



Dumfries and Galloway  
Integration Joint Board

14<sup>th</sup> July 2016

This Report relates to  
Item 11 on the Agenda

# Financial Performance – Month 2 Position

*(Paper presented by Katy Lewis)*

*For Discussion and Noting*

<b>Approved for Submission by</b>	Chief Finance Officer/Director of Finance, NHS Dumfries and Galloway
<b>Author</b>	Graham Stewart, Deputy Director of Finance, NHS Dumfries and Galloway
<b>List of Background Papers</b>	
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## SECTION 1: REPORT CONTENT

**Title/Subject:** Financial Performance – Month 2 Position

**Meeting:** Dumfries and Galloway Integration Joint Board

**Date:** 14th July 2016

**Submitted By:** Katy Lewis, Chief Finance Officer (Director of Finance NHS Dumfries and Galloway)

**Action:** For Discussion and Noting

### 1. Introduction

1.1 This report presents the summary financial performance of the budgets delegated to the Integrated Joint Board (IJB) for the period ending 31<sup>st</sup> May 2016. The IJB is asked to consider, note and discuss where necessary the key messages provided herein.

### 2. Executive Summary

2.1 Dumfries and Galloway Integrated Joint Board reports an overall over-spending position of **£58k** as at the end of May 2016. This position is based upon the first two months of financial performance, with Social Work and Council delegated budgets reporting a **£8k** adverse outturn variance, whilst NHS Delegated budgets report a **£50k** adverse year to date (YTD) variance to plan.

2.2 It is important to note that the Social Work and Council delegated budgets reflect the current assessment of the outturn variance position, whilst the NHS delegated budgets reflect the YTD variance.

2.3 It is envisaged that monthly forecast outturn positions will be made available from both the NHS and Council finance teams from next month (quarter one reporting).

### 3. Recommendations

3.1 *The Integration Joint Board is asked to note the following:*

- The overall level of risk associated with only two months data available to the IJB
- The level of risk associated with the magnitude of unidentified efficiency plans to-date
- Primary Care Prescribing cost data is as yet not available and the YTD position reflects the known areas of slippage on the efficiency plans only

## 4. Background

- 4.1. This is the first financial performance report to the IJB, combining both budget reporting methodologies of NHS Dumfries and Galloway and Dumfries and Galloway Council.

The main purpose of this report is to identify the current level of risk on the IJB financial performance to-date, highlighting the significant issues affecting the delivery of a balanced position.

It is envisaged that from Month 3, reports will combine and integrate further so as to provide a combined forecast outturn variance on a monthly basis.

The financial performance highlighted in this report, presents the Social Work and Council's outturn variance on the IJB related delegated services, whilst the NHS position reflects the YTD variance against the YTD plan.

## 5. Summary Financial Performance Update as at end May 2016 (month 2)

- 5.1. The overall position as highlighted above reports an adverse variance of **£58k** as at the end of May. **Appendix 1** provides a more detailed summary of the financial performance to-date by service area.
- 5.2. Table 1 below provides a summary of each service's financial performance;

Table 1

Directorate/Service	Underspend/(Overspend) to Mth 2 £000s
<b>Social Work/Council Delegated Budgets</b>	
Children & Families	0
Adult Social Work Services	0
Older People	0
People with Physical Disability	0
People with a Learning Disability	(8)
People with Mental Health Need	0
Adults with addict/sub misuse	0
Non Social Work Budgets	0
<b>Overall Forecast Outturn Position</b>	<b>(8)</b>
<b>NHS Delegated Budgets</b>	
Acute and Diagnostics Directorate	(193)
Facilities and Clinical Support	93
Mental Health Directorate	108
Primary and Community Care Directorate	(99)
Women and Children's Directorate	42
<b>YTD Variance</b>	<b>(50)</b>
<b>Combined IJB Variance</b>	<b>(58)</b>

The main issues affecting the financial performance of the IJB YTD are summarised by exception for each of the services as highlighted below, providing further levels of detail from each reporting area.

### 5.3. **Social Work/Council Delegated Budgets**

The Council do not carry out a period 2 monitoring as during this time the Social Work budgets are realigned for known changes in spend for the future year and are based on the current commitment in May. Thereafter, savings are removed and uprating's that are required are applied. Therefore, this report reflects this realignment and results in the majority of the budgets currently being forecast to break-even.

The methodology that has been applied to realignment is mainly the same as carried out in 2015/16 budget setting:

- looking at previous years outturn position removing any one off income/expenditure
- applying any known changes in service levels
- removing the savings proposals which are outstanding from 2015/16
- removing the savings proposals for 2016/17

This has resulted in an initial commitment of £60.586m being projected against the budget available of £60.529m and resulting in a forecast overspend of £46k, which reflects a YTD variance of £8k overspend. This overspend is due to one new service user starting a residential placement in May within learning disability and is a demographic increase experienced in 2016/17.

This forecast does not include an estimate for any future demographic increases and work is being progressed to identify what the estimated financial impact will be for this year. Discussions are ongoing with the Chief Finance Officer and Council Head of Finance to review proposals for how the Social Care Fund is applied to the Social Work budget to support the demographic and activity increases.

The work surrounding the living wage, and the increased from 1<sup>st</sup> October 2016, is also still ongoing with a further update will be provided to members on the outcome of the tender process and the associated financial implications. No forecast for this has been included in the above projected outturn.

The agreed uprating's provided by the IJB, as detailed in the uprating's section of this report below, have been included in the forecast outturn and are fully utilised.

It should be noted that included within the budget/forecast is the assumptions that funding from the NHS of £369k will be provided through either the Social Care Fund, Delayed Discharge or other source.

Based on the current information £2.9m has been released from the Social Fund to support the inflation uplifts and other uprating's agreed through the budget setting process. This has been allocated and applied to the budgets:

- £389k for staffing uprating
- £600k for the agreed £0.70 care at home rate increase
- £1,401k for the Residential and Nursing 2.5% rising to 6.5% price increase
- £154k Recurring 2015/16 Pressure
- £356k Low pay in Care Home (funding from 15/16)

#### 5.4. **NHS delegated Budgets to IJB**

The YTD position for the delegated budgets to the IJB reports a £50k adverse variance as at the end of May, equivalent to 0.35% variance to plan.

As identified in Table 1 above the largest variance currently relates to the Acute and Diagnostics Directorate, comprised of the following key issues:

- Non-delivery of Efficiency plans - £125k
- Drugs over-spend - £88k relating to Dermatology (£48k) and Ophthalmology (£56k) activity
- Medical Locum funding of £828k has been taken YTD, close to expectations YTD
- Nursing is under-spent by £98k YTD, reflecting the number of vacancies across the Directorate, with an expectation that this level of vacancy will reduce in June

Facilities and Clinical Support report an underspend of £93k YTD, with the following key areas contributing to the underlying position:

- Maintenance expenditure has been lower than anticipated YTD, with a £57k underspend
- Vacancies within support services (£33k), across catering in the main, with recruitment under-way to remedy this situation
- A small pressure within non-pays relates to transport services, reflective of the level of use of services to aid rapid discharge across the Dumfries and Galloway Royal Infirmary.

Mental Health Services continue to under-spend on Pays, reflective of the level of on-going vacancies across Learning Disability Services, Inpatient Services and Social Care Projects. The main variance on Non-pays reflects the level of unachieved Cash Releasing Efficiency Savings (CRES) of £56k.

Primary Care and Community Directorate reports a £99k adverse variance YTD. The main issues behind the level of over-spend are as follows:

- Unachieved CRES split between Prescribing of £64k and Directorate-wide schemes of £105k
- The Pays position of £77k favourable relates to the level of continued nursing vacancies across the Directorate – with £28k relating to Short Term Augmented Response Service (STARS) £27k within community nursing and £30k across the community hospitals

The Women, Childrens' and Sexual Health Directorate is currently £42k under-spent, comprised of the following main areas:

- Unachieved CRES - £46k
- Pays vacancies of £74k across Child and Adolescent Mental Health Services (CAMHS) (£20k), Public Health Nursing (£25k) and efficient neo-natal rostering (£16k)

The main drivers behind the YTD over-spend position on the Delegated IJB budgets relate to the level of unachieved CRES as at the end of May. Further work is on-going across the Directorates, supported by the finance team in exploring new opportunities and identifying further non-recurrent schemes to provide sufficient timelines to achieve CRES on a full recurrent basis by the year end.

## 5.5 Efficiency Savings

The total level of savings applied to the IJB delegated budgets for 2016/17 is £11.76m. This is derived from the Social Work/Council delegated targets of £1.57m and the NHS delegated efficiency target of £10.19m.

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.

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 £2.1m.

**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.

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.

## 5.6 Summary Position by Locality

The financial performance by locality is summarised in the table below:

Table 2

	Annual Budget £k	YTD Expenditure £k	Variance £k
<b>Summary By Locality - Total IJB</b>			
Annandale & Eskdale	27,493	4,186	(7)
Nithsdale	40,096	5,941	(14)
Stewartry	21,066	3,467	(35)
Wigtownshire	20,876	2,888	20
Region Wide Services	159,890	27,522	(22)
<b>Total IJB Locality Summary</b>	<b>269,420</b>	<b>44,003</b>	<b>(58)</b>

The main areas of over-spend as identified as part of the month 2 reporting cycle relates mainly to Nithsdale and Stewartry. The main variance within Nithsdale locality relates to the variance associated within People with a Learning Disability service, where the over-spend is due to a new service user starting a residential placement in May within learning disability and is a demographic increase experienced in 2016/17.

The over-spend in Stewartry relates to expenditure incurred in covering a medical vacancy at Castle Douglas Hospital with medical locum cover. This is expected to continue until mid August, with an interim agreement in place with a local GP practice to provide further medical support.

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

**Appendix 3** provides further detail on the locality financial position.

## **6. Conclusions**

- 6.1. The first financial performance report of the IJB of this financial year, based upon the month 2 position, highlights an adverse overall position of **£58k**.

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.

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.

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**

### **7. Resource Implications**

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

### **8. Impact on Integration Joint Board Outcomes, Priorities and Policy**

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

### **9. Legal & Risk Implications**

9.1. None identified.

### **10. Consultation**

10.1. Resources Workstream including Head of Finance for Council.

### **11. Equality and Human Rights Impact Assessment**

11.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment.

### **12. 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

### **13. Exempt reports**

13.1. None