



Integration Joint Board

22nd September 2016

This Report relates to
Item 9 on the Agenda

Financial Performance to July 2016

(Paper presented by Katy Lewis)

For Discussion and Noting

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SECTION 1: REPORT CONTENT

Title/Subject: Financial Performance – Month 4 Position 2016/17

Meeting: Integration Joint Board 22nd September 2016

Date: 23rd August 2016

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 31st July 2016 (month 4).

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 four months financial data available to the IJB;**
- **The level of risk associated with the scale of unidentified efficiency plans to-date;**
- **Primary Care Prescribing cost data only available for April and May, showing actuals close to plan and the YTD (Year to Date) position and forecast reflecting the known areas of slippage on the efficiency plans only.**

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 4 position for the NHS delegated resources only updates the quarter one forecast position if there has been a significant change since month 3. With no overall significant shift in the NHS month 4 position, the forecast position as at quarter one is still relied upon within this report.

4. Executive Summary

- 4.1 Based on the first quarter monitoring, it is current 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 £1,153k as at the end of July. .
- 4.2 Delivery of a balanced position for 2016/17 overall can be achieved through use of this 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 The tender process for the care at home/living wage increase to £8.25 has now concluded and new contracts will be in place from 1st October 2016 as is required. The increased cost of this for 2016/17 is estimated at £2.044m and is affordable in the current financial year. The full year cost is estimated at £4.105m and will need to be recognised as a cost pressure for 2017/18 should sufficient additional funding not be provided by Scottish Government.

Summary Financial Performance Up-date as at end July 2016 (month 4)

- 4.4 The overall position as highlighted above reports an overall pressure for the IJB services of £1,153k as at the end of July. 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;

Table 1

Directorate/Service	Forecast Position £000s
Council Delegated Budgets	
Children & Families	1
Adult Social Work Services	72
Older People	(111)
People with Physical Disability	(407)
People with a Learning Disability	(321)
People with Mental Health Need	(18)
Adults with addict/sub misuse	0
Non Social Work Budgets	146
Overall forecast outturn position as at month 4	(639)
NHS Delegated Budgets	
Acute and Diagnostics Directorate	(1,094)
Facilities and Clinical Support	428
Mental Health Directorate	366

Primary and Community Care Directorate	(393)
Women and Childrens' Directorate	179
Overall forecast outturn position as at Q1 review	(514)
Combined IJB Variance	(1,153)

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 £639k overspend position, this is a £465k increase from the Q1 reported position and mainly relates to increased service user numbers.

5.4. The main areas of variance are highlighted in the appendices to the report and relate to the following;

- People with Learning Disability Services are currently forecasting a £321k overspend, the position has slightly worsened from the £308k position reported in Q1.
- People with Physical Disability Services are currently forecasting a £407k overspend position which has increased by £221k since last reported at Q1.
- Older People Services are currently forecasting a £111k overspend, this is the largest area of spend for the council services delegated to the IJB. This position has worsened since that reported in Q1 of £165k underspend due to demographic increases.

5.5. This position is off-set with expected underspends relating to Adult Social Work Services (£72k underspent) and other Council Services delegated to the IJB (£146k underspent).

5.6. Care at Home is also the main pressure area within People with a Physical Disability, with a forecast overspend of £457k.

5.7. Older People Services continue to overspend due to the numbers accessing the service, although this has been off-set in-month by a correction to a coding error of £130k, which related to a high-cost package now correctly transferred to People with a Physical Disability.

- 5.8. 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.
- 5.9. There remains £1,683k of savings to be identified and delivered across the Council delegated budgets. Savings are mainly linked to review of care levels and receipt of income and as such will increase as the year progresses. When a service user review is completed the commitment on our financial systems will change and the saving will be realised. When a financial assessment has been completed and updated on our financial systems the income projection will change and the saving realised.
- 5.10. The following schemes 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.
 - Contract Management and general efficiency savings are on track and have delivered £147k so far. There are a number of areas which are being targeted to ensure full delivery of the saving.
 - Real Time Monitoring £200k saving has been delayed to due to the care at home services tender which will look stabilise the market and ensure national living wage within the care at home market. We expect to start seeing savings from October 1st and 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.

Risks

- 5.11. 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. It is likely that this pressure will increase and initial estimates are to around the £2m

position which would be purely attributable to increases in service user numbers.

5.12. 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 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 clawback 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

5.13. The YTD position for the delegated budgets to the IJB reports a £141k favourable variance as at the end of July, with no significant change from June's position. As such the forecast outturn position provided as part of the quarter one position has been used for this report.

5.14. As detailed in table 1 above the largest variance currently relates to the Acute and Diagnostics Directorate, comprised of the following key issues;

- Non-delivery of YTD CRES - £86k.
- Drugs overspend - £171k relating to Dermatology (£79k) and Ophthalmology (£89k) activity, resulting in an updated forecast over-spend of £591k.
- Medical Locum funding of £1,753k has been taken YTD, slightly above expectations YTD, but no significant variance to annual forecast assumed at this stage.

5.15 Facilities and Clinical Support report an under-spend of £137K YTD (£156k month 3) YTD, with the following key areas contributing to the underlying position:

- Heat/Light/Power – YTD under-spend of £36k with an in month overspend of £11k, the majority of which within electricity.
- Pays is £95k under-spent, with a number of areas within support services and property services that are currently carrying vacancies. The two main areas driving the under-spend are Estates and Catering, the under-spend won't continue at this level.
- A small pressure within non-pays relates to transport services, reflective of the level of use of services to aid rapid discharge across the DGRI.

5.16 Mental Health Services continue to under-spend on Pays, £100k in the month, increasing the cumulative under-spend to £245k. This is reflective of the level of on-going vacancies across Learning Disability Services, Inpatient Services and Social Care Projects. Non-pays are overspent by £49k YTD, mainly due to unachieved CRES £29k offset by other small under-spends of £20k throughout Directorate.

5.17 Primary and Community Care Directorate is reporting an over spend of £40k, with a favourable in month variance of £25k. This overspend mainly relates to unachieved CRES plans of £153k and Primary Care Prescribing of £104k, offset by an under-spend in Pays of £270k. The main issues behind the level of overspend are as follows:

- Unachieved CRES split between Prescribing of £104k and Directorate wide schemes of £153k, however plans are being developed to achieve all remaining CRES in the next few months. This is being reviewed in detail as part of the Quarter One Review.
- The Pays position of £270k underspent across the Directorate helps to offset the unachieved CRES target and the adverse prescribing variance. The favourable in month variance of £100k relates to continued vacancies and

funding drawn down from the locum reserve to cover the cost of a GP Locum at Castle Douglas Hospital.

- The £165k underspend across Pays relates primarily to Nursing budgets including a £61k underspend within the regional STARS service, £85k in Community Nursing and £60k across the eight Cottage Hospitals.
- Primary Care Prescribing is overspent by £104k which relates to unidentified CRES for 2016/17, within the target of £1.6m, £1.3m of CRES saving schemes have been identified.

5.18 Womens and Childrens' Directorate is currently £122k underspent, comprised of the following main areas:

- Unachieved CRES - £33k
- Pays overall are £178k underspent due to CAMHS vacancy (£21k), Neonatal efficient rostering (£39k), Allied Health Professionals (AHP) vacancies (£33k), Ward 15 (£18k) and Public Health Nursing (£63k).
- Non-delivery of Efficiency plans - £92k.
- Drugs overspend - £109k relating to Dermatology (£47k) and Ophthalmology (£82k) activity.
- Nursing is underspent by £120k YTD (£98k month 2), reflecting the number of vacancies across the Directorate. As expected the levels of vacancies

Efficiencies - NHS

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

5.20 However significant work still needs to be undertaken to deliver these savings recurrently, with an overall recurrent gap of £4.5m still to be identified as follows;

- Acute & Diagnostics - £3m
- Facilities and Clinical Support - £145k
- Primary & Community Care - £451k
- Women and Childrens' Services - £559k
- Primary Care Prescribing - £370k

5.21 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.

5.22 Appendix 2 provides a summary of the achievement of savings YTD.

Risks - NHS

5.23 The main risks and challenges facing the NHS delegated service in delivering a break-even position include the following;

- On-going 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 - £0.37m, with a recurring gap of £4.5m.
- Secondary Care Prescribing growth (with new treatments and increased growth beyond expected levels) - £0.6m.
- Growth in Primary Care Prescribing – with only two months of actual data showing expenditure close to budget, there still remains a risk on increased growth and price increases later in the year.

Overall Position

5.24 The total level of savings applied to the IJB delegated budgets for 2016/17 is £11.72m, with a further £750k of outstanding 2015-16 schemes from Council delegated services. There is also a further requirement to reduce the RTM contract this year by £215k, bringing the total savings requirement for the IJB to £12.7m.

5.25 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 4 of £1.7m.

5.26 The agreed savings for the NHS delegated budgets have been applied to the budgets and have a current in year gap remaining to be identified of £1.2m.

5.27 Appendix 2 provides a summary schedule of the plans developed to date for achievement of Efficiency savings and the associate gap still to be identified this year which now stands at £2.8m in total for all IJB services.

5.28 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.

5.29 The financial performance by locality is summarised in the table below with further detail provided within appendix 1;

Locality	Forecast Outturn £k
A&E	(86)
Nithsdale	(634)
Stewartry	(58)
Wigtown	27
Region Wide	(403)
Total	(1,154)

5.30 The main areas of over-spend as identified as part of the month 4 reporting cycle relates mainly to Nithsdale and Regional Wide Services. The main variance within Nithsdale locality relates to the variance associated within People with a LD service and Primary Care Prescribing efficiency savings.

5.31 The variances relating to regional wide services reflect the pressures across Acute and Diagnostics, Prescribing and the current gap on unidentified efficiency plans.

Conclusions

5.32 The forecast outturn position of the IJB represents a very challenging position for 2016-17 with the requirement to breakeven in the year requiring both partner organisations to contribute significant additional resources by the year end to ensure this statutory target is delivered.

5.33 Further work is necessary on ensuring all efficiency savings plans are worked up in full to ensure delivery of the required level of savings in total.

5.34 It is essential that the monitoring and phasing of CRES achievement throughout the year is robust in order that cost pressures are not understated during the year. This is kept under continuous review.

5.35 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

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

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 & Families	107	106	1	0.9%
Adult Social Work Services	6,269	6,197	72	1.1%
Older People	22,139	22,250	(111)	(0.5%)
People with Physical Disability	5,535	5,942	(407)	(7.4%)
People with a Learning Disability	16,755	17,076	(321)	(1.9%)
People with Mental Health Need	2,232	2,250	(18)	(0.8%)
Adults with addict/sub misuse	263	263	0	0.0%
Non Social Work Budgets	7,239	7,093	146	2.0%
Overall forecast outturn position as at month 4	60,539	61,177	(639)	(1.1%)
NHS Delegated Budgets				
Acute and Diagnostics Directorate	91,697	93,601	(1,094)	(1.2%)
Facilities and Clinical Support	18,949	18,521	428	2.3%
Mental Health Directorate	20,987	20,621	366	1.7%
Primary and Community Care Directorate	58,346	58,739	(393)	(0.7%)
Women and Childrens' Directorate	20,440	20,262	179	0.9%
Overall forecast outturn position as at Q1 review	210,689	211,203	(514)	(0.2%)
Combined IJB Variance	271,227	272,380	(1,153)	(0.4%)

Appendix 1 (cont)

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

Locality Summary

Locality	Annual Budget £000s	Forecast Outturn £000s	Forecast Underspend/ (Overspend) £000s	Forecast Variance %
Council Delegated Budgets				
Annandale & Eskdale	11425	11,430	(5)	0.0%
Nithsdale	22267	22,932	(665)	(3.0%)
Stewartry	8529	8,548	(19)	(0.2%)
Wigtown	10418	10,408	10	0.1%
Region Wide	7900	7,861	39	0.5%
Overall forecast outturn position as at month 4	60,539	61,177	(639)	(1.1%)
NHS Delegated Budgets				
Annandale & Eskdale	16,099	16,180	(81)	(0.5%)
Nithsdale	17,869	17,838	31	0.2%
Stewartry	12,369	12,678	(39)	(0.3%)
Wigtown	10,457	10,440	17	0.2%
Region Wide	153,626	154,068	(442)	(0.3%)
Overall forecast outturn position as at Q1 review	210,689	211,203	(514)	(0.2%)
Integrated Services				
Annandale & Eskdale	27,524	27,610	(86)	(0.3%)
Nithsdale	40,136	40,770	(634)	(1.6%)
Stewartry	21,168	21,226	(58)	(0.3%)
Wigtown	20,875	20,848	27	0.1%
Region Wide	161,527	161,929	(403)	(0.2%)
Combined IJB Variance	271,227	272,380	(1,153)	(0.4%)

Summary of Efficiency Savings achieved YTD and Recurring Gap

Service Area	In year 16/17 Target £000's	In Year 16/17 Delivered £000's	In Year 16/17 GAP £000's	Comments / Progress	Recurring Gap 17/18 Amount £000's
Council					
RTM Saving - 2016/17	£200k	0	(£200k)	Delayed due to care at home service tender, but still expect to deliver in full. Expectation to start seeing savings from October.	
Holistic review of care packages	£653k	£357k	(£296k)	On track to deliver full target	
Contract Management Saving	£147k	£147k	0	On-track to deliver savings by year end	
Non-residential Charging Saving	£423k	£201k	(£222k)	Expected to be achieved in full as the year progresses when service users receive their annual financial assessment	
Management Savings	£50k	£50k	0	Already delivered in full with reduced staffing as planned	
Health and Wellbeing Saving	£100k	£100k	0	Has been delivered and achieved in full by reducing payment to NHS. This has caused a financial pressure in NHS budgets due to staff in post and the reduction of services provided.	
Subtotal 16/17	£1,573k	£855k	(£718k)		
15-16 Schemes					
RTM	£200k		£200k	Delayed due to care at home service tender, but still expect to deliver in full. Expectation to start seeing savings from October.	
General Efficiencies	£350k		£350k	Various contracts have been reviewed and delivered a savings, this saving will be evident after six months. Efficiencies are being made through the payments and review process which will ensure the saving is delivered in 16/17. This will need to be reviewed to assess the recurrency.	
Ordinary Residence Reduction	£200k		£200k	Discussions are ongoing with three local authorities to	

Appendix 2

Service Area	In year 16/17 Target £000's	In Year 16/17 Delivered £000's	In Year 16/17 GAP £000's	Comments / Progress	Recurring Gap 17/18 Amount £000's
				establish ordinary residence of some of the out of region service users. Newly formed cross service group review on a monthly basis and follow up actions.	
Increase RTM savings to fund costs of new contract/ system	£215k		£215k	Delayed due to care at home service tender, but still expect to deliver in full. Expectation to start seeing savings from October.	
Subtotal 15/16	£965k	£0k	(£965k)		
TOTAL COUNCIL/ SOCIAL WORK	£2,538	£855k	(£1,683k)		
NHS					
Acute & Diagnostics Directorate	£3,653k	£3,394k	(£259k)	Schemes to progress savings in medical locum budgets are being progressed at both a national and local level and have a potential to impact in the final quarter of 2016/17. There is an ongoing review of external agreements with other Health Boards to minimise in year cost pressures. £259k in year balance of savings still to be identified.	(£2,995k)
Facilities and Clinical Support Directorate	£840k	£840k	0	In year savings delivered through a mix of property, energy, transport efficiencies and service reviews.	(£127k)
Primary and Community Care Directorate	£1,325k	£874k	(£451k)	Ongoing review of savings with service and locality managers with Finance Manager. £107 savings delivered to date through local budget scrutiny processes. With a further through a review of contracts, workforce reviews and procurement savings. £451k in year balance of savings still to be identified.	(£451k)
Mental Health Directorate	£937k	£937k	0	The directorate is on target to deliver savings in year through the review of the EMI strategy, review of management arrangements and review of prescribing and drugs.	0

Appendix 2

Service Area	In year 16/17 Target £000's	In Year 16/17 Delivered £000's	In Year 16/17 GAP £000's	Comments / Progress	Recurring Gap 17/18 Amount £000's
Women & Children's Directorate	£936k	£857k	(£78k)	The delivery of savings in year has been through a number of service and workforce reviews, service productivity savings and procurement savings. There is an in year balance of £78k to be identified.	(£559k)
Prescribing	£2,453k	£2,083k	(£370k)	Variety of schemes across both Secondary and Primary Care Prescribing including more efficient procurement, increased delivery of services through homecare and a range of other initiatives designed to eradicate waste. The in year gap is £370k, with the Chief Pharmacist leading on workstreams to identify remaining gap.	£370k
TOTAL NHS	£10,143k	£8,985k	(£1,158k)		£4,502k
TOTAL – IJB Target	£12,681k	£9,840k	(£2,841k)		£4,502k