



Integration Joint Board
Performance & Finance Committee

26th April 2019

This Report relates to
Item 8 on the Agenda

Financial Plan Update

(Paper presented by Katy Lewis)

For Discussion and Noting

Approved for Submission by	Katy Lewis, Chief Finance Officer IJB
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List of Background Papers	N/A
Appendices	Appendix 1 – IJB Savings Plan Update Appendix 2 – Summary Savings Plan 2019/20

Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Dumfries and Galloway Council	
	3. NHS Dumfries and Galloway	
	4. Dumfries and Galloway Council and NHS Dumfries and Galloway	

SECTION 1: REPORT CONTENT

Title/Subject: Financial Plan Update
Meeting: IJB Performance & Finance Committee
Date: 26th April 2019
Submitted By: Katy Lewis, Chief Finance Officer
Action: For Discussion

1. Introduction

- 1.1 This report presents an update on progress with development of the long list of savings plans for the 2019/20 budget progress, the longer term development of savings plans over the three year period 2019/20 to 2021/22.

2. Recommendations

2.1 The Performance and Financial Committee is asked to:

- To discuss and note the latest update on the development of the IJB long list of savings plans.
- To note the progress to date on the development of the Financial Improvement Plan.

3. Background

- 3.1 The Financial Plan agreed by the IJB at its meeting on 3rd April 2019 approved the financial plan acknowledging at this point that unidentified saving of £6.850m were still required to be identified.
- 3.2 This report provides an update on the current status of this work and highlights the challenges in getting to a balanced position for 2019/20.

4. Main Body of the Report

- 4.1 The current progress on development of savings is summarised as follows:

Table 1

	NHS £000s	Council £000s	Total £000s
Recurring Savings (from long list)			
eHealth	253	0	253
Locum	1,500	0	1,500
Prescribing	1,916	0	1,916
Property	800	0	800
Transformation	415	680	1,095
Subtotal	4,884	680	5,564
Recurring Savings - other			
Directorate efficiency (Operational CRES)	500	2,292	2,792
Subtotal	500	2,292	2,792
Recurring Savings Total	5,384	2,972	8,356
Non recurring Savings			
Balance sheet/ accruals review	300	0	300
Review of commitments against allocations	2,000	0	2,000
In year flexibility on allocations	1,000	0	1,000
Non recurring staff savings/ underspends	1,000	0	1,000
Subtotal	4,300	0	4,300
TOTAL	9,684	2,972	12,656

- 4.2 To date, savings of £12.656m have been identified as targeted areas leaving a total gap of £6.850m still to be identified against the overall requirement of £19.504m.
- 4.3 The long list of savings has been developed through the Health and Social Care Senior Management Team and all schemes have been assigned a score based on criteria as set out in appendix 1. The long list of schemes included in Appendix 2 have been sorted in order of highest to lowest score but at this stage no attempt has been made to assess which schemes will not be progressed. The full list is being shared with members to provide a context and scrutiny and review and will be monitored and reviewed during 2019/20

Saving Plans Development and Efficiency Strategy

- 4.4 The overall strategy for development of savings and efficiency plans continues to focus on a range of areas including transformation of services, prescribing efficiencies, reduction in locum costs through improving recruitment and retention, capping rates and scrutiny of requirements, property and estate rationalisation and digital and ehealth initiatives.
- 4.5 Following on from the initial work of the Business Transformation Programme, the IJB has established a range of programme boards to take forward service transformation across the Health and Social Care Partnership. A process has been agreed whereby a long list of savings plans have been developed, scored and assessed as to deliverability and priorities. This remains one of the key strands of the IJB's sustainability and efficiency work with the plan developing options over a three year time frame.

- 4.6 During 2018/19 savings of £700k have been achieved through Primary Care prescribing. This is planned to continue into 2019/20 through a variety of savings schemes such as reducing variation in prescribing patterns and volume of drugs and ensuring that the most cost effective drug continues to be prescribed. Secondary Care prescribing has delivered savings of £1.2m during 2018/19. Going into 2019/20 it is planned to continue delivering these savings as more cost effective biosimilars become available and national procurement continues to negotiate national discounts.
- 4.7 Medical recruitment continues to be a difficult area for NHS Dumfries and Galloway, with vacancy rates for consultants averaging around 20% over the past 2 years. Recruitment to junior doctor positions has also become more challenging in recent times for the Board as well. This has led to a 7% increase in demand of external agency hours during a period of severe competition across the sector for quality medical locum cover, with total expenditure in 2018/19 estimated to be £12.6m.
- 4.8 Working closely with our recruitment partner, Retinue Health, the Board is once again striving to further improve on previous success, on ensuring medical locums placed with the Board represent the best possible opportunity for Value for Money. Through engaging with the West of Scotland consortia members it is envisaged that further savings to rates paid for medical locums will be delivered again in 2019/20. This, in combination with ensuring all doctors placed are engaged through Direct Engagement as well as reviewing the level of need across each service carefully, should provide opportunities to reduce like for like replacement costs by between £1.2m -£1.8m per year.
- 4.9 A number of initiatives driven around ehealth initiatives are being progressed including digital solutions (attend anywhere, VC, MORSE etc). In addition, savings are anticipated through new mobile contracts, rationalisation of telephone systems, printing solutions, review of mail arrangements and other technology solutions.
- 4.10 The facilities management and property costs are part of the delegated budget and, as such, are subject to an efficiency target. This has been one of the targeted areas of the savings plans to release savings from vacant buildings, consider property disposals and reconfigure services to use our accommodation more efficiently.
- 4.11 The £2.97m savings requirement for Social Work is expected to be delivered through the management of demand across the system. The following areas are examples of where this might be identified throughout the year:
- SDS Option 1 individual budget balances and spend control
 - Control new demand through alternatives to paid care
 - Continued review of existing care to reduce dependence
 - Review of Learning and Physical Disability Services care levels
 - Control of price growth
 - Review of current underspends to reduce ongoing commitment

Financial Improvement Plan

4.12 Work is ongoing to develop a financial improvement programme as part of the financial recovery plan measures to seek to close the gap in year recognising that this year is not business as usual financially and that delivery of a balanced financial position will be extremely difficult. Work has commenced to assess good practice in other Partnerships to look to develop a detailed programme which includes a range of:

- Review and implement a project support structure to support the Chief Officer and Chief Finance Officer to Increase Partnership focus on financial position.
- Regular programme board meetings to be established to increase focus on financial issues and drive forward financial improvements.
- Focussed communication and engagement plan to ensure ongoing and consistent messaging about savings delivery.
- Further workshops to be scheduled with H&SCSMT, Board members, other partners to focus on savings and ideas generation and development and to provide assurance on the work which is being progressed.
- Ensuring that whilst driving forward this change, that appropriate clinical impact assessment is undertaken and the appropriate balance with workforce, patient safety and clinical issues is maintained.
- Provide regular reports on progress back to IJB, Performance and Finance Committees, Management Teams.

5. Conclusions

- 5.1 Progress has been made towards identifying savings and new ways of working to deliver the financial challenge identified for this forth coming year, however, significant progress must be made across the transformation of existing services if there is any chance for recurring balance to be achieved in the months ahead.
- 5.2 The IJB is not projecting a break-even position and will continue to identify solutions to bridge the current £6.850m unidentified savings gap.
- 5.3 There is a need to develop a financial recovery plan, particularly in relation to the NHS delegated budgets. This will be progressed in partnership with the NHS. Savings plans will be monitored in detail through the Performance and Finance Committee.

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

6. Resource Implications

6.1. Funding implications are considered as part of the overall financial plan for the IJB.

7. Impact on Integration Joint Board Outcomes, Priorities and Policy

7.1. The financial plan has a key role in supporting the delivery of the Strategic Plan.

8. Legal & Risk Implications

8.1. None identified.

9. Consultation

- Graham Stewart, Deputy Director of Finance, NHS Dumfries and Galloway
- Sean Barrett, Finance and Information Manager, Dumfries and Galloway Council
- Health and Social Care Senior Management Team

10. Equality and Human Rights Impact Assessment

10.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.

11. Glossary

ADP	-	Alcohol and Drugs Partnership
ASRP	-	Acute Services Redevelopment Project
CRES	-	Cash Releasing Efficiency Scheme
DE	-	Direct Engagement
GP	-	General Practice
IJB	-	Integration Joint Board
LD	-	Learning Disabilities
MYR	-	Mid-Year Review
PC	-	Primary Care
YTD	-	Year to Date

Scoring Criteria

Equalities	What impact on equalities is this Proposal anticipated to have?	0 = Very negative impact, 5 = No discernible impact anticipated
Safety	Will this proposal impact negatively on patient safety?	0 = Certainly 5 = Not at all
Workforce	Is this proposal anticipated to have any negative workforce impacts?	0 = Certainly 5 = Not at all
Level of Contention	Is this proposal anticipated to be contentious	0 = Very highly contentious 5 = Not at all
Level of Risk	What is the estimated overall level of risk to the Board?	0 = Very high risk 5 = No risk
Deliverability	How difficult is it anticipated to be to deliver the proposed change?	0 = Extremely difficult 5 = Not difficult at all
Level of Saving	What is the anticipated cost saving to the Board?	0 = Very low (<£10k) 5 = Very high(>£100k)
Strategic Fit	Does this proposal fit with the strategic priorities of the IJB?	0 = Not all 5 = Fits with all strategic priorities