

Trafford Locality Finance Report

Month 7 October 2024

Trafford

Integrated Care Partnership



Part of Greater Manchester
Integrated Care Partnership



As at Month 7 the total ICS year to date deficit is £73.0m, a £59.8m variance against the revised plan (Month 6: variance of £30.7m), a deterioration from the prior month.

Month 7 2024/25 (£m)	YTD Plan	YTD Actual	YTD Variance	Full Year Plan	Full Year Forecast	Full Year Variance
GM NHS Providers	-£13.2	-£57.9	-£44.7	£0.0	£0.0	£0.0
NHS GM	£0.0	-£15.1	-£15.1	£0.0	£0.0	£0.0
ICS total	-£13.2	-£73.0	-£59.8	£0.0	£0.0	£0.0

Key points of note for Month 7 are:

- The YTD provider position has deteriorated this month by £19.2m, against the previous average monthly run rate variance of £4.25m for M1-6 and is now below the green line identified as part of the recovery plan for the provider sector. This is mainly driven by the pressure due to the shortfall in pay award funding estimated by providers at £15.0m compared to costs, however this is still being reviewed and validated.
- The NHS GM position has deteriorated in month by £9.8m (Month 6: variance of £5.3m).
- In line with NHS England reporting requirements, the FOT is being reported as breakeven following the £175.0m allocation received to fund the planned deficit.
- Whilst recovery plan and mitigations are being constantly reviewed, there is some risk associated with the speed at which these will be delivered.

The below table outlines key areas to note for Month 7:

Key area	M7 Overview
Financial plan	The 2024/25 Greater Manchester ICS revised financial plan is now breakeven following the allocation which has been received to support the system deficit.
Year to date variances	<p>The drivers of the deficit position are:</p> <ul style="list-style-type: none"> • Additional costs in respect of the industrial action of £6.9m which are being mitigated by providers in the forecast position. • The YTD provider position has deteriorated this month by £19.2m, against the previous average monthly run rate variance of £4.25m for M1-6 and is now below the green line identified as part of the recovery plan for the provider sector. This is mainly driven by the pressure due to the shortfall in pay award funding estimated by providers at £15.0m compared to costs, however this is still being reviewed and validated. • NHS GM year to date pressures continue to be seen in the cost of placements – both mental health (£14.0m) and continuing care (£13.7m), and prescribing (£12.0m), offset by underspends in a number of areas.
Efficiencies/ CIP	As at M7 £243.8m of CIP has been delivered against a plan of £234.9m, an over delivery of £8.8m. The forecast CIP position is £493.3m against a target of £490.3m, an overachievement of £3.0m, which is an improvement from M6 (£1.3m). It should be noted that the M7 YTD plan is approximately 48% of the total CIP target (compared to straight line 58%), indicating a number of schemes are profiled in the latter half of the year. Although this is in line with expectations, it does place additional delivery risk in the latter half of the financial year.
Capital	As reported last month and as expected the system has received an additional allocation of £10.9m. However, for GM providers, in total there remains £87.9m of over commitments against the capital allocation. The capital plans, both CDEL and IFRS16 require further work through the Capital Prioritisation Group to reduce commitments and deliver a compliant plan, including the impact of the reduction to the capital control total. For NHS GM forecast spend is in line with plan (£5.4m) but a risk of £0.4m has been highlighted in respect of IFRS 16.
Cash	At present provider cash balances are above plan by £182.2m. As a result of YTD variance from overall expenditure plan, the cash position will continue to be monitored closely to ensure appropriate levels of working capital in the system.
Risk & Mitigations	At Month 7 ICS gross risk is £146.2m. Within NHS GM there are on-going risks in relation to efficiencies, programme slippage, placements and system pressures. The NHS GM position deteriorated by a further £19.6m this month due to the continuation of emerging pressures, and where mitigations and recovery plans are not yet impacting the financial position, and potential non-delivery of CIP. Providers are reporting significant risks in respect of pay costs. Mitigations have been identified which help reduce the total ICS gross risk to £81.4m net risk, and all partners in the system are being held to account to either mitigate pressures and risks or identify a recovery plan through the System Improvement process, including Provider Oversight Meeting (POMs), Locality Assurance Meetings (LAMs) and ICB Oversight Meetings. External support is in place to review MH, CHC and Individualised Packages of Care costs, following the external reviews undertaken by PwC and the Turnaround Director appointed by NHSE NW.

Summary Financial Position as at Month 7				Forecast Position for the period 1st April 2024 to 31st March 2025			
	Budget	Expenditure	Variance		Annual Budget	Forecast Expenditure	Forecast Variance
	£'000	£'000	£'000		£'000	£'000	£'000
Commissioned Services				Commissioned Services			
Mental Health Services	2,742	2,855	-113	Mental Health Services	4,641	4,831	-190
Community Services	6,996	6,499	498	Community Services	11,979	11,480	499
Personalised Packages of Care	21,721	23,394	-1,673	Personalised Packages of Care	36,949	39,863	-2,914
Primary Care Locally delegated	2,821	2,656	165	Primary Care Locally delegated	5,577	5,234	344
Estates void & subsidy	1,363	1,330	33	Estates void & subsidy	2,336	2,289	48
Discharge Fund	1,218	1,218	0	Discharge	2,123	2,123	0
Total Commissioned Services	36,861	37,951	-1,090	Total Commissioned Services	63,605	65,818	-2,213
Corporate Services	2,128	1,838	290	Corporate Services	3,649	3,110	540
Total Locality Delegated Services	38,989	39,789	-800	Total Locality Delegated Services	67,254	68,928	-1,674
Shadow Reported Services				Shadow Reported Services			
Prescribing	24,092	24,955	-863	Prescribing	40,479	42,254	-1,774
Primary Care Co commissioned	27,736	27,481	255	Primary Care Co commissioned	46,511	47,312	-801
Total Shadow Reported Services	51,828	52,436	-608	Total Shadow Reported Services	86,990	89,566	-2,575

After 7 months the locality is £1.09m overspent on commissioned services with a forecast deficit variance of £2.2m after applying most the recovery plan assumptions. The high-risk assumptions most requiring a pan GM approach have been removed from the forecast resulting in an increase in the overspend of £650k. There has been further increases in personalised care expenditure above the M4 prediction which has shifted the forecast by a further £1m.

Corporate budgets are forecast to underspend by £540k following the recoding of the medicine optimisation budget to central GM. Shadow reported services are showing a YTD and forecast overspend however the co commissioned budget is expected to be underspent on receipt of the full ARRS allocation.

The prescribing forecast excludes the potential shortfall on CIP delivery of c£475k.

When the recovery plan was established, it was founded on the assumption of a steady state from month 4 and a risk rated approach to all proposals.

Last month we applied £2.7m of expected savings which has been reduced to £2.06m following the removal of the high risk rated schemes requiring a pan GM approach. The impact of the removal of the high-risk proposals has adjusted our recovery plan to £1.1m deficit.

There remains up to £0.5m of risk in the remaining recovery items applied to the forecast

The rise in personalised care costs has resulted in the forecast deficit moving to £2.2m and potentially rising further to £3m.

With limited delegated budgets there is little scope to address the deficit across all budget areas placing the focus on personalised care.

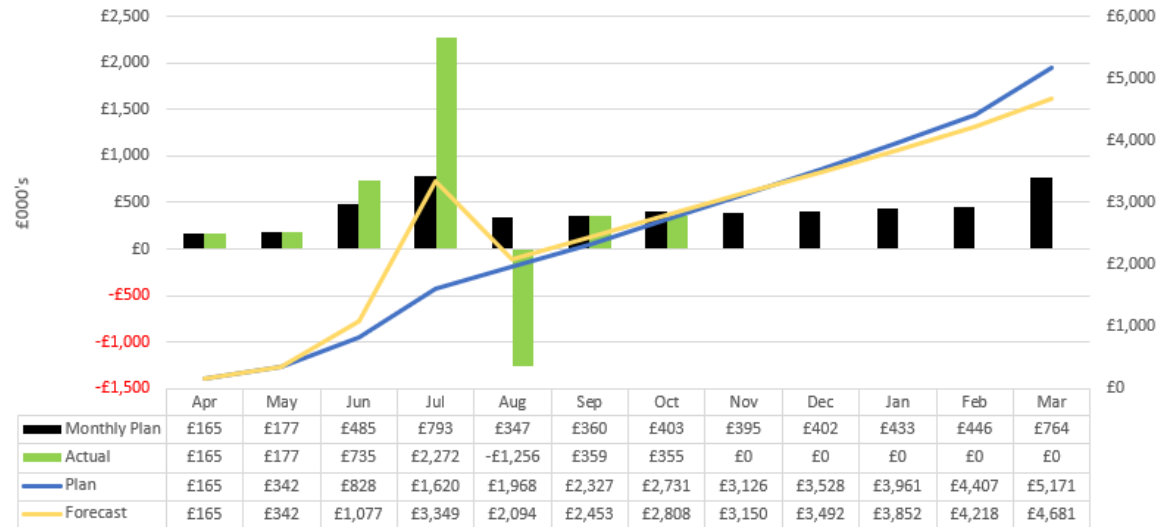
We continue to work with the personalised care database provider to generate the reports to support the ongoing monitoring and required actions.

A key area of focus will be market management however this has a longer term impact and unlikely to bridge the gap over the remaining months of the year.

Given the current forecast the locality is likely to move to monthly assurance meetings



Trafford CIP 2024/25 Plan vs Actual

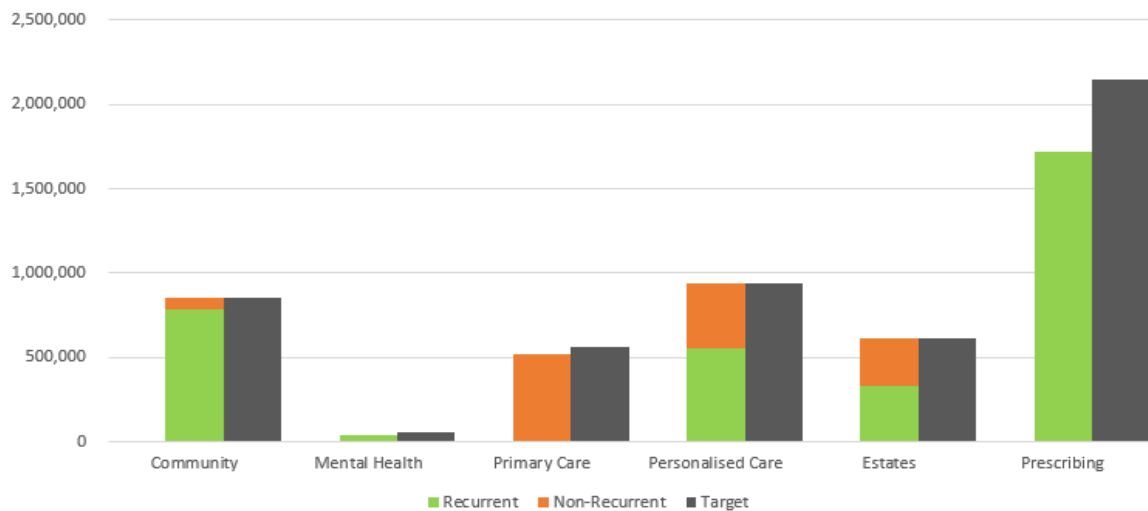


Forecast achievement of £4.68m is in line with previous months

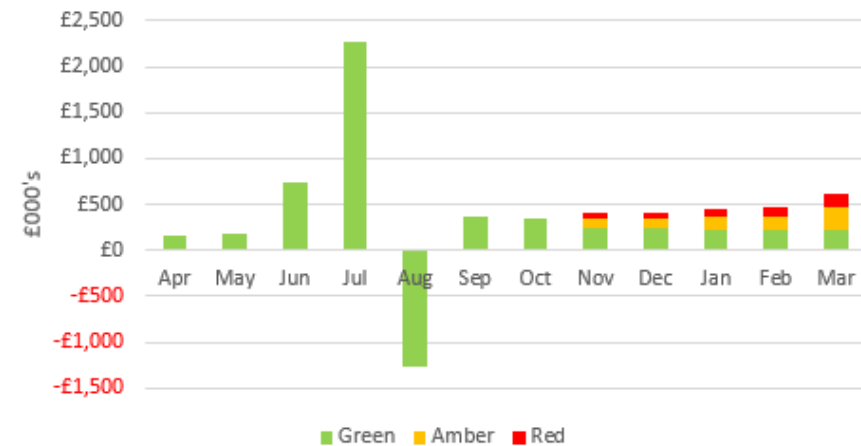
There is increased risk to the delivery of CIP in the remaining months of the year.

Non recurrent delivered CIP mainly within primary care, personalised care and estates.

Trafford CIP - Risk Adjusted Forecast Delivery v Target



Trafford CIP YTD and forecast delivery



The Locality Board is requested to note:

- Month 7 year to date reported financial position for GM ICS is £73m deficit, against a planned deficit of £13.2m, resulting in a variance against plan of £59.8m. This is a deterioration on the month 6 position of £29.1m.
 - Locality reported position of £1.09m deficit year to date and forecast deficit of £2.2m excluding the locality corporate budgets. This is a deterioration of £1.7m in the forecast.
 - The inclusion of £2m of recovery plan items and the remaining associated risks.
 - The best case outcome based on the revised recovery plan proposals is £1.1m deficit.
 - Given the current forecast the locality is likely to move to monthly assurance meetings.
 - The year to date and forecast position of the shadow reported services
 - Locality CIP forecast delivery of £4.7m, a shortfall of £0.5m in prescribing.
 - Note the continuing financial pressures across the GM ICS and the risks associated with delivery of the 2024/25 plan
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