



Integration Joint Board

26th January 2017

This Report relates to
Item 9 on the Agenda

Financial Performance to November 2016

(Paper presented by Katy Lewis)

For Discussion and Noting

Approved for Submission by	Katy Lewis, Chief Finance Officer/ Director of Finance, NHS Dumfries and Galloway
Author	Graham Stewart, Deputy Director of Finance, NHS Dumfries and Galloway Sean Barrett, Finance and Information Manager, Dumfries and Galloway Council
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List of Background Papers:	N/A
Appendices	Appendix 1 – Summary of Forecast Outturn Appendix 2 – Copy of IJB Budget Setting 2017/18 submitted to IJB Performance Committee on 4 th November 2017

SECTION 1: REPORT CONTENT

Title/Subject: Financial Performance to November 2016

Meeting: Integration Joint Board 26th January 2017

Date: 27th January 2017

Submitted By: Katy Lewis, Chief Finance Officer/
Director of Finance NHS Dumfries and Galloway

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 30th November 2016 (month 8).

2. Recommendations

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

- **The overall level of financial risk associated with the eight months financial data available to the IJB**
- **The level of risk associated with the scale of unidentified efficiency plans to date, in particular the recurrent scale of the gap**

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 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 8 position for the NHS delegated resources updates the previous quarter two forecast position, building in changes identified over the last 2 months.

4. Executive Summary

4.1 Based on the current forecast outturn as at month 8, it is projected that the release of monies from the Social Care Fund, and further progress on the delivery of agreed savings will be required to address initially projected pressures against the Integrated Joint Board services in 2016/17. Prior to the

release of Social Care funding and assuming planned savings are delivered, Dumfries and Galloway Integrated Joint Board is forecasting a potential overall overspend of £875k as at the end of November.

- 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 It is expected that further demographic growth will occur in the final quarter of 2016/17 and additional release of social care funding is anticipated to address this and achieve the proposed forecast position. There is currently £2.1m retained in this fund with a further £600k required to fund these pressures.

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

- 4.4 The position as highlighted above reports an overall pressure for the IJB services of £875k as at the end of September. **Appendix 1** provides a more detailed summary of the financial performance to date by service area.
- 4.5 Table 1 below provides a summary of each service's financial performance and movement in the position from the month 6 position.

Table 1

Directorate/Service	M6 Forecast Position £000s	M8 Forecast Position £000s	Movement
Council Delegated Budgets			
Children & Families	(1)	(1)	0
Adult Social Work Services	346	330	(16)
Older People	(29)	(532)	(503)
People with Physical Disability	(220)	61	281
People with a Learning Disability	(252)	(178)	74
People with Mental Health Need	110	136	26
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)	(148)	(138)
NHS Delegated Budgets			
Acute and Diagnostics Directorate	(1,106)	(1,106)	0
Facilities and Clinical Support	300	300	0
Mental Health Directorate	525	525	0
Primary and Community Care Directorate	(425)	(636)	(211)
Women and Childrens' Directorate	190	190	0
Overall forecast outturn position as at Q1& Q2 reviews	(516)	(727)	(211)
Combined IJB Variance	(526)	(875)	(349)

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 Year End Forecast position for the delegated budgets to the IJB reports a £148k overspend position, this is after further delivery of £435k of anticipated savings. This is an increase of £138k from the month 6 reported position and mainly relates to the expected demographic growth within the care at home older people services.

5.4 It is expected that further demographic growth will occur in the last quarter of the year and it is assumed that further demographic funding will be drawn down to address this and the current £148k overspend forecast position.

5.5 The main areas of variance are highlighted in the appendices to the report and relate to the following:

- Care at Home markets for Older People. All care at home budgets are overspending due to the increasing numbers and levels of need. This is being partially offset by the underspends in staffing across a number of in-house services.
- The forecast position assumes that the savings targets still to be delivered will be delivered, and indications are that this will be the case. Savings are mainly linked to reviews of care, receipt of income and real time monitoring of actual care delivered and as such will increase as the year progresses.
- There remains £435k of savings to be delivered with the majority of these relating to the real time monitoring.

5.6 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.

5.7 There are a number of risks associated with the outturn position, mainly assessing the 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 there is a level of financial risk associated with addressing the need that each individual may require. 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 is likely to be used.

- 5.8 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.
- 5.9 The forecast position assumes that the savings targets still to be delivered will be delivered, and indications are that this will be the case. The forecast position does not take into account future demographic growth which is expected due to the number of care packages which are currently unmet due to capacity in the market and recent trends.

Risks

- 5.10 Demographics are a significant risk to the service as new service users come through the assessment processes. As we make savings, we increase capacity within the market which will be filled as we continue to see existing service user's conditions deteriorate and new service users present themselves. We currently have a number of unmet need packages awaiting care and expect to see an increase in Residential and Nursing uptake over the next few months. We estimate demographic growth in the final quarter of the financial year to be in the region of £600k.
- 5.11 As a result of the pressures areas faced by the Service we continue to promote the following range of control measures to ensure the Social Work budget is not overspent at the end of this financial year. These include the following actions:
- Promoting the Social Work Escalation procedure so that if the commitment to spend beyond the budget available to any budget holder (in emergency circumstances) is approved by the relevant line manager they consequently accept the responsibility to identify the required resources.
 - Reviewing the localities Risk Enablement and Management Groups (REMG) to oversee the activity being taken to bring expenditure into alignment with budget whilst ensuring that all measures are commensurate with responsible management of risk.
 - Communication reconfirming the savings required and expectations of Locality Managers to manage their budget.
 - Consistent application of the Prioritisation Framework to direct the use of Social Work resources to the greatest need.
 - Rollout of the Indicator of Relative Need and the Resource Allocation System to objectively assess eligibility and calculate an indicative budget.

- Identification of opportunities to deploy Assistive Technology as an alternative to traditional support which promotes independence whilst increasing cost effectiveness.
- Continuing review of Direct Payments and claw back of excess balances.
- Review of Learning Disability Community Support in conjunction with the Learning Disability review which takes into account the ARC staffing.
- Reviewing and increasing resourcing the High Care Package Review Team to ensure the delivery of savings.
- Progression on the Ordinary Residence cases through cross service forum.
- Confirmation of the funding allocated from the Social Care Fund to support the activity and demographic pressures within the service.

NHS delegated Budgets to IJB

- 5.12 The revised forecast position, based upon the month 8 update of the Quarter 2 review shows no real change in the forecast except for an increase in Prescribing of £211k adverse, taking the revised forecast to £727k overspent by year end.
- 5.13 As detailed in Table 1 above the largest overall variance currently relates to the Acute and Diagnostics Directorate, with the main issue relating to drug use in Ophthalmology and Dermatology and activity related pressures. Medical Locum use continues to be above levels assumed in the LDP by £240k YTD.
- 5.15 Primary and Community Care Directorate is also showing an increased forecast position relating to a shift in the assessment of Prescribing compared to month 6. This primarily relates to a combination of the unidentified CRES of £370k as well as increases to the level of volume and tariff fluctuations around a number of disease types (£206k). There has also been a reduction in the level of discounts received on certain drugs (£80k as at month 8).

Efficiencies - NHS

- 5.16 Whilst there still remains an in year gap on the services delegated by the Health Board as at the end of November for 2016/17, the forecast position assumes that the majority of this will be identified by the year end, or offset with non recurrent pay underspends, with just £370k of Primary Care Prescribing savings still to be identified by the year end.
- 5.17 For the moment there still remains a gap on in year savings targets across Primary and Community Care (£451k) and Women and Childrens' (£78k), but it is anticipated that these can be offset this year with other underspends within each Directorate.

5.18 However, significant work still needs to be undertaken to deliver these savings recurrently, with an overall recurrent gap of £4.44m still to be identified as follows:

- Acute and Diagnostics - £2.95m
- Facilities and Clinical Support - £113k
- Primary and Community Care - £451k
- Women and Childrens' Services - £559k
- Primary Care Prescribing - £370k

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 in year efficiency savings of £899k still to be achieved and identified in full with a recurring gap of £4.44m.
- Secondary Care Prescribing growth (with new treatments and increased growth beyond expected levels) - £0.6m.
- Growth in Primary Care Prescribing – there still remains a risk on increased growth and price increases later in the year.

Overall Position

5.21 The agreed savings for the Social Work/Council services have been applied to the budgets and are forecast as being fully achieved in the forecast outturn, but there still remains a current gap as at month 8 of £899k within the NHS delegated budgets.

5.22 For NHS delegated budgets, it is important to note the non recurring corporate support has been provided in year to allow services sufficient time to develop sustainable recurrent solutions. The total in year support provided to IJB delegated NHS services is £2.56m.

5.23 A copy of the IJB Budget Setting 2017/18 paper submitted to IJB Performance Committee on 4th November 2017 is attached as **Appendix 2** for information.

Conclusions

- 5.24 The forecast outturn position of the IJB represents a very challenging position for 2016/17 with the requirement to breakeven in the year requiring an increased focus on the delivery of agreed savings and tight spending control measures across both partner organisations to ensure this statutory target is delivered.
- 5.25 Whilst the Financial Plan for 2016/17 reflects known financial risks, these will continue to be monitored and reviewed through the financial reporting cycle.

Financial Planning 2017/18

- 5.26 Discussions are ongoing with NHS and Council on the budget position for 2017/18 following the draft Scottish Government budget on 15th December 2016, with formal proposals anticipated by the end of January 2017.
- 5.27 An IJB workshop has been organised for 26th January 2017, following the IJB meeting, to update Board Members on the budget position and likely impact for IJB.

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 30th November 2016

Directorate/Service	Annual Budget £000s	Forecast Outturn £000s	Forecast Underspend/ (Overspend) £000s	Forecast Variance %
Council Delegated Budgets				
Children and Families	107	108	(1)	(0.7%)
Adult Social Work Services	13,435	13,105	330	2.5%
Older People	21,990	22,019	(532)	(2.4%)
People with Physical Disability	5,772	5,992	(178)	(3.1%)
People with a Learning Disability	16,743	17,007	61	0.4%
People with Mental Health Need	2,145	2,035	136	6.3%
Adults with addict/ substance misuse	263	227	36	13.7%
Overall forecast outturn position as at month 8	60,454	60,602	(148)	(0.2%)
NHS Delegated Budgets				
Acute and Diagnostics Directorate	95,902	97,008	(1,106)	(1.2%)
Facilities and Clinical Support	19,037	18,737	300	1.6%
Mental Health Directorate	21,268	20,743	525	2.5%
Primary and Community Care Directorate	59,591	60,227	(636)	(1.1%)
Women and Childrens' Directorate	20,763	20,344	190	0.9%
Overall forecast outturn position as at Q1 review	216,561	217,288	(727)	(0.3%)
Combined IJB Variance	277,015	277,890	(875)	(0.3%)

Forecast Outturn of IJB Delegated Services as at 30th November 2016

Locality Summary

Locality	Annual Budget £000s	Forecast Outturn £000s	Forecast Underspend/ (Overspend) £000s	Forecast Variance %
Council Delegated Budgets				
Annandale and Eskdale	11,729	11,586	142	1.22%
Nithsdale	23,577	23,997	(420)	(1.78%)
Stewartry	8,702	8,803	(101)	(1.16%)
Wigtown	10,851	10,952	(101)	(0.93%)
Region Wide	5,595	5,264	332	5.92%
Overall forecast outturn position as at month 4	60,454	60,602	(148)	(0.24%)
NHS Delegated Budgets				
Annandale and Eskdale	16,219	16,252	(33)	(0.20%)
Nithsdale	18,340	18,378	(38)	(0.21%)
Stewartry	12,718	12,708	10	0.08%
Wigtown	10,572	10,611	(39)	(0.37%)
Region Wide	158,712	159,339	(627)	(0.40%)
Overall forecast outturn position as at Q1 review	216,561	217,288	(727)	(0.34%)
Integrated Services				
Annandale and Eskdale	27,948	27,838	109	0.39%
Nithsdale	41,917	42,375	(458)	(-1.09%)
Stewartry	21,420	21,511	(91)	(-0.42%)
Wigtown	21,423	21,563	(140)	(-0.65%)
Region Wide	164,307	164,603	(295)	(-0.18%)
Combined IJB Variance	277,015	277,890	(875)	(-0.32%)