



Integrated Joint Board

30th March 2017

This Report relates to
Item 7 on the Agenda

Financial Performance to January 2017

(Paper presented by Katy Lewis)

For Discussion and Noting

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Date:	14 th March 2017
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SECTION 1: REPORT CONTENT

Title/Subject: Financial Performance – Month 10 Position 2016/17

Meeting: Health and Social Care Senior Management Team 15th March 2017

Date: 7th March 2017

Submitted By: Katy Lewis, Chief Finance Officer/
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Action: For Noting/Discussion

1. Introduction

1.1 This report presents the summary financial forecast performance of the budgets delegated to the Integration Joint Board (IJB) based upon the period ending 31st January 2017 (month 10).

2. Recommendations

2.1 **The Integration Joint Board is asked to note and discuss the following;**

- **The overall level of financial risk associated with the 10 months financial data available to the IJB.**

3. Background

3.1 This report consolidates for the Health and Social Care Senior Management Team the financial reporting for those services delegated to the IJB, bringing together the reporting styles and financial information of the Council and NHS Board for the services which have been delegated to the IJB.

3.2 The main purpose of this report is to identify the current level of financial risk on the IJB financial performance to date, highlighting the significant issues affecting the delivery of a breakeven position for 2016/17 by the year end.

3.3 The month 10 position for the NHS delegated resources updates the previous quarter 3 forecast position, building in any significant changes identified over the past month.

4. Executive Summary

4.1 The overall year end forecast position reported for the IJB is currently £924k overspend as at month 10. The summary forecast position is summarised in table 1 below:

Table 1

IJB Services	Variance £k
Social Work Services	
Children & Families	(1)
Adult Services	295
Older People	(388)
People with a LD	(232)
People with PD	(187)
People with Mental Health Need	153
Adults with addict/sub misuse	36
Sub-total Social Work Services	(325)
NHS Services	
Primary Care and Community Services	(618)
Mental Health	569
Women and Children	322
Acute & Diagnostics	(1,172)
Facilities & Clinical Support	300
Sub-total NHS Services	(599)
Total Delegated Services	(924)

4.2 Delivery of a balanced position for 2016/17 overall can be achieved through use of this funding and continuing discussions in the Budget Scrutiny Meetings with the General and Service Managers to more effectively manage in year cost pressures.

4.3 There is provision for this overspend through the use of the demographic funds allocated within the Social Work Fund. There is currently £2.1m retained in this fund and it is expected that £500k of this will be required to be drawn down, leaving £1.5m to carry forward into 2017/18.

Summary Financial Performance Update as at end September 2016 (month 6)

4.4 The overall position as highlighted above reports an overall pressure for the IJB services of £924k as at the end of January. **Appendix 1** provides a more detailed summary of the financial performance to date by service area.

4.5 Table 2 below provides a summary of each service's financial performance and movement in the position from the month 6 position;

Table 2

Directorate/Service	M6 Forecast Position £000s	M10 Forecast Position £000s	Movement
Council Delegated Budgets			
Children & Families	(1)	(1)	0
Adult Social Work Services	346	295	(51)

Older People	(29)	(388)	(359)
People with Physical Disability	(220)	(187)	33
People with a Learning Disability	(252)	(232)	20
People with Mental Health Need	110	153	43
Adults with addict/sub misuse	36	36	0
Non Social Work Budgets	0	0	0
Overall forecast outturn position as at month 4 and 6	(10)	(325)	(315)
NHS Delegated Budgets			
Acute and Diagnostics Directorate	(1,106)	(1,172)	(66)
Facilities and Clinical Support	300	300	0
Mental Health Directorate	525	569	44
Primary and Community Care Directorate	(425)	(618)	(193)
Women and Childrens' Directorate	190	322	132
Overall forecast outturn position as at Q1& Q2 reviews	(516)	(599)	(83)
Combined IJB Variance	(526)	(924)	(398)

5. Directorates'/Services Overview position

5.1 The main issues affecting the financial performance of the IJB YTD are summarised as;

- Delivery of efficiency schemes
- Increases in activity/demography needs
- Prescribing/drugs cost pressures

5.2 The main services by exception contributing to the underlying forecast overspend position are highlighted below, providing further levels of detail from each reporting area.

Social Work/Council Delegated Budgets to IJB

5.3 The main area of variance which has shifted from last reported are Care at Home markets for Learning Disability (LD) service users. There were 12 additional LD service users which will require the use of demographic funds to offset. This increase was partially offset by reductions in care at home spend within Older People which can be partly attributed to the shift of care being delivered from external providers to in house service delivery.

5.4 The forecast position assumes that the savings targets still to be delivered will be achieved, and indications are that this will be the case. The remaining savings are real time monitoring of actual care delivered and as such will be delivered in the last 2 months.

5.5 Real time monitoring went live within the Older People Care at Home sector, there was an initial saving made through a review of purchase orders with providers over the first 3-4 months actual savings are also being achieved.

There are a few delays with some providers going live and it is expected that over the last 2 months the remaining savings will be delivered.

- 5.6 There are a number of risks associated with the outturn position, mainly being demographic increases and the level of need that is associated with some individuals within the under 65's services. We have anticipated a level of growth in this area but cannot easily project the level of need that each individual may require. We have retained some demographic monies within the Social Work Fund to offset any future growth in 2016/17. Capacity in the market has always been a factor in limiting the level of demographic growth we experience however as we make savings linked to providers we create capacity and if there is a need for this capacity it will be filled.
- 5.7 As a service we continue to scrutinise and oversee the activity within our services ensuring best value and budget management are considered when meeting the needs of our service users through Risk Enablement and Management Groups (REMG), escalation procedures, prioritisation framework and use of new technologies and methods of service delivery.
- 5.8 There is a continued need to manage future growth in service user numbers and the financial resources that we allocate to them as the resources that the IJB will have for Adult Social Care in 2017/18 will be under significant pressure due to the price pressures that exist within Care at Home and Care Home sectors linked with living wage and service challenges.
- 5.9 These are the main areas of efficiencies expected to be delivered from Council delegated services;
 - Holistic review of packages is on track to deliver the full £653k and potentially over deliver, the benefit of this saving to the system as a whole is that it increases capacity in the market which also has a knock on financial risk attached to it and the use of demographic monies.
 - Contract management and general efficiency savings are on track and have delivered £425k so far. There are a number of areas which are being targeted to ensure full delivery of the saving.
 - Real time monitoring £200k savings have been delayed due to the Care at Home Services tender which will look to stabilise the market and ensure national living wage within the Care at Home market. Real time monitoring went live on 1st October and we will be in a better position to measure progress at the end of October. We still expect this saving to be delivered in full.
 - Non Residential Charging £423k saving is expected to be achieved in full, as the year progresses and service users receive their annual financial assessment this saving gap will be delivered.
 - Management/Support costs £50k saving has been delivered in full with staffing reduction going as planned.

- Health and Wellbeing £100k saving has been delivered and achieved in full due to the reduction in payment.

NHS delegated Budgets to IJB

5.10 The revised forecast position, based upon the month 10 position shows no real significant change in the forecast of £599k adverse (£83k worse than quarter one's assessment).

5.11 As detailed in Table 1 above the largest overall variance currently relates to the Acute and Diagnostics Directorate, comprised of the following key issues YTD;

- The Acute drug budget is £437k overspent as at the end of January with a forecast overspend of £647k. There are 2 main areas of pressure:
 - Dermatology – forecast of £293k overspend on budget
 - Ophthalmology – forecast of £349k overspend on budget

Both issues relate to demand and revised interpretations of clinical protocols which are following national guidelines.

- Medical Locum funding of £5m has been taken YTD. This is in line with revised forecast requirement of £6m (£350k above original plan).

5.12 Facilities and Clinical Support report an underspend of £255k YTD, with the following key areas contributing to the underlying position:

- CRES – The Directorate has identified its target in full this year, with £113k still to identify recurrently. Work continues in identifying this in full, with opportunities already identified for 2017/18 of £191k.
- Pays are £214k underspent YTD (£229k month 9), with a number of areas within Support Services and Property Services that continue to carry vacancies.

5.13 Mental Health Services is underspending on pays, increasing the cumulative underspend to £465k. This is reflective of the level of ongoing vacancies across Learning Disability Services, Inpatient Services and Social Care Projects.

5.14 Non-pays are underspent by £8k YTD, after rephasing non-recurring CRES targets to Pays in the month.

5.15 The Primary and Community Care Directorate is reporting an overspend of £304k. This overspend mainly relates to Primary Care Prescribing of £526k, off-set by an underspend in Pays of £355k. Previously unidentified CRES has been reallocated to the Pays underspend position in month 10 of £390k.

- Primary Care prescribing expenditure is overspent by £568k YTD, with an unfavourable in month variance of £47k.
- £259k of this relates to unidentified CRES with £69k also relating to discount rate being less than originally budgeted for. The additional £240k relates to volume and tariff fluctuations. We are now prescribing more SGLT2's (Sodium-glucose co transporter 2) drugs which are a new type of drug for the treatment of diabetes type 2, for this classification of drug (Canagliflozin, Dapagliflozin, Empagliflozin) the increased spend in 5 months is £65k. Comparing April to November for 2015/16 to 2016/17 cost is up 0.4% and volume is up 0.1%. Early indications show an increase in volume of 4.58% from November to December 2016.
- The pays position of £355k underspent across the Directorate helps to offset the adverse prescribing variance. The favourable in month variance of £69k relates to continued vacancies, and is on trend with the previous months of the year.
- Of the £355k underspend across Pays, £332k relates to Nursing budgets including a £152k underspend within the regional STARS service, £75k in GP OOHs, £87k in Community Nursing and £6k across the 8 Cottage Hospitals. Medical budgets are underspent by £35k, resulting from the difficulties in recruiting GPs. Administration budgets are underspent by £52k, there is currently a region wide review of administration posts across PCCD.

5.16 Womens and Childrens' Directorate is currently £379k underspent, comprised of the following main areas:

- Pays overall are £337k underspent due to Neonatal efficient rostering (£53k), Learning Disability (£12k), AHP (£61k), Ward 15 (£54k) and Public Health Nursing (£135k).
- Non-pays across Women, Children and Sexual Health Directorate are £39k underspent YTD, after the in-month movement of unidentified CRES (£189k) to Pays, against the level of vacancies across the Directorate.

Efficiencies – NHS

5.17 Whilst there still remains an in year gap on the services delegated by the Health Board as at the end of September for 2016/17, the forecast position assumes that the majority of this will be identified by the year end, or off-set with non-recurrent pay underspends, with just £370k of Primary Care Prescribing savings still to be identified by the year end.

5.18 However significant work still needs to be undertaken to deliver these savings recurrently, with an overall recurrent gap of £4.86m still to be identified.

5.19 Work continues across all directorates to identify the remaining gap on a recurrent basis, with particular challenges for the Acute and Diagnostics Directorate in achieving the ongoing level of savings required.

Risks – NHS

5.20 The main risks and challenges facing the NHS delegated service in delivering a breakeven position include the following;

- Ongoing high cost Medical Locum cover for vacancies, on-call and Achievement of Access Targets - £0.5m.
- Further reduction in New Medicines Funding beyond the assumptions in the Financial Plan - £0.65m.
- Delivery of recurring efficiency savings of £4.86m.
- Secondary Care Prescribing growth (with new treatments and increased growth beyond expected levels) - £0.6m.
- Growth in Primary Care Prescribing – with only 8 months of actual data showing expenditure close to budget, there still remains a risk on increased growth and price increases later in the year.

5.21 The forecast outturn position presents a position for the IJB which given the use of the Social Care Fund and other reserves delivers the statutory requirement to breakeven.

5.22 Whilst the financial plan for 2016/17 reflects known financial risks, these will continue to be monitored and reviewed through the financial reporting cycle.

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

- 9.1 Resources Workstream including Head of Finance for Council.

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.

11 Glossary

AHP	-	Allied Health Professionals
CAMHS	-	Child and Adolescent Mental Health Service
CRES	-	Cash Releasing Efficiency Scheme
IJB	-	Integration Joint Board
LD	-	Learning Disabilities
PCCD	-	Primary Care and Community Directorate
REMB	-	Risk Enablement and Management Groups
STARS	-	Short Term Augmented Response Service
YTD	-	Year to Date

Appendix 1 – Summary of Forecast Outturn

Forecast Outturn of IJB Delegated Services as at 31st July 2016

Directorate/Service	Annual Budget £000s	Forecast Outturn £000s	Forecast Underspend/ (Overspend) £000s	Forecast Variance %
Council Delegated Budgets				
Children and Families	107	108	(1)	(0.9%)
Adult Social Work Services	13,435	13,139	295	2.2%
Older People	21,990	22,378	(388)	(1.8%)
People with Physical Disability	5,772	5,959	(187)	(3.2%)
People with a Learning Disability	16,743	16,975	(232)	(1.4%)
People with Mental Health Need	2,145	1,992	153	7.1%
Adults with addict/ substance misuse	263	227	36	0.0%
Overall forecast outturn position as at month 4	60,454	60,779	(325)	(0.5%)
NHS Delegated Budgets				
Acute and Diagnostics Directorate	95,618	96,790	(1,172)	(1.2%)
Facilities and Clinical Support	19,994	19,694	300	1.5%
Mental Health Directorate	21,059	20,490	569	2.7%
Primary and Community Care Directorate	59,296	59,914	(618)	(1.0%)
Women and Childrens' Directorate	20,706	20,384	322	1.6%
Overall forecast outturn position as at Q1 review	216,672	217,271	(599)	(0.3%)
Combined IJB Variance	277,126	278,050	(924)	(0.3%)

Forecast Outturn of IJB Delegated Services as at 31st January 2017

Locality Summary

Locality	Annual Budget £000s	Forecast Outturn £000s	Forecast Underspend/ (Overspend) £000s	Forecast Variance %
Council Delegated Budgets				
Annandale and Eskdale	11,729	11,612	117	1.0%
Nithsdale	23,577	23,619	(42)	(0.2%)
Stewartry	8,702	8,945	(244)	(2.8%)
Wigtown	10,851	10,937	(86)	(0.8%)
Region Wide	5,595	5,665	(70)	(1.2%)
Overall forecast outturn position as at month 10	60,454	60,779	(325)	(0.5%)
NHS Delegated Budgets				
Annandale and Eskdale	16,242	16,477	(235)	(1.4%)
Nithsdale	18,548	18,738	(190)	(1.0%)
Stewartry	12,741	12,888	(147)	(1.2%)
Wigtown	9,609	9,725	(116)	(1.2%)
Region Wide	159,532	159,433	89	0.1%
Overall forecast outturn position as at m10	216,672	217,271	(599)	(0.3%)
Integrated Services				
Annandale and Eskdale	27,971	28,089	(118)	(0.4%)
Nithsdale	42,125	42,356	(232)	(0.6%)
Stewartry	21,443	21,833	(391)	(1.8%)
Wigtown	20,460	20,663	(202)	(1.0%)
Region Wide	165,128	165,108	19	0.0%
Combined IJB Variance	277,126	278,050	(924)	(0.3%)