate further.

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, both the CCG and the Integrated Fund are reported at break even, with the risk being held at CCG level.

Efficiency Programmes:

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
SAVINGS LEDGER REPORT						
Independent Sector	-2,625	-916	1,709	-3,500	-971	2,529
Prescribing	-6,375	-6,375	-	-8,500	-8,500	-
Continuing Healthcare	-4,960	-4,209	751	-8,000	-8,000	-
IPP	-1,779	-2,322	-542	-3,000	-3,000	-
Running Costs	-1,994	-1,828	166	-2,788	-2,257	531
GROSS SAVINGS	-17,733	-15,650	2,083	-25,788	-22,729	3,059

QIPP Reported to NHSE

Contractualised 16/17 FYE	-8,370	-8,370	-	-11,160	-11,160	-
Social Care	-3,500	-3,500	-	-7,000	-7,000	-
Technical Accounting	-1,500	-1,500	-	-2,000	-2,000	-
TOTAL SAVINGS REPORTED TO NHSE	-31,103	-29,020	2,083	-45,948	-42,889	3,059

Additional System Savings

Headroom Release	-2,722	-2,722	-	-3,629	-3,629	-
Investment Release	-1,050	-1,050	-	-1,400	-1,400	-
TOTAL SYSTEM SAVINGS	-26,505	-24,422	2,083	-39,817	-36,758	3,059

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 93% delivery of plan year to date with 93% delivery forecast by yearend, with the main shortfall on independent sector both year to date and forecast as plans continue to be worked on.

Integrated Fund Summary

Both parties to the fund are experiencing ongoing 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 is a relatively small impact forecast for 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 9

This report sets out the financial performance of the CCG to the end of December 2017 (Month 9 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 9 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 (£0.5m) 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 £186.0m.

Contract Performance

The month 8 performance information showed a year to date overperformance against the contract plan of £1.14 m.

The main reasons for the contractual overperformance are summarised below.

2017/18 M08	Planned Spend	Actual Spend	Variance	Variance Activity	Variance Spend
	£000s	£000s	£000s		
Elective	26,127	22,862	- 3,265	-10.6%	-12.5%
Non Elective	45,079	45,063	- 16	2.7%	0.0%
A&E	6,487	6,834	347	3.5%	5.3%
Outpatients	21,069	20,846	- 223	-0.7%	-1.1%
Excluded Services	25,096	23,605	- 1,491		-5.9%
Penalties	- 253	-	253		
CQUIN	2,730	2,770	40		
Contract Adjustments	- 5,494	-	5,494		
Total	120,841	121,980	1,139		0.9%

The **Elective** position is £3.27m (12.5%) behind plan from a financial perspective but 10.6% behind plan in overall activity terms.

Non Elective has overperformed by £44k in month 8 resulting in a total underperformance year to date of £16k. Whilst the financial variance is minor, the volume variance shows that 2.7% (660) more patients have been seen than were planned for.

In **Accident and Emergency** the year to date overperformance totals £347k, this is significant at 5.3% over plan. In activity terms the overperformance percentage is lower at 3.5% which indicates that the complexity or volume of care has increased.

Outpatients has underperformed in month 8 to a value of £147k. This now gives an overall underperformance of £223k. Outpatient procedures are over plan by £574k,

whilst first attendances and follow ups are behind plan. Overall, there have been 1282 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 8 this is an overperformance of £5,494k.

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 8, this contract is forecast to underspend budget by £0.1m.

Independent Sector & London Trusts

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

Within the Independent Sector at Month 9, a significant overspend remains at Care UK, of which a significant degree of additional performance within Orthopaedics accounts for the bulk of this. At Nuffield Plymouth, there is a large overspend within Spinal Surgery but this is being partially offset by underperformances within other specialties. A similar situation with regards to spinal surgery is now present within Mount Stuart and, to a lesser extent, Duchy Hospital. 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 £0.8m.

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, with a predicted consequential impact on the risk share. 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 09 December	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	133,168	133,651	483	177,071	177,634	563
Placements	31,245	31,053	-192	40,971	40,674	-297
Community & Non Acute	41,783	41,787	3	55,711	55,727	16
Mental Health Services	20,484	20,484	-	27,312	27,312	-
Other Commissioned Services	6,725	6,720	-5	8,932	8,926	-7
Primary Care	4,689	4,861	173	6,414	6,392	-23
Subtotal	238,094	238,557	463	316,412	316,664	253
Running Costs & Technical/Risk	4,135	4,073	-62	13,308	13,848	540
CCG Net Operating Expenditure	242,229	242,630	401	329,720	330,513	793
Risk Share					133	133
CCG Net Operating Expenditure (after Risk Share)	242,229	242,630	401	329,720	330,646	926
PCC COMMISSIONED SERVICES						
Children, Young People & Families	26,537	26,882	345	35,382	35,842	460
Strategic Cooperative Commissioning	58,140	58,463	323	77,520	77,950	430
Education, Participation & Skills	76,222	76,222	-	101,629	101,629	-
Community Connections	2,915	2,915	-	3,887	3,887	-
Director of people	162	162	-	216	216	-
Public Health	11,943	11,942	-1	15,924	15,923	-1
Subtotal	175,919	176,585	667	234,558	235,447	889
Support Services costs	12,321	12,321	-	16,428	16,428	-
Disabled Facilities Grant (Cap Spend)	1,595	1,595	-	2,126	2,126	-
Recovery Plans in Development	-	-	-	-	-	-
PCC Net Operating Expenditure	189,834	190,501	667	253,112	254,001	889
Risk Share					-133	-133
PCC Net Operating Expenditure (after Risk Share)	189,834	190,501	667	253,112	253,868	756
Combined Integrated Fund	432,063	433,130	1,068	582,832	584,514	1,682

APPENDIX 2

WESTERN PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

Month 09 December	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
ACUTE CARE						
NHS Plymouth Hospitals NHS Trust	140,107	140,107	-0	185,962	185,962	-
NHS South Devon Healthcare Foundation Trust	4,810	4,827	17	6,385	6,313	-72
NHS London Contracts	1,325	957	-368	1,759	1,709	-50
Non Contracted Activity (NCA's)	7,046	7,046	0	9,354	9,354	-
Independent Sector	10,191	10,851	660	13,524	14,355	830
Referrals Management	2,015	1,884	-131	2,674	2,499	-176
Other Acute	18	17	-1	24	23	-1
Cancer Alliance Funding	760	760	0	1,014	1,014	-
Subtotal	166,272	166,449	177	220,695	221,227	532
COMMUNITY & NON ACUTE						
Livewell Southwest	37,151	37,151	0	49,535	49,535	-
GPwSI's (incl Sentinel, Beacon etc)	1,213	1,213	-	1,618	1,618	0
Community Equipment Plymouth	486	486	-	648	648	-0
Peninsula Ultrasound	192	198	6	256	285	29
Reablement	1,138	1,138	-	1,517	1,517	-0
Other Community Services	192	191	-1	256	255	-1
Joint Funding_Plymouth CC	5,483	5,483	-0	7,311	7,311	-0
Subtotal	45,855	45,861	6	61,140	61,168	28
MENTAL HEALTH SERVICES						
Livewell MH Services	20,336	20,336	-	27,115	27,115	-
Mental Health Contracts	19	19	-	26	26	-
Other Mental Health	758	746	-12	1,010	990	-20
Subtotal	21,113	21,101	-12	28,151	28,131	-20
OTHER COMMISSIONED SERVICES						
Stroke Association	115	120	5	153	159	6
Hospices	2,010	2,010	-0	2,679	2,679	-
Discharge to Assess	4,900	4,899	-0	6,533	6,533	0
Patient Transport Services	1,671	1,671	0	2,228	2,228	0
Wheelchairs Western Locality	1,350	1,350	0	1,800	1,800	-
Commissioning Schemes	143	143	0	191	191	-
All Other	641	600	-41	861	830	-31
Subtotal	10,828	10,793	-35	14,445	14,420	-24
PRIMARY CARE						
Prescribing	43,479	43,479	0	57,971	57,971	-
Medicines Optimisation	183	148	-35	244	202	-42
Enhanced Services	6,555	6,555	-0	8,740	8,740	-
GP IT Revenue	2,241	2,240	-0	3,311	3,311	-
Other Primary Care	761	761	0	1,171	1,171	-
Subtotal	53,218	53,183	-35	71,437	71,395	-42
TOTAL COMMISSIONED SERVICES	297,287	297,387	100	395,868	396,342	474

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