

Finance Update



Contents

This report provides:

- Financial position of NHS Greater Manchester (Stockport) for the year ended 31 March 2024. (subject to audit)
- Planning Update 2024/25
- Cost Improvement Programme (CIP) 2024/25

Financial position for the year ended 31 March 2024 (subject to audit)

Summary

The NHS Greater Manchester (Stockport) is reporting an outturn adverse variance of £6.075m (M10 £4.155m). The position has been regularly reported to NHS GM and is within the £180m NHS GM planned deficit agreed with NHSE.

As previously reported adverse variances mainly relate to increasing demand for Continuing Health Care (CHC) and Mental Health services as well as prescribing price and volume increases. Capacity issues within the CHC and medicines optimisation teams, which have been addressed, also impacted on financial performance in 23/24.

The NHS Greater Manchester (NHS GM) 2024/25 financial plan is still in development and as we enter the 2024/25 financial year the financial challenge is significant with the Stockport locality expected to deliver savings of £7.928m (23/24 £3.415m), continued demand for CHC and mental health placements compounded by increases in the cost of placements and continued prescribing price and volume pressures.

To address the financial challenge a cost improvement programme (CIP) plan is in development targeting CHC, mental health and prescribing being the areas of high expenditure and reasons for the adverse variance in 23/24.

Reasons for deterioration in forecast position

The £1.920 million deterioration in the forecast being reported at month 12 when compared to month 10 is due to:

- Prescribing cost and volume increases (+£1.244 million).
- Increase in the number of continuing healthcare packages of care commissioned, spot purchasing discharge to assess beds to support patient flow through Stepping Hill hospital and retrospective claims (+£0.428 million).
- Increase in the number of mental health placements and ADHD assessment and treatment costs as patients exercise their right to choose (+£0.572 million).
- Community Services improvement due an increase in pooled budget/BCF expenditure recharged (-£0.176 million).
- Primary Care improvement due to a reduction in Community Urgent Eye Services activity from previous forecast levels (-£0.103 million).

NHS Greater Manchester (Stockport) financial position as at 31 March 2024 (Month 12)

| Expenditure Category | Annual Budget | Actual Outturn | Variance (+adverse/-favourable) | Reason for Variance |
|-------------------------------|-----------------|-----------------|---------------------------------|--|
| Acute | £2.123 | £2.190 | £0.067 | Increase in the number of patients requiring patient transport services |
| Community | £29.525 | £29.064 | (£0.461) | Reduction in the number of complex placements commissioned and audiology activity below planned levels |
| Mental Health | £14.152 | £16.388 | £2.237 | Increased placement costs (both hospital and s117 aftercare), a complex mental health patient who required a high-cost package of care and ADHD assessment and treatment costs as patients exercise their right to choose. |
| Continuing Health Care | £30.114 | £32.511 | £2.397 | Increase in the number and cost of placements and increase in the cost of retrospective payments. |
| Other | £0.669 | £0.581 | (£0.088) | Reduction in estates costs. |
| Primary Care | £13.984 | £14.080 | £0.096 | Commissioning of primary care services for asylum seekers |
| Prescribing | £57.136 | £58.963 | £1.827 | Price and volume increases |
| Grand Total | £147.703 | £153.777 | £6.075 | |



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Financial Planning Update 2024/25

NHS Greater Manchester Financial Plan 2024/25

NHS Greater Manchester (NHS GM) submitted a its financial plan to NHSE on 21st March 2024 prior to publication of final guidance on 27 March 2024.

NHS GM submitted a revenue deficit plan of £298m (Providers £298m deficit, NHS GM break-even) and a capital plan that is currently non-compliant with planned capital schemes totalling £273.1m against a system limit of £147.6m .

It is recognised that discussions will continue with NHSE as it is acknowledged the plan is unlikely to be accepted as NHSE's expectation is for NHS GM to submit a plan with a deficit no larger than the 2023/24 forecast outturn deficit of £180m and the requirement to submit a compliant capital plan.

It is important to note that ICB's deficits are required to be repaid two years after the deficit was incurred. Repayments are capped at 0.5% of allocations per year. The repayment is frozen at the end of the 3-year period, and then subsequently written off, but only provided the system achieves breakeven for the following two years after the 3-year period.

This would mean NHS GM will be required to repay circa £30m in 2025/26 and the subsequent two financial years due to incurring a £180m deficit in 23/24. There would be a rolling debt repayment requirement should the ICB continue to have deficits in 2024/25 and beyond

Therefore, work is continuing to improve the plan with the planning round not concluding until the beginning of May 2024.

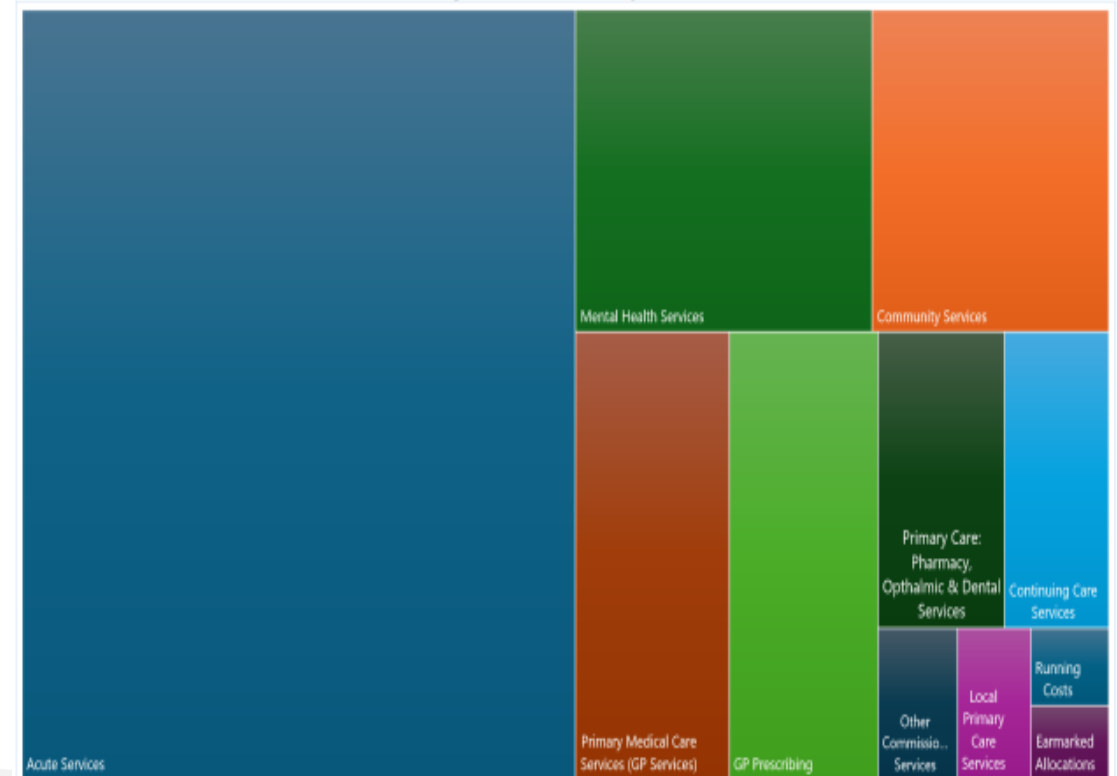
NHS GM Financial Plan 2024/25 continued

NHS GM's 2024/25 financial plan to break-even is a considerable improvement on the first iteration of the plans and on the 2023/24 forecast outturn of a £34.7m deficit. However, the plan has considerable risk including programme slippage (including SDF) of £42m and a £103m savings target.

NHS GM Financial Plan Summary 2024/25

| ICB Financial Plan 2024/25 | Recurrent £'000s | Non- Recurrent £'000s | Total £'000s |
|---------------------------------------|---------------------|-----------------------------|-------------------|
| Resource Allocation | | | -7,222,962 |
| Expenditure: | | | |
| Acute Services | 3,753,850 | 0 | 3,753,850 |
| Community Services | 672,105 | 0 | 672,105 |
| Mental Health Services | 842,039 | 0 | 842,039 |
| Continuing Care Services | 270,841 | 0 | 270,841 |
| Primary Care Services | 98,178 | 0 | 98,178 |
| Primary Care Prescribing | 585,905 | 0 | 585,905 |
| Other Programme/Commissioned Services | 105,777 | 0 | 105,777 |
| Primary Medical Care Services | 604,949 | 0 | 604,949 |
| Delegated Primary Care Services | 333,515 | -3,192 | 330,323 |
| Running Costs | 53,528 | 0 | 53,528 |
| Earmarked Allocations | 33,811 | 16,656 | 50,467 |
| Programme Slippage | 0 | -42,000 | -42,000 |
| Cost Improvement Plans | -82,450 | -20,550 | -103,000 |
| Total Expenditure | 7,272,049 | -49,086 | 7,222,962 |
| ICB Net Surplus / Deficit | | | 0 |

Chart 1 – Visual representation of budget proportion by spend area



Note that Chart 1 does not include the £42m of programme slippage or the £103m of CIP saving.

Next Steps

As a result of the deficit planning gap being submitted the following 8 priorities have been identified to continue financial recovery in 2024/25:

- The continuation and further embedding of grip and control.
- A systematic reduction in our dependency on the independent sector.
- A commitment to commence a review, within 2024/25, of every commissioned service.
- To agree and implement the clinical services strategy.
- Restrictions on further service growth.
- An expectation of challenging CIPs for both providers and the ICB with 75% of these values delivered recurrently as a minimum
- A running cost and operating cost target reduction for the ICB in line with the reduced allocation.
- A requirement to reduce the use of temporary staffing and agency spend to 3.2%.

These steps aim to improve efficiency and will need to be complemented by 2–3-year sustainability plans, developed by providers and NHS GM to address deficits and reach at least median national productivity metrics.

Stockport Locality Draft Financial Plan and Cost Improvement Plan 2024/25

Indicative Financial Plan 2024/25

| Expenditure Category | Indicative Annual Budget | | Annual Budget before CIP £ million | CIP % of Indicative Annual Budget before CIP |
|----------------------------|--------------------------|----------------|---------------------------------------|--|
| | before CIP £ million | CIP £ million | | |
| Acute | 0.054 | 0.000 | 0.054 | - |
| CHC | 35.890 | (1.675) | 34.215 | 4.67% |
| Community | 29.590 | (0.152) | 29.438 | 0.51% |
| Mental Health | 18.064 | (1.158) | 16.906 | 6.41% |
| Other | 0.707 | 0.000 | 0.707 | 0.00% |
| Primary Care | 14.200 | (0.350) | 13.850 | 2.46% |
| Primary Care - Prescribing | 61.181 | (2.835) | 58.346 | 4.63% |
| Grand Total | 159.686 | (6.170) | 153.515 | 3.86% |

Notes:

Stockport influential spend (excludes NHS Healthcare Contracts) is **£159.456m**

Prescribing CIP plan is 5% of GP Prescribing budget **£58.656m** (excludes Centrally retained drugs and home oxygen which are include in the £61.181m budgets

The indicative plan excludes discharge and capacity schemes as the schemes are being evaluated against desired outcomes to determine their effectiveness and decision as to whether they continue in 2024/25

Cost Improvement Programme (CIP) 2024/25

NHS planning guidance assumes a minimum efficiency requirement of 1.1%, however NHS GM is starting 2024/25 from a significant recurrent underlying deficit position.

The current NHS GM plan includes a savings target of £103m which equates to circa 5% of influenceable spend (excludes NHS Healthcare Contracts) which equates to a savings target of £7.928m for the Stockport locality. This is a significant increase on the £3.415m saving target achieved in 2023/24 which highlights the scale of the challenge.

To date saving schemes totalling £6.170m have been identified and work is continuing to identify additional schemes totalling £1.758m to have a plan to deliver the saving target of £7.928m. Progress on the delivery of the CIP plan and identification of additional schemes will be reported to the Board as part of the Finance Report.

NHS Greater Manchester CIP Plan 2024/25

NHS GM has developed a high-level CIP plan which totals £108m with £5m of the mental health out of area placements saving to be reinvested into mental health services. A net CIP plan of £103m.

| Project Title | Initial indicative value (FYE) 24/25 | Comments |
|--|--|--|
| Continuing Health Care (CHC) | £12,000,000 | Work already underway and carried over from 23/24. Targeted work on Workforce, Contracting, Package development & review, Standardisation of CHC policy & procedure to achieve expected outcome. |
| Medicine Optimisation | £33,000,000 | Work already underway and carried over from 23/24. |
| Mental Health Out of Area Placement (MH OAP) | £15,000,000 | Work already underway and carried over from 23/24. Focusing on quality oversight and repatriation of OAP's, supporting GMMH/PCFT flow and data-driven decision making. |
| Estates | £5,000,000 | Plan agreed work commenced to ensure delivery commences in Q1. Better utilisation of the estate and reducing voids and ensuring the correct tenants are known across all buildings. |
| Autism & LD | £250,000 | Plan agreed work commenced to ensure delivery commences in Q1. This is likely to be a joint piece of work with LA DASSs. |
| Non Healthcare Contract Consolidation (NHCC) | £1,200,000 | Plan agreed work commenced to ensure delivery commences in Q1. Seeks to identify opportunities to consolidate multiple locality/function agreements with a single supplier into a centralised NHS GM contract. Also to explore potential efficiencies where localities/functions commission the same Non-Healthcare service from different suppliers, by seeking to procure one supplier to deliver the service across Greater Manchester. |
| Independent Sector (IS) | £3,000,000 | Plan agreed work commenced to ensure delivery commences in Q1. |
| Workforce External Drivers | £5,000,000 | Use of agency staff and external providers |
| Legal Services | £500,000 | To understand the opportunity from developing a directory of service and repository of previously obtained advice |
| Translation & Interpretation | £500,000 | 2 phased programme - Yr 1 24/25 will focus on Primary Care services then Year 2 full system services. |
| Virtual Wards | £5,000,000 | Work completed via Urgent Care Delivery Board to complete a utilisation and effectiveness review. |
| Better Care Fund | £2,000,000 | Work now underway to understand the details on this. |
| No Criteria To Reside | * Non cash releasing scheme that will release productivity benefit with opportunity for 2025/26 financial benefit for Provider Trust CIP and improve flow and ERF in 2024/25 | Work already underway. Moderate risk due to the interdependency of all other schemes to support improved patient flow. |
| Community Services | £5,000,000 | Part year effect in 2024/25 with 2025/26 Intention would be for each locality to identify £1m each efficiency. Funding to be released through full pathway reviews of all system delivery partners. |
| Optimal Organisational Structure | £5,000,000 | Ongoing review in order to meet reduced running cost targets |
| Locality individual schemes | £15,550,000 | Localities each have schemes that are specific and individual to their own localities. |

Stockport CIP Plan 2024/25



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Stockport's CIP plan includes identified schemes totalling £6.170m (3.87% of influential spend, 98% recurrent) with £1.758m unidentified.

| QIPP Scheme | GM Planning CIP Category | Risk | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 | Jan 24 | Feb 24 | Mar 24 | Total | Notes |
|--|--|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|---|
| Prescribing | Medicine Optimisation | A | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 236,250 | 2,835,000 | Refer to prescribing CIP plan for a full list of schemes |
| Reduction in GP Federation contract (Viaduct) | Locality individual schemes | G | 350,000 | | | | | | | | | | | | 350,000 | Contract reduction already negotiated |
| Granary Lane Project - Supporting people in the community | Locality individual schemes | A | | | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 58,333 | 583,333 | High cost mental health patient care to be provided in community rather than hospital from June 2023 |
| Acute and Psychiatric Intensive Care (Female PICU) | Mental Health Out of Area Placement (MH OAP) | A | | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 275,000 | Mobilisation of PCFT female PICU, due to open April 2024 which will reduce the need to purchase non NHS placements. Total cost in 23/24 circa £630k therefore assume circa 50% saving as PCFT ward will not be able to meet the need of all female PICU |
| Mental Health Out of Area Placements (Excluding female PICU) | Mental Health Out of Area Placement (MH OAP) | A | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 | Expectation that OAP will reduce from an average of 7-8 per month to 4-5 |
| Person Health Budget Audits | Continuing Health Care (CHC) | A | | | | | | 100,000 | | | | | | | 100,000 | Return of unused PHB funding |
| Continuing Healthcare Reviews | Continuing Health Care (CHC) | R | | | | 170,000 | 170,000 | 170,000 | 170,000 | 170,000 | 170,000 | 170,000 | 170,000 | 170,000 | 1,530,000 | Undertake review of CHC placements (includes Fast Tracks and D2A Spot purchases) |
| Continuing Healthcare Equipment | Continuing Health Care (CHC) | R | | | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 45,000 | Review of community equipment |
| Reduce Beechwood Cancer Contract | Locality individual schemes | G | 67,555 | | | | | | | | | | | | 67,555 | Contract reduction already negotiated. The provider has already agreed to create cost efficiencies through reducing the number of 1-2-1 sessions available per person and increased use of group therapy sessions where clinically appropriate. |
| Reduce community grants | Locality individual schemes | G | 10,611 | | | | | | | | | | | | 10,611 | MS Society £2,178, Nation Ankylosing Spondylitis Society £1,218 and Supportability £7,215 |
| Afghan Refugee Claim | Locality individual schemes | A | | | | | | | | | | 44,000 | | | 44,000 | Afghan Relocation and Assistance Policy - claim submitted to home office for medical costs |
| Inflation on contracts where there is discretion | Locality individual schemes | G | 30,000 | | | | | | | | | | | | 30,000 | Negotiate lower inflationary uplifts on contracts than planned |
| | | | | | | | | | | | | | | | 0 | |
| Subtotal - Stockport Programme Savings | | | 719,416 | 286,250 | 344,583 | 519,583 | 519,583 | 619,583 | 519,583 | 519,583 | 519,583 | 563,583 | 519,583 | 519,583 | 6,170,499 | |

Prescribing CIP Plan 2024/25 (Draft)



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The prescribing CIP plan developed by the Stockport intergraded prescribing team is detailed below

Locality Medicines Optimisation QIPP Savings Summary Sheet - Stockport

| Category/Scheme name | Estimated annualised savings | Forecast £000's | | | | Expected in-year Savings | Notes |
|---------------------------------------|------------------------------|-----------------|-------------|-------------|-------------|--------------------------|--|
| | | YTD Actuals | G | A | R | | |
| 1. Clinical Review | | | | | | | |
| OTC 2 | £100,000.00 | | £100,000.00 | | | £100,000.00 | Continued focused work on OTC spend including e.g. hayfever, reflux, dandruff & support with Pharmacy First. Assuming MAS (Minor Ailments Scheme) is recommissioned. |
| Nutrition ONS 2 | £40,000.00 | | £40,000.00 | | | £40,000.00 | Project continuation from 23/24 focused on ONS spend |
| Oral iron | £40,000.00 | | £40,000.00 | | | £40,000.00 | Review of oral iron in line with NICE guidance & working with local FT on reduction to OD |
| Vit B | £10,000.00 | | £10,000.00 | | | £10,000.00 | Reviews of vit B use - excluding products included in DNP |
| Vit D | £13,000.00 | | £13,000.00 | | | £13,000.00 | Reviews of vit D use |
| Promazine reviews | £170,000.00 | | | | £170,000.00 | £170,000.00 | Project continuation from 23/24 focused on promazine reviews - requires secondary care support. |
| DOAC reviews | £250,000.00 | | | £250,000.00 | | £250,000.00 | Note moved out of QIPP No 8 edox. DT price reduction not included here as factored in to budget reduction. This scheme is DOAC reviews including aims for cost effective product switches as appropriate in line with GM guidance |
| 2. Sustainability | | | | | | | |
| Care Home waste work | £30,000.00 | | £30,000.00 | | | £30,000.00 | Focused Pharmacy Technician led work to actively reduce care home wasted meds |
| Dressings focused workplans | £10,000.00 | | £10,000.00 | | | £10,000.00 | Scoping some focused work e.g. silk garments, silver dressings & tracheostomy items |
| 3. Do Not Do! | | | | | | | |
| DLCV / DNP 2 | £2,000.00 | | £2,000.00 | | | £2,000.00 | On both DLCV & DNP items & costs Stockport is significantly lower than all other GM localities. ON DNP cost ~30% lower than next best & 300% from highest. £2k predicted for reviewing/stopping inappropriate new initiations as BAU for the team after some intense focused work in 23/24 |
| Gluten Free | £63,000.00 | | | | £63,000.00 | £63,000.00 | Currently strictly adhering to national policy of GF items allowable for prescribing. Requesting local guidance on quantities allowable. Potential £76k saving if GM policy changed to discontinue all GF prescribing |
| Specials/High Cost in Primary Care 2 | £10,000.00 | | | £10,000.00 | | £10,000.00 | Current 2nd best in GM on weighted cost for both DT & non-DT specials spend. Continuing to monitor reports as BAU with MO action as appropriate |
| 4. Cost-effective intervention | | | | | | | |
| Prescription Housekeeping | £10,000.00 | | £10,000.00 | | | £10,000.00 | Continued work to look at good practice prescription housekeeping to support safer, higher quality of prescribing which will support waste reduction & therefore cost reduction |
| Brands to generics | £35,000.00 | | £35,000.00 | | | £35,000.00 | Scoped using the GM BI dashboard which has suggested switches - not QA by our team yet - NB caution due to local LPAP approved affecting potential |
| STOCCS | £155,600.00 | | | | £155,600.00 | £155,600.00 | ICB mandated service target 5% reduction in spend - Target confirmed by Locality Finance. Commissioner to negotiate achievement. |
| OOH | £6,500.00 | | | | £6,500.00 | £6,500.00 | ICB mandated service target 5% reduction in spend - Target confirmed by Locality Finance. Commissioner to negotiate achievement. |
| Community Health Services | £4,900.00 | | | | £4,900.00 | £4,900.00 | ICB mandated service target 5% reduction in spend - Target confirmed by Locality Finance. Commissioner to negotiate achievement. |
| 5. BGTS and other diabetes | | | | | | | |
| Diabetes (inc BGTS) | £30,000.00 | | £30,000.00 | | | £30,000.00 | Focused work on test strips, lancets & needles. BGTS current position 2nd best in GM on weighted cost. Reviewing against national formulary alongside cost effective local product use. Need further scoping work on lancets & needles. |
| Biosimilar Insulins (Trurapi) | £25,000.00 | | | £25,000.00 | | £25,000.00 | Project being planned to support to biosimilar Trurapi. Previously struggled with DSNs engagement, support & implementation so attempting this again this year with extra support to this project |

Prescribing CIP Plan 2024/25 continued...

| | | | | | | | | |
|-------------------------------|----------------------|--------------|--------------------|--------------------|--------------------|----------------------|--|--|
| 6. Preferred Brands | | | | | | | | |
| Preferred brands project | £40,000.00 | | | £40,000.00 | | £40,000.00 | | GM preferred brand plus locality local preferred brands. Not inc. Luforbec-recorded sep. |
| Luforbec switches | £450,000.00 | | £450,000.00 | | | £450,000.00 | | GM mandated scheme - figures based on around a 70% switch |
| 8. Edoxaban | | | | | | | | |
| 9. Optimise Rx / Scriptswitch | | | | | | | | |
| OptimiseRx | £500,000.00 | | | | | £500,000.00 | | |
| Sub Total | £1,995,000.00 | £0.00 | £770,000.00 | £325,000.00 | £400,000.00 | £1,995,000.00 | | 155 |
| Full year effect from 23/24 | £840,000.00 | | | | | £840,000.00 | | Calculated from QIPP 23/24 using GM methodology |
| Total | £2,835,000.00 | £0.00 | £770,000.00 | £325,000.00 | £400,000.00 | £2,835,000.00 | | |
| 7. Rebates | £140,000.00 | | | | | £140,000.00 | | Included for information - not included in calculations in draft plans |

CIP Plan Risks

- **Prescribing:** Medicine optimisation function review may result in the loss of experienced pharmacy staff and impact on capacity and ability to deliver prescribing saving.
- **Granary Lane Project:** Completion date for the facility is delayed due to building work not being completed delaying the transfer of clients into the property.
- **Female PICU:** Delay in the opening of the Pennine Care female PICU ward
- **CHC Reviews:** CHC team capacity to undertake reviews of all placements (including D2A beds spot purchased)

Corporate Budget 2024/25

It is anticipated that localities will be formally notified of their corporate budgets at the end of April 2024. We have been notified of an indicative corporate budget of £3.882m which includes a savings target of £0.213m. Comparing the indicative 2024/25 budget to forecast expenditure of £4.225m results in a funding gap of £0.343m in 2024/25.

| 2023/24 Budget | Indicative 2024/25 Budget | Change |
|----------------|---------------------------|----------------|
| £4.244m | £3.882m | -£422m (-9.9%) |

During 2023/24 we had approx. 30% vacancy , as a result staff in post were required to cover multiple roles which impacted the ability to deliver against organisation priorities.

The indicative budget does not include an expected increase in the corporate budget for additional locality medicines management posts. It has been assumed that any increase in the corporate budget as a result will be offset by additional expenditure, therefore NIL impact.

A plan is being developed to mitigate the corporate cost pressure taking into consideration the impact on staff wellbeing, morale and capacity to deliver against organisation priorities.

Recommendations

The Board are asked to:

- **Note** the outturn position of a £6.075m adverse variance for the year ended 31 March 2024 (subject to audit)
- **Note** the 2024/25 financial plan update
- **Approve** the 2024/25 CIP plan for noting that against a saving target of £7.928m, schemes totalling £6.170m have been identified and work is progressing to identify additional schemes totalling £1.758m.