

Plymouth Integrated Fund

Finance Report – Month 12 2017/18

Introduction

This report sets out the financial performance of the Plymouth Integrated Fund 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.

The position improved further on the last reported forecast, with both parts of the fund moving to an underspend against plan of £0.3m in total. Due to the way in which the risk share operates there remains a small contribution from health to social care of £64k.

SECTION 1 – PLYMOUTH INTEGRATED FUND

Integrated Fund - Month 12 Report 2017/18

As in previous months 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

The Children Young People and Families Service are reporting a final overspend position of £0.157m - a favourable reduction of £0.006m from month 11. The overall CYPF overspend can be attributed to the increased cost and volume of looked after children's placements. Despite these increased costs, the department has made

significant one-off savings in year with good progress through the management-challenge & support 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 pressures from other savings; however as we have reached the third quarter a budget adjustment was 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.

The national and local context for children's placements is extremely challenging, with increasing difficulties in securing appropriate, good quality placements.

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. 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.

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

- Increased cost and volume of young people's placements.
- Lack of immediate availability of the right in-house foster care placements creating overuse of IFA's.
- High cost individual packages of care, due to the needs of the young person.
- Regional wide commissioning activity did not bring about the anticipated holding and reduction of placement costs in both the residential and IFA sectors.
- A region wide lack of placements due to an increase in demand for placements, both national and regionally continues to impact negatively on sufficiency.

Strategic Co-operative Commissioning

The Strategic Commissioning service are reporting a year end favourable position of (£0.153m) - a favourable reduction of (£0.153m) from the predicted balanced budget at month 11.

Throughout the year, there has been a steady increase in clients, especially around Domiciliary Care and Supported Living, which has had the effect of significant cost increases on those two areas. Additional client contributions through the year balanced out those costs and further savings on the salary lines helped to deliver the year end underspend reported.

The risks that will continue to require close monitoring and management include:

- Increased volume of clients with care packages,
- The reduction in funding in future years, whilst the cost of care is increasing, ie NLW

- The difficulty in recruiting and retaining care staff which is a national issue.

Education, Participation and Skills

Education, Participation and Skills have achieved an underspend of (£0.035m) at outturn due to a minor variation within the home to school transport budget.

Community Connections

A minor underspend (£0.014m) was achieved compared to forecast balanced budget at Month 11.

Average nightly bed & breakfast (B&B) placements for 2017/18 were 53.7 compared to budget for 28. The B&B cost pressure during the year was £0.675m for increased demand which included the impact of higher nightly costs, the introduction of Universal Credit and increasing accommodation needs for families.

This pressure was contained by a number of one-off actions including use of grant monies and targeted management action.

People Management

People management has achieved an underspend of (£0.005m) at year end.

Public Health

The Public Health Directorate has achieved a balanced budget at year end, despite a cut of (£0.398m) to the Public Health grant funding.

Plymouth City Council Delivery Plans

Between People Directorate and Public Health, over £10m of savings has been 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. The savings achieved are shown below:

Plymouth City Council	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
			Adv / (Fav)			Adv / (Fav)
Month 12 - March 2018	£000's	£000's	£000's	£000's	£000's	£000's
Children, Young People & Families	2,783	2,783	-	2,783	2,783	-
Strategic Cooperative Commissioning	5,229	5,229	-	5,229	5,229	-
Education Participation & Skills	1,425	1,425	-	1,425	1,425	-
Community Connections	544	544	-	544	544	-
Additional People Savings (apportioned to depts above)	-	-	-	-	-	-
Public Health	148	148	-	148	148	-
	10,129	10,129	-	10,129	10,129	-

Western Locality of CCG Integrated Fund

The final outturn for the Western share of the Integrated Fund was underspent against budget by £0.2m.

The pressures for the Independent Sector contracts remained, but Continuing Healthcare has continued to improve, improving the overall position. There still remains some pressure on Intermediate Care, and this is now reflected in the position. So too is the forecast for Prescribing, which is now included within the position rather than the risk profile. There are also cost efficiency expectations for Individual Patient Placements and Section 117 packages of care.

Independent Sector:

The overspend is identified at just under £0.7m. This included the Neurosurgery activity highlighted as a pressure in previous reports.

Intermediate Care:

The pressure in the cost of the Intermediate Care (Discharge to Assess) beds in the West remained above plan, and was overspent by £0.5m after iBCF funds flow. However, the work focussed on the discharge pathway has significantly reduced the number of beds in use and the length of stay, such that the system is close to recurrent balance moving forward into next year..

Continuing Healthcare:

The position continued to improve and was underspent against budget by £0.7m at the end of the year.

IPP and Section 117:

For Individual Patient Placements the risk share with Livewell Southwest continued to enable a reduction in expenditure, and performance was good when compared to the same period last year. The final underspend was £0.6m.

Primary Care and Prescribing:

As the Short Stock issues become better understood, the impact on the forecast is now reflected through the report. The prescribing outturn remained at £0.3m overspend for the elements that sits within the Integrated Fund.

Integrated Fund Summary

Both parts of the fund reported improved positions from last month. The outturn position improved to an overall underspend of £0.3m, contributed to by both partners underspending against their budgets. There is a relatively small, at £64k, impact of the risk share arrangements.

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 Government's 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 12

This report sets out the outturn financial performance of the CCG to the end of 201/18 financial year.

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 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.

At month 12 the CCG's in year overspend (deficit) is £49.9m (£7.2m improvement from plan). The improvement includes the utilisation of the 0.5% headroom of £5.8m, set aside at the start of the financial year, and the value of the prescribing category M rebate £1.4m that has until now been held centrally.

Western PDU Finance Position

Introduction

The Locality remained overspent against budget at the year end by £0.7m. In general the main pressures remained consistent; the Independent Sector provider contracts, Discharge to Assess, Primary Care Prescribing. These were offset by underspends in the variable London contracts, and Non Contracted Activity.

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

Acute Care Commissioned Services

Plymouth Hospitals NHS Trust

The opening contract value for Plymouth Hospitals NHS Trust was agreed at £180.9m. The signing of the contract was delayed as the system regulators approved our respective positions. Whilst the contract value is now fixed 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 £194.9m.

Contract Performance

The month 11 performance information showed a year to date overperformance against the contract plan of £1.22m.

The main reasons for the contractual overperformance are summarised below.

2017/18 M11	Planned Spend	Actual Spend	Variance	Variance Activity	Variance Spend
	£000s	£000s	£000s		
Elective	35,570	30,422	- 5,148	-11.1%	-14.5%
Non Elective	62,110	62,373	263	1.9%	0.4%
A&E	8,843	9,302	459	3.6%	5.2%
Outpatients	28,913	28,309	- 604	-1.2%	-2.1%
Excluded Services	33,927	32,915	- 1,012		-3.0%
Penalties		- 342	- 342		
CQUIN	3,740	3,788	48		1.3%
Contract Adjustments	- 7,554		7,554		-100.0%
Total	165,549	166,767	1,218		0.7%

Elective has a current year to date underperformance of £5,148k or 3,755 spells, with £896k (322 spells) of this underperformance occurring in month 10. The majority of the underperformance has occurred in Orthopaedics where they are behind plan by £2,338k. There are other significant underperformances in Neurosurgery, Cardiology, Upper GI Surgery, ENT and Colorectal Surgery.

Non-Elective was £154k over plan in month 11, giving a year to date variance of £263k. Whilst the financial variance is fairly minor, the volume variance shows that 1.9% (625) more patients have been seen than were planned for. However changes made in respect of the recently opened Acute Assessment Unit (AAU) mean that a tranche of activity is no longer being counted. Work is being undertaken to agree how this activity is counted and charged for going forward, but in the meantime the current estimate is that around 1100 spells are missing which would be charged at around £700k.

A&E year to date overperformance totals £459k, this is significant at 5.2% over plan. In activity terms the overperformance percentage is lower at 3.6% which indicates that the complexity or volume of care has increased.

Outpatients has underperformed in month 11 to a value of £272k. This now gives an overall underperformance of £604k. Outpatient procedures are over plan by £754k, whilst first attendances and follow ups are behind plan by £665k and £746k respectively. Overall, there have been 3,187 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 this line will show as an overspend all year. At month 11 this is an overperformance of £7,554k.

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.

A final year end position of £6.39m has been agreed which reflects the degree of over performance against the contract value.

Independent Sector & London Trusts

The London Trusts contracts underspent at the end of the year by £0.2m, and the position for the Independent Sector acute contracts was overspent by £0.9m.

Both elements are consistent with the forecasts set out in recent board reports, and is due mainly to Orthopaedics and spinal activity.

Livewell Southwest

The Livewell Southwest (LSW) Contract is blocked and ended the year without variance against budget.

Discharge to Assess beds

The pressure in the cost of the Intermediate Care (Discharge to Assess) beds in the West remained above plan, and was overspent by £0.5m after iBCF funds flow. However, the work focussed on the discharge pathway has significantly reduced the number of beds in use and the length of stay, such that the system is close to recurrent balance moving forward into next year.

Primary Care Prescribing

The final outturn for Prescribing was £0.7m overspent against budget for the Western locality.

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 the Integrated Fund was an underspend against plan for both parties to the Fund. This is set in the context of the wider CCG financial performance delivering to plan, and within that the Western Planning and Delivery Unit overspending by £0.7m.

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APPENDIX 1

PLYMOUTH INTEGRATED FUND AND RISK SHARE

Month 12	Outturn		
	Budget	Actual	Variance
	£000's	£000's	Adv / (Fav)
CCG COMMISSIONED SERVICES			
Acute	184,949	185,097	148
Placements	42,456	41,112	-1,344
Community & Non Acute	56,383	56,405	21
Mental Health Services	27,618	27,649	31
Other Commissioned Services	10,372	11,079	707
Primary Care	47,512	47,625	113
Subtotal	369,291	368,968	-324
Running Costs & Technical/Risk	7,146	7,246	101
CCG Net Operating Expenditure	376,437	376,214	-223
Risk Share		64	64
CCG Net Operating Expenditure (after Risk Share)	376,437	376,278	-159
PCC COMMISSIONED SERVICES			
Children, Young People & Families	37,848	38,005	157
Strategic Cooperative Commissioning	75,472	75,319	-154
Education, Participation & Skills	101,379	101,344	-35
Community Connections	3,967	3,953	-14
Director of people	214	209	-5
Public Health	16,321	16,321	-
Subtotal	235,201	235,151	-50
Support Services costs	16,428	16,428	
Disabled Facilities Grant (Cap Spend)	2,126	2,126	-
Recovery Plans in Development	-	-	-
PCC Net Operating Expenditure	253,755	253,705	-50
Risk Share		-64	-64
PCC Net Operating Expenditure (after Risk Share)	253,755	253,641	-114
Combined Integrated Fund	630,192	629,919	-273

APPENDIX 2

WESTERN PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

Month12	Outturn		
	Budget	Actual	Variance
	£000's	£000's	Adv / (Fav) £000's
ACUTE CARE			
NHS Plymouth Hospitals NHS Trust	194,892	194,895	3
NHS South Devon Healthcare Foundation Trust	7,153	7,216	62
NHS London Contracts	1,759	1,508	-251
Non Contracted Activity (NCA's)	10,689	9,239	-1,450
Independent Sector	13,524	14,492	968
Referrals Management	2,710	2,619	-91
Other Acute	-176	-177	-1
Cancer Alliance Funding	366	366	-0
Subtotal	230,917	230,158	-759
COMMUNITY & NON ACUTE			
Livewell Southwest	50,005	50,005	-0
GPwSI's (incl Sentinel, Beacon etc)	1,618	1,711	94
Community Equipment Plymouth	648	640	-8
Peninsula Ultrasound	256	255	-0
Reablement	1,517	1,500	-17
Other Community Services	255	255	0
Joint Funding_Plymouth CC	7,329	7,328	-0
Subtotal	61,627	61,695	68
MENTAL HEALTH SERVICES			
Livewell MH Services	27,420	27,420	-
Mental Health Contracts	26	25	-0
Other Mental Health	1,078	1,078	0
Subtotal	28,524	28,524	-0
OTHER COMMISSIONED SERVICES			
Stroke Association	153	159	6
Hospices	2,510	2,510	0
Discharge to Assess	6,533	7,238	705
Patient Transport Services	2,228	2,242	14
Wheelchairs Western Locality	1,800	1,917	118
Commissioning Schemes	191	195	4
All Other	936	936	0
Subtotal	14,351	15,199	848
PRIMARY CARE			
Prescribing	56,206	56,938	732
Medicines Optimisation	244	202	-42
Enhanced Services	8,152	8,153	0
GP IT Revenue	3,729	3,635	-94
Other Primary Care	3,357	3,357	-0
Subtotal	71,688	72,285	597
TOTAL COMMISSIONED SERVICES	407,107	407,860	753

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