



Northern, Eastern and Western Devon
Clinical Commissioning Group



Plymouth Integrated Fund Finance Report – Month 5 2018/19

Introduction

This report sets out the financial performance of the Plymouth Integrated Fund for the period to the end of August and the forecast for the financial year 2018/19.

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.

SECTION 1 – PLYMOUTH INTEGRATED FUND

Integrated Fund - Month 5 Report 2018/19

As highlighted in previous months, the pressures for health are mainly focussed on the variable use of the independent sector acute contracts. For Plymouth City Council there are pressures in residential, domiciliary care and children's packages.

The report highlights a forecast unplanned over performance against budget for health at this stage in the year. Corporately this is managed through the use of contingencies, but the unplanned overspend is the basis of the risk share for the Integrated Fund. For the Council, the forecast outturn is reflected at this stage without assuming further recovery.

The overall fund position is reflected in Appendix 1, and shows an overall forecast overspend of £2.7m, before corporate contingencies.

Plymouth City Council Integrated Fund

Service	Latest Approved Budget M5	Latest Year End Forecast	Variation at Month 5	Variation at Month 4	Change in Month
	£m	£m	£m	£m	£m
Children, Young People & Families	36.884	37.802	0.918	0.580	0.338
Strategic Cooperative Commissioning	78.085	78.615	0.530	0.530	0.000
Education Participation and Skills	101.106	101.106	0.000	0.000	0.000
Community Connections	3.784	3.952	0.168	0.104	0.064
Director of People	0.295	0.295	(0.000)	0.000	(0.000)
Public Health	16.048	16.048	0.000	0.000	0.000
Sub Total	236.203	237.818	1.616	1.213	0.403
Support Service Recharges	14.473	14.473	0.000	0.000	0.000
Disabled Facilities Grant (Capital)	2.298	2.298	0.000	0.000	0.000
Total	252.974	254.590	1.616	1.213	0.403

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 budget pressure of £0.918m at month 5, an increase of £0.338m within the month. Whilst we have made all saving in the month with regard to planned step down of children's placements, some of this has been offset by new children coming into the system being placed in IFA and residential placements. The Service currently has 5 delayed discharges in the hospital. In the absence of the right type of placement being available and to avoid bed blocking, we have had to place these young people with severe complex needs in expensive wrap around packages of care. The costs for these packages of care are not included in the month 5 forecast.

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.

There are a number of assumptions being made in the forecast outturn position going forward as an outcome of the following actions.

- Tightening of the front door for LAC - Action only HOS Children's Social work and Permanence can give consent for anyone to be accommodated and in her absence Service Director will cover.
- Fortnightly placement review to ensure step down of high cost placements
- Focused deep dives into 16-18 years olds and care leavers placement costs with view to reduce cost

- Review of staying put arrangements and financial remuneration
- Reviewing all Section 20 arrangement (voluntary care)
- Maximise contribution from partners - Health and Education Action Complete required Health tool for all Residential placements. Review elements of contracts to ensure Education element is recharged correctly
- Service Director persistently raising matter of budgetary pressures at all staff meetings to ensure only essential expenditure and actions taken in a timely manner.
- Maximise local residential placements to avoid higher out of area associated costs.
- Director & Finance Review all Financial Assumptions

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

- Increased cost and volume of young people's placements since budget setting autumn 2018.
- Lack of immediate availability of the right in-house foster care placements creating overuse of IFA's.
- There are still a number of individual packages of care at considerably higher cost due to the complex 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.
- There are currently 35 Residential Placements with budget for only 36
- There are 22 Supported Living Placements with budget for 15.
- A region wide lack of placements due to an increase in demand for placements, both national and regionally continues to impact negatively on sufficiency
- There has been a 6% increase in looked after children since August 2017, which compares with an 11.3% increase in the South West Region March 2017- March 2018.

The overall number of children in care at the end of August stands at 413 a reduction of 17 in the month.

Strategic Co-operative Commissioning

The Strategic Commissioning service is forecasting an adverse variation to year end of £0.530m, no change from month 4. The major pressures going into 2018/19 are still around increases in high cost packages and increases in client numbers, especially in the following areas:

	Variation	Budgeted Client Nos	Actual Client Nos Mth 5
Dom Care	£0.371	1,192	1,238
Supported Living	£0.442	551	586
Short Stays	£0.325	60	79

Res & Nursing	£1.404	983	1,034
Additional Income relating to Care Packages	(£0.770)		

Within the variation, there is also a pressure on the income contributions from residential and nursing clients, with a reduction in the number of clients that are contributing to their costs as well as an increasing proportion of clients with outstanding financial assessments whose forecast for contributions needs to be estimated.

There are management actions currently being put in place to try to reduce the variation in year, with a number of “deep dives” taking place into the areas currently overheating, for example:

- Residential & Nursing – review of very high cost clients and transitions, review of admissions and discharges,
- Supported Living – focus on Trusted Provider scheme, review of single handed project,
- Dom Care – review of single handed project, review of reablement contract,
- Short Stays – review of any short stay clients that have been in placements for over 1 month.

Education, Participation and Skills

The Education, Participation and Skills budget is forecast to balance to budget at year end.

A plan is being developed to scope all of the education related services within Education, Participation and Skills and recommend an approach and plan for transforming, in order to realise further savings.

Community Connections

Community Connections is reporting a pressure of £0.168m at Month 5.

Average B & B numbers for April to August have been 55 placements per night, with a reduction in Housing Benefit income due to the change to the claiming through the universal credit system.

The cost pressure for further reducing average placements by 13 from the current 55 to 42 per night is £0.168m, which the service is targeting to reduce with use of alternative properties provided through existing contracts as well as use of additional contracted staff to target single occupancy stays.

The service is also dedicating more resource to encourage clients to complete universal credit claims to increase the Housing Benefit received.

Public Health

Public Health is expected to come in on budget for 2018/19 despite a reduction in the Public Health grant received in 2018/19 of £0.405m from 2017/18. This will be contained by a variety of management actions, mainly around the contracts that are held within the department, as well as using approximately £0.500m of grant that was carried forward from previous years.

Plymouth City Council Delivery Plans

Between People Directorate and Public Health, over £11.5m of savings will need to be delivered during 2018/19, which includes savings of over £6m of savings brought forward from 2017/18 which were delivered as one-off savings. It is forecast that all savings will be achieved - breakdown shown below:

Plymouth City Council	Year To Date			Current Year Forecast		
Month 5 - August 2018	Budget	Actual	Variance Adv / (Fav)	Budget	Actual	Variance Adv / (Fav)
	£000's	£000's	£000's	£000's	£000's	£000's
Children, Young People & Families	1,940	1,940	-	4,655	4,655	-
Strategic Cooperative Commissioning	1,998	1,998	-	4,794	4,794	-
Education Participation & Skills	578	578	-	1,386	1,386	-
Community Connections	275	275	-	659	659	-
Additional People Savings (apportioned to depts above)	-	-	-	-	-	-
Public Health	31	31	-	75	75	-
	4,820	4,820	-	11,569	11,569	-

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

The table below shows the total BCF and iBCF for 2018/19, and the distribution between CCG and PCC.

2018/19 BCF & iBCF	PCC	CCG	Total
	£m	£m	£m
BCF Capital (Disabled Facilities Grant)	2.298	0.000	2.298
BCF Revenue	9.425	8.619	18.044
Sub Total BCF	11.723	8.619	20.342
iBCF (part of Councils RSG funding)	5.344	0.000	5.344
iBCF (other)	2.160	1.500	3.660
Sub Total iBCF	7.504	1.500	9.004
Total Funds	19.227	10.119	29.346

The £3.6m of iBCF schemes are currently being implemented, and are being monitored quarterly via the required template.

Western Locality of CCG Integrated Fund

The Western share of the Integrated Fund is forecast for an unplanned overspend of £1.2m at month 5. Whilst pressures have emerged within the independent providers in the acute sector these are currently being mitigated by the corporate contingencies.

Independent Sector:

The forecast for our Independent Sector contracts is currently set to over perform budget by £1.2m and strong delivery of our demand management plans will be required in order to maintain a balanced position.

The remainder of the position is close to plan, with no significant further pressures emerging at this stage.

Integrated Fund Summary

Health are reporting a forecast unplanned overspend of £1.2m whilst the Local Authority are reporting an unplanned over spend of £1.6m. No risk share impact has been calculated at this stage.

SECTION 2 – BETTER CARE FUND (BCF)

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

The table below provides a summary of the different types of the BCF, how they are funded, how the fund was spent in 2017/18 and how the fund is planned to be spent in 2018/19.

Note that parts of these plans are still under review and subject to change.

NHS Northern, Eastern and Western Devon Clinical Commissioning Group				
Plymouth City Council				
Better Care Fund				
	2017/18		2018/19	
	£000's	£000's	£000's	£000's
Source	CCG	ASC	CCG	ASC
BCF	17,701	2,126	18,044	2,298
iBCF_a		764		5,343
iBCF_b		5,800		3,660
Total BCF	17,701	8,690	18,044	11,301
Application	CCG	ASC	CCG	ASC
Intermediate Care	9,156	5,149	9,443	5,149
Social Care Support		3,396		3,452
DFG		2,126		2,298
Social Care Support (iBCF_a)		764		5,343
Meeting ASC Needs		1,449		2,160 ~~
Reducing NHS Pressure	3,351			1,500 ~~
Stabilising SC market		1,000		
	12,507	13,884	9,443	19,902
~~ Still under review				

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.”*

SECTION 3 – WESTERN PDU MANAGED CONTRACTS

Context / CCG Wide Financial Performance at Month 5

This report sets out the outturn financial performance of the CCG to the end of month 5 of 2018/19.

The CCG plan for 2018/19 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 submitted Financial Plans for 2018/19 set out forecast deficits to 31st March of £20.0m and £5.0m for NEW Devon CCG and South Devon & Torbay CCG respectively. The challenge is significant both for each of the organisations and for the STP as a whole. The CCG plans require the delivery of a £78.597m savings programme in order to meet the respective positions agreed with NHS England. £70.847m of this challenge relates to NEW Devon CCG and the balance £7.750m with South Devon & Torbay CCG.

The CCG is reporting a forecast delivery against this plan at this stage.

Delivery of the required savings plan is the main financial risk and challenge to the CCGs, however there are other risks emerging in relation to out of area placements and within the independent sector contracts. These will require further investigation and continued focus, priority and joint working across the local community and wider STP foot print to mitigate or reduce the potential impact as a result.

Western PDU Finance Position

Introduction

This report previously described emerging risks within the acute independent sector contracts and these risks have continued to develop. The Western PDU are now reporting these pressures within the forecast position which has resulted in a forecast overspend of £3.7m.

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

Acute Care Commissioned Services

University Hospitals Plymouth NHS Trust

The 2018/19 contract plan for University Hospitals Plymouth has been set in accordance with the principles agreed by the Devon STP. The overarching agreement is for flat cash contracts, where the 2018/19 contract value is based upon the 2017/18 contract value with minor adjustments agreed for specific areas. Whilst growth and inflationary pressures have been identified the system expectation is that these will be dealt with through demand management, efficiencies and cost reductions.

The 2018/19 contract value has been agreed at £184.5m for NEW Devon and £4.3m for SD&T CCG which now includes the transferred MIU service.

Contract Performance

Whilst the contract value is fixed we still monitor the contract accordingly. The month 5 performance information showed a year to date over performance against the contract plan of £4.5m.

The main reasons for the contractual over performance are summarised below.

Expenditure on Elective care is 11.7% behind financial plan for NEW Devon and 13.1% for SD&T, representing a combined underspend of £2m to month 5 with

£0.5m of this variance occurring in month. The primary drivers of underperformance include:

1. Orthopaedics - Underperforming by 19.6% worth £713k
2. Cardiology – Underperforming by 36.6% worth £391k
3. Neurosurgery – Underperforming by 34% worth £232k

Non-Elective activity is 4.0% ahead of plan compared with a 0.9% underperformance in financial terms. This is after the contract plan was increased to reflect historical growth trends and includes the activity/spend taking place within the recently formed Acute Assessment Unit (AAU).

Accident and Emergency, which now includes MIU activity which has recently been varied into the UHP contract, is ahead of plan by 4.2% or 1,837 attendances, contributing towards an adverse variance of £0.4m or 7.1%. Whilst the Torbay and South Devon proportion if this part of the contract is small, it should be noted that the activity variance of 83% is exceptionally high.

Outpatient activity and spend has continued to fall behind plan during month 5. Activity is 3.2% or £0.5m behind plan. Outpatient procedures are ahead of plan by £0.2m whilst new and follow-up attendances are underperforming by £0.7m. At specialty level there are over performances in Trauma (91k or 33%), Plastic Surgery (81k or 25%), Endoscopy (60k or 24%) and Paediatrics (64k or 9%). However, these are offset by significant underperformances in Neurosurgery (69k or 64%), Pain Management (82k or 25%), Gastroenterology (90k or 24%) and Orthopaedics (71k or 14%).

Passthrough Drugs and Devices are overspent by 8.2% or £0.5m; which is driven by passthrough drugs.

The plan has an adjustment for system savings; this number reflects the difference between the PbR activity plan and the agreed system wide contract value and for NEW Devon is worth £14.5m. Any activity savings will fall into the reporting at the points of delivery in which they occur, therefore this line will show as a constant overspend all year. As at month 5 this shows an over performance of £6m.

Overall, contract reporting illustrates an over performance of £4.4m. However, a significant contributor to over performance is in respect of the £6m STP contract adjustment. Ignoring these adjustments so that we can consider the contract variance against the agreed activity plan, contract reporting would indicate an under performance of £1.6m.

South Devon Healthcare Foundation Trust

The 2018/19 South Devon Healthcare Foundation Trust contract has been set in accordance to the contracting principles agreed within the Devon STP. The fixed contract value is £5.991m.

Despite having agreed a fixed contract value we will continue to monitor and report on the variances against the agreed activity plan. As at month 5 the activity data shows

a underperformance of £0.1m. This primarily driven by underperformances within non elective and passthrough drugs.

Independent Sector & London Trusts

Despite the early position within the year, risks are emerging for a significant overspend at Care UK, which on an activity basis is forecast to overspend by £1.7m. A similar position exists within Nuffield Plymouth, where the projected overspend is circa £1.4m. This overspend is a result of an increase in year on year activity and slippage in the delivery of savings plans.

A further risk of £0.5m is presenting within our variable London provider contracts.

We will monitor this closely and continue to align the management of this risk with our demand management plans.

Livewell Southwest

The Livewell Southwest (LSW) Contract has been set in accordance to the agreed STP contracting principles which focus on delivering flat cash contracts.

For LSW this means a fixed contract value of £85.2m for 2018/19.

Discharge to Assess beds

There is pressure in the cost of the Intermediate Care (Discharge to Assess) beds in the West, however, 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 planning to move into financial balance in this financial year.

Primary Care Prescribing

The position is currently being reported as break even.

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

The overall Integrated Fund is forecasting a year end overspend of £2.7m at this stage. Within this position the Council is forecast to overspend by £1.6m whilst the health position is forecast to be £1.1m overspend, but with emerging risks.

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APPENDIX 1

PLYMOUTH INTEGRATED FUND AND RISK SHARE

Month 05 August	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	64,751	65,197	446	155,426	156,580	1,154
Placements	16,426	16,427	0	37,194	37,194	-0
Community & Non Acute	20,984	20,993	9	50,362	50,386	24
Mental Health Services	15,182	15,181	-1	36,436	36,438	2
Other Commissioned Services	5,621	5,612	-10	13,491	13,467	-24
Primary Care	18,876	18,876	0	44,622	44,622	-0
Subtotal	141,839	142,284	445	337,530	338,686	1,156
Running Costs & Technical/Risk	1,342	1,343	0	6,000	6,000	0
CCG Net Operating Expenditure	143,182	143,627	445	343,530	344,686	1,156
Risk Share					-	-
CCG Net Operating Expenditure (after Risk Share)	143,182	143,627	445	343,530	344,686	1,156
PCC COMMISSIONED SERVICES						
Children, Young People & Families	12,295	12,601	306	36,884	37,802	918
Strategic Cooperative Commissioning	26,028	26,205	177	78,085	78,615	530
Education, Participation & Skills	33,702	33,702	-	101,106	101,106	-
Community Connections	1,261	1,317	56	3,784	3,952	168
Director of people	98	98	-0	295	295	-0
Public Health	5,349	5,349	-	16,048	16,048	-
Subtotal	78,734	79,273	538	236,203	237,818	1,615
Support Services costs	4,824	4,824	-	14,473	14,473	-
Disabled Facilities Grant (Cap Spend)	766	766	-	2,298	2,298	-
Recovery Plans in Development	-	-	-	-	-	-
PCC Net Operating Expenditure	84,325	84,863	538	252,974	254,590	1,615
Risk Share					-	-
PCC Net Operating Expenditure (after Risk Share)	84,325	84,863	538	252,974	254,590	1,615
Combined Integrated Fund	227,506	228,490	984	596,504	599,276	2,772

APPENDIX 2

WESTERN PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

Month 05 August	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 University Hospitals Plymouth NHS Trust	77,042	77,042	-0	184,901	184,901	-
NHS South Devon Healthcare Foundation Trust	2,550	2,550	0	6,119	6,119	-
NHS London Contracts	712	863	151	1,709	2,114	405
Non Contracted Activity (NCA's)	3,897	3,898	0	9,354	9,354	-
Independent Sector	5,594	6,489	894	13,426	16,793	3,367
Referrals Management	1,076	1,075	-0	2,581	2,581	-
Other Acute	9	-119	-128	23	23	0
Cancer Alliance Funding	229	229	0	550	550	-
Subtotal	91,109	92,026	917	218,662	222,435	3,773
COMMUNITY & NON ACUTE						
Livew ell Southw est	18,397	18,397	0	44,153	44,153	-
GPw SIs (incl Sentinel, Beacon etc)	695	695	-0	1,668	1,668	-
Community Equipment Plymouth	270	270	-0	648	648	-
Peninsula Ultrasound	119	110	-9	285	285	-
Reablement	632	632	-0	1,517	1,517	-
Other Community Services	107	107	0	256	256	-
Joint Funding_Plymouth CC	3,629	3,629	0	8,711	8,711	-
Subtotal	23,849	23,840	-9	57,237	57,237	-
MENTAL HEALTH SERVICES						
Livew ell MH Services	13,772	13,772	-0	33,059	33,059	-
Mental Health Contracts	11	11	0	26	26	-
Other Mental Health	458	458	-0	1,097	1,099	2
Mental Health Resilience	-	-	-	-	-	-
Subtotal	14,242	14,241	-1	34,182	34,184	2
OTHER COMMISSIONED SERVICES						
Stroke Association	66	66	0	159	159	-
Hospices	1,116	1,116	-0	2,679	2,679	-
Discharge to Assess	2,755	2,755	-0	6,613	6,613	-
Patient Transport Services	967	967	0	2,321	2,321	-
Wheelchairs Western Locality	750	750	0	1,800	1,800	-
Commissioning Schemes	80	69	-10	191	191	-
All Other	406	405	-1	973	971	-2
Subtotal	6,140	6,129	-11	14,736	14,734	-2
PRIMARY CARE						
Prescribing	23,457	23,457	-	55,156	55,156	-
Medicines Optimisation	128	128	-0	308	307	-0
Enhanced Services	3,972	3,973	1	9,533	9,533	-
GP IT Revenue	1,063	1,063	0	2,550	2,550	-
Other Primary Care	1,780	1,780	0	4,272	4,272	-
Subtotal	30,400	30,401	1	71,818	71,818	-0
TOTAL COMMISSIONED SERVICES	165,739	166,637	897	396,636	400,408	3,772

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

UHP – University Hospitals Plymouth NHS Trust