



Integrated Joint Board

25th May 2017

This Report relates to
Item 8 on the Agenda

Financial Performance – Financial Year 2016/17

(Paper presented by Katy Lewis)

For Discussion and Noting

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Date:	12 th May 2017
List of Background Papers:	Not applicable
Appendices	Not applicable

SECTION 1: REPORT CONTENT

Title/Subject: Financial Performance – Financial Year 2016/17

Meeting: Integrated Joint Board (IJB)

Date: 25th May 2017

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

1. Introduction

1.1 This report presents the summary final year end financial performance of the budgets delegated to the IJB as at 31st March 2017.

2. Recommendations

2.1 **The IJB is asked to note and discuss the following;**

- **The break-even financial position as planned.**
- **The planned level of reserves carry forward into 2017/18 (£4.3m).**
- **To note the final funding levels for the IJB for 2016/17 and that this reflects the level of resource directed to the NHS and Council to deliver the services for the financial year.**

3. Background

3.1 This report consolidates for the IJB 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 report on the final year end position, highlighting the significant issues affecting the delegated services throughout the year and the level of financial risk moving forwards into 2017/18.

3.3 All figures presented are subject to external audit review during April and May, before final accounts are laid before Parliament in September 2017.

4. Executive Summary

4.1 The IJB has achieved a year end break-even position as forecast previously in the year, carrying forward a planned £4.3m reserve position into 2017/18. The summary position is summarised in table 1 below:

Table 1

IJB Services	Annual Budget £k	Actual Outturn £k	Variance £k
Council Services			
Children & Families	107	105	2
Adult Services	14,474	14,274	200
Older People	22,316	22,716	(401)
People with a LD	16,763	16,830	(66)
People with PD	5,772	5,763	9
People with Mental Health Need	2,145	1,925	220
Adults with addict/sub misuse	263	227	36
Sub-total Council Services	61,840	61,840	0
NHS Services			
Primary Care and Community Services	60,359	60,882	(523)
Mental Health	21,150	20,705	446
Women and Children	20,873	20,422	451
Acute & Diagnostics	96,768	97,361	(593)
Facilities & Clinical Support	20,097	19,878	219
Sub-total NHS Services	219,247	219,247	0
Total Delegated Services	281,087	281,087	0

- 4.2 Delivery of a balanced position for 2016/17 was achieved as planned, after additional non-recurrent funding was made available to make good the shortfall on the prescribing CRES plans, given some of these only had a part year affect in the current financial year.
- 4.3 The level of planned reserves to be carried forward into the new financial year was £2.2m relating to the Integrated Care Fund and £2.1m from the Social Care Fund previously passed to the Council.
- 4.4 Confirmation has been received from both the NHS and Council that the IJB can retain these reserves for 2017/18 with funding factored into the 2017/18 budget estimates which the IJB signed off at its March meeting.

5. Directorates'/Services Overview position

- 5.1 The main issues affecting the financial performance of the IJB in 2016/17 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 year end final position are highlighted below, providing further levels of detail from each reporting area.

Social Work/Council Delegated Budgets to IJB

- 5.3 The main areas of adverse variance related to care at home expenditure across Older people, Learning Disability and Physical Disability Services, offset by underspends within Residential and Nursing Services, and staffing vacancies with in-house services.
- 5.4 The main areas reporting variances in the final position are as follows:
- Adult Services was £200k underspent which related to staffing vacancies within Assessment & Fieldwork and Sensory Support Teams
 - Older People Services was £401k overspent wholly due to care at home services which experienced greater than budgeted for numbers of service users; this was partially offset to a drop in the number of older people accessing residential respite services
 - Learning Disability Services were £66k overspent which was due to increases in care at home services due to greater than budgeted for service users, and was partially offset by an increase in income from this service user group. There were vacancies within ARC's across the region which resulted in an underspend of £186k which helped offset the care at home overspend
 - Physical Disability Services were £9k underspent. An overspend of £286k within care at home services due to increased service users was offset by an increase in income from these service users and a lower than expected use of residential respite services
 - Mental Health Services were £219k underspent which was attributable to a reduction in care at home service users across care at home and residential and respite areas.
- 5.5 The year end position represents a better than expected position due to a reduction in the net numbers coming to Social Work through outcome focussed service delivery for new service users, increased use of technology and service efficiencies from use of direct payments. Availability of respite services across the region also curtailed expenditure.
- 5.6 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.
- 5.7 There will be 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.

Efficiencies – Social Work/Council Delegated Budgets to IJB

5.8 The savings/efficiency targets of £1.6m for Social Work budgets were met in full for 2016/17. The shortfall carry forwards from 2015/16 relating to real time monitoring which were caused by delays in project implementation were also met.

Risks – Social Work/Council Delegated Budgets to IJB

5.9 The main risks and challenges facing the Social Work delegated services in delivering a break even position as we move into 2017/18 are as follows:

- Price pressures relating to living wage, inflation and independent provider specific cost pressures
- Demographics and increased levels of care dependency will always put pressure on existing financial resources
- Delivery of a £2.6m savings programme
- The service brings in £14m of service user contributions towards the costs of care and there are risks attached to the collection and future sustainability of this income linked to pension levels, benefit levels and house

NHS Delegated Budgets to IJB

5.10 The final year end position reflects an improvement on the month 10 forecast, predominantly due to lower spend in Acute and Diagnostics around Waiting List initiatives and activity, as well as the release of additional non-recurrent funding to reflect the non-achievement of in-year CRES plans across Prescribing, allowing for these schemes to achieve in full in 2017/18.

5.11 As detailed in Table 1 above the largest overall variances related to the Acute and Diagnostics Directorate and the Primary Care and Community Directorate (PCCD).

5.12 The key concerns in these areas are as follows:

- The acute drug budget was £616k overspent, reflecting the higher levels of activity and expenditure across two main specialties – Ophthalmology (£332k) and Dermatology (£395k). This also reflects changes in clinical protocols relating to national guidelines.
- Medical locum funding of £5.4m was released during the year to fund (on a non-recurrent basis) the increasing level of expenditure to fill the rising number of vacancies. This remains one of the key challenges facing the Directorate as we move into 2017/18.
- Within PCCD, the main pressure continues to be across the Primary Care Prescribing budget, reporting a year end overspend position of £740k.

- This overspend position was partially off-set with underspends across Pay budgets relating to vacancies, but the increasing growth in volume and price across Primary Care Prescribing remains the highest area of risk moving forwards into 2017/18.

Efficiencies – NHS

- 5.13 Whilst efficiency plans were fully met in-year (after the additional release of non-recurring funding towards Primary Care Prescribing non-achievement), there remains £4.7m to find on a recurrent basis into 2017/18.
- 5.14 This has been built into the Local Delivery Plan and required overall level of efficiency savings for 2017/18.
- 5.15 Significant work still needs to be undertaken to deliver these savings recurrently, with an overall efficiency target for NHS delegated services of £15.2m for 2017/18.
- 5.16 To date, schemes totalling £10.5m have been identified, although there is a high level of risk associated with delivery in 2017/18 in full.
- 5.17 Workshops have been undertaken and more are planned to scrutinise Managers' plans for delivering savings within the coming financial year that will deliver financial balance.

Risks – NHS

- 5.18 The main risks and challenges facing the NHS delegated service in delivering a breakeven position as we move into 2017/18 are as follows:
- 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 £15.2m.
 - Secondary Care and Primary Care Prescribing. Whilst budgets have been re-based to reflect expected changes in volume, price and clinical practice, there remains a high level of risk associated with New Medicines Funding and the approval of new high-cost drugs by the Scottish Medicines Consortia.
 - The opening of the new Dumfries and Galloway Royal Infirmary represents a significant risk in ensuring a smooth transition of services from the existing site to the new one.
- 5.19 Whilst the financial plan for 2017/18 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
ARC	-	Adult Resource Centre
CAMHS	-	Child and Adolescent Mental Health Service
CRES	-	Cash Releasing Efficiency Scheme
IJB	-	Integration Joint Board
LD	-	Learning Disabilities
PD	-	Physical Disabilities
PCCD	-	Primary Care and Community Directorate
REMB	-	Risk Enablement and Management Groups
STARS	-	Short Term Augmented Response Service
YTD	-	Year to Date