



Integration Joint Board

27<sup>th</sup> July 2017

This Report relates to  
Item 10 on the Agenda

# Financial Performance 2017/18 – Month 2

*(Paper presented by Katy Lewis)*

*For Discussion*

<b>Approved for Submission by</b>	Katy Lewis, Chief Finance Officer/ Director of Finance, NHS Dumfries and Galloway
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<b>Date:</b>	
<b>List of Background Papers:</b>	
<b>Appendices</b>	<b>Appendix 1</b> – Delegated Services – Budget Detail <b>Appendix 2</b> – IJB Savings Plan Update

## SECTION 1: REPORT CONTENT

**Title/Subject:** Financial Performance 2017/18 – Month 2

**Meeting:** Integration Joint Board (IJB)

**Date:** 27<sup>th</sup> July 2017

**Submitted By:** Katy Lewis, Chief Finance Officer

**Action:** For Discussion

### 1. Introduction

1.1 This report presents the summary financial performance of the budgets delegated to the Integration Joint Board (IJB) as at 31<sup>st</sup> May 2017.

### 2. Recommendations

**2.1 The Integration Joint Board (IJB) is asked to discuss the current YTD position of the Integrated Budgets, the level of unidentified CRES and the ongoing financial risks.**

### 3. Background

3.1 The main purpose of this report is to report on the month 2 financial position for the budgets and services delegated to the IJB.

3.2 This is the first report for the new financial year and is a very early assessment of financial performance to date but includes a range of assumptions and judgements to inform the position given the limited information available. The Council position is based upon the month 2 actual spend forecasted into an outturn position as at the end of June. The NHS budgets are based upon the actual expenditure and accruals as at the end of month 2.

3.3 A more detailed forecast outturn position will be presented with the month 3 update when the quarter one review will be completed.

### 4. Executive Summary

4.1 The financial plan as agreed at the IJB meeting on 30<sup>th</sup> March 2017 advised that savings of £17.694m were required to be delivered to achieve a balanced financial position for 2017/18 and at that time the level of savings which need to be identified was £5.2m. The savings target has increased marginally to £17.85m, with the in year gap assessed at £5.1m.

4.2 The month 2 position reflects an overspend of £1.4m which is in line with the original financial planning estimates for the year and is not unexpected given the level of risk presented in the original plan. Initial indications are that the social work overspend will be recovered in year but further work is required to ensure a balanced position overall.

- 4.3 The level of planned reserves 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. Table 1 below summarises the month 2 position.

**Table 1**

<b>IJB Services</b>	<b>M2 Position £k</b>
<b>Council Services</b>	
Children & Families	0
Adult Services	(25)
Older People	(26)
People with a LD	20
People with PD	(53)
People with Mental Health Need	(7)
Adults with addict/sub misuse	0
<b>Subtotal Council Services</b>	<b>(91)</b>
<b>NHS Services</b>	
Acute & Diagnostics	(252)
E-Health	(28)
Facilities & Clinical Support	(68)
Mental Health	(91)
Primary Care and Community Services	(506)
Strategic Services - IJB	15
Women and Children	10
IJB –unidentified CRES	(417)
<b>Subtotal NHS Services</b>	<b>(1,337)</b>
<b>Total IJB Services</b>	<b>(1,428)</b>

- 4.4 Further detail on the budgets and services included within the delegated budget as requested by members is included at appendix 1.

## **5. Directorates'/Services Overview position**

- 5.1 The main issues affecting the financial performance of the IJB in 2017/18 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 month 2 position are highlighted below, providing further levels of detail from each reporting area.

## **Council (Social Work) Delegated Budgets to IJB**

- 5.3 Based on current expenditure levels the council delegated services have a £91k overspend to date and are forecasting that this will be recovered in year to a balanced position assuming delivery of identified savings schemes. There remain significant levels of savings still to be delivered alongside unallocated budgets for future demographic increases in activity and price.
- 5.4 The main areas reporting variances in the Q1 position are as follows;
- Adult Services is £25k overspent, with the potential to increase to £149k by the year end, this relates to the staffing vacancy assumption target within the Care and Support Service Teams.
  - Older People Services is £26k overspent (£157k outturn) wholly due to care at home services which have significant levels of savings planned to be delivered over the last 9 months of the year.
  - Learning Disability Services are £20k (£117k outturn) underspent which is due to decreases in the costs associated with care at home. Residential and nursing services are over and will require further investigation and an understanding of this impact on current budgets. There are savings yet to be delivered alongside staff vacancies within ARC's across the region which are forecasting an underspend which is helping offset the residential care overspend.
  - Physical Disability Services are £53k (£317k outturn) overspent, an overspend of £266k within care at home services is forecast however there are savings still to be delivered over the rest of the financial year which will help bring this overspend closer to budget. There has been an increase in the number of residential service users in the last 3 months putting this budget under pressure.
  - Mental Health Services are forecasting a £40k overspend (£7k year to date) which is due to a forecast reduction in residential and nursing income. This will be investigated to understand the underlying reason.
- 5.5 The in year position forecast is not highlighting any major concerns at this stage in the year with further savings still to be delivered and will be brought into the forecast position as they change the commitment of Social Work financial resources. There are constraints on the availability of care within the sector which will automatically control service growth. A challenge for the service is how they meet the increases in demand with this reduced resource 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 curtails expenditure.
- 5.6 For information members previously requested information on the position around housing budgets, these are included within the adult services budget with the heading of care and repair at a budgeted value of £1,198k.

- 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 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 have for Adult Social Care in 2017/18 is 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.

### **NHS Delegated Budgets**

- 5.9 The main variances relating to the NHS delegated budgets are as follows;
- Pay under-spend of £471k, mainly across vacancies in Primary Care and Women's and Children.
  - Non-pays overspend of £1.3m across the directorates mainly relating to some slippage on CRES delivery and the level of unidentified CRES allocated within the directorate budgets.
  - Within the Non-pays figure is an overspend on drugs across both Acute and Primary Care prescribing of £743k, reflecting the level of unachieved and unidentified CRES schemes to date. This is a prudent position given the limited data available for the new financial year particularly on GP prescribing.
  - Unidentified CRES – £417k, representing the remaining level of CRES yet to be identified across the IJB (£2.5m FYE).

### **Update on Savings Delivery**

- 5.10 The savings/efficiency targets of £2.636m for Social Work budgets are required to meet the £1.8m savings target passed onto the IJB by the local authority and some known future pressures which are likely to impact on budgets relating to price and service number increases. It is estimated that £756k of savings/efficiencies have been achieved so far leaving £1.8m still to be delivered. There are some unallocated funds from the Social Work Fund still to be allocated and will be retained as demographic and service pressures materialise throughout the year.
- 5.11 Across the NHS delegated services there is currently a significant level of unidentified CRES outstanding as at month 2. A combined IJB CRES target of £2.5m is being held centrally, reflecting the level of CRES not currently delegated to individual services across the IJB.

5.12 The remaining CRES targets have been devolved to each directorate and have either been identified and removed from budget or form part of the YTD variance within Non-pays. An overall update on savings delivered to date is included in appendix 2.

### **Financial Risks Updated**

5.13 The main risks and challenges facing the Integrated Joint Board for 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.
- Continued delivery of a £2.636m 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 prices.
- The main area of risk relates to the ongoing level of unidentified and unachieved CRES to date.
- Prescribing remains an area of volatility with no current data for April and May for Primary Care as yet, with an estimate included based upon the most recent volume trends.
- The level of medical vacancies remains high across the majority of services with increasing reliance placed upon agency staff. Whilst a new contract arrangement with Retinue has been implemented to minimise the cost of medical agency staff, the impact of IR35 and general market supply shortages continue to make recruitment to unfilled gaps difficult.
- The transition to the new hospital, opening in December represents a significant financial risk in terms of double running costs.
- Growth in activity sent to other Health Boards and organisations, continue to rise in line with demographic changes.

5.14 Whilst the financial plan for 2017/18 reflects known financial risks, these will continue to be monitored and reviewed through the financial reporting cycle.

### **Business Transformation Programme**

5.15 Work is progressing on the business transformation programme with an update planned to be presented at the next IJB Performance and Finance Committee. A workshop of the Health and Social Care Senior Management Team was held on 30<sup>th</sup> June as part of a series of budget scrutiny sessions with the Chief Officer and Chief Finance Officer to further develop the work on the programme.

## **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. Individual savings schemes and difficult decisions will be impact assessed.

### **11 Glossary**

ARCs	-	Adult Resource Centres
AHP	-	Allied Health Professionals
CAMHS	-	Child and Adolescent Mental Health Service
CRES	-	Cash Releasing Efficiency Scheme
FYE	-	Full Year Effect
IJB	-	Integration Joint Board
LD	-	Learning Disabilities
PCCD	-	Primary Care and Community Directorate
PD	-	Physical Disabilities
REMG	-	Risk Enablement and Management Groups
STARS	-	Short Term Augmented Response Service
YTD	-	Year to Date

<b>COUNCIL DELEGATED SERVICES – BUDGET DETAIL</b>	<b>Annual Budget</b>	<b>YTD Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Children &amp; Families</b>		
Assessment & Fieldwork	107	0
Income	0	0
<b>Children &amp; Families Total</b>	<b>107</b>	<b>0</b>
<b>Adult Services Total</b>		
Assessment & Fieldwork	4,574	6
Care and Support Services	6,762	(17)
Care Call	0	0
Health & Wellbeing	349	0
Care & Repair	1,198	0
Occupational Therapy	1,438	(6)
Sensory Impairment	352	4
Income from NHS	(168)	(12)
Income	(1,220)	0
<b>Adult Services Total</b>	<b>13,283</b>	<b>(25)</b>
<b>Older People</b>		
<u>Care at Home</u>		
Care at Home	12,904	(35)
SW non residential charging	(654)	21
	12,250	(14)
<u>Residential &amp; Nursing Care</u>		
Nursing Care	3,292	(12)
Residential Care	26,890	0
SW Residential & Nursing Charging	(12,086)	4
	18,096	(8)
Day Care	964	(4)
Meals on Wheels	153	0
Third Sector Support	773	0
Income from NHS	(4,624)	0
Income	(68)	0
<b>Older People Total</b>	<b>27,543</b>	<b>(26)</b>
<b>People with a LD</b>		
<u>Care at Home</u>		
Care at Home	15,646	44
SW non residential charging	(918)	47
	14,728	91
<u>Residential Care</u>		
Nursing Care	400	(56)
Residential Care	2,565	(19)
SW Residential & Nursing Charging	(169)	(6)
	2,797	(81)



<b>COUNCIL DELEGATED SERVICES – BUDGET DETAIL</b>	<b>Annual Budget</b>	<b>YTD Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Community Support	1,020	(3)
Day Care	92	0
Day Care - ARC	2,746	15
In House Supported Accommodation	988	5
Short Break	37	(7)
Third Sector Support	198	0
Income from NHS	(3,797)	0
Income	(109)	0
<b>People with a LD Total</b>	<b>18,700</b>	<b>20</b>
<b>People with PD</b>		
<u>Care at Home</u>		
Care at Home	4,840	(44)
SW non residential charging	(495)	13
	4,345	(31)
<u>Residential &amp; Nursing Care</u>		
Nursing Care	481	(9)
Residential Care	651	(6)
SW Residential & Nursing Charging	(173)	(7)
	959	(22)
Day Care	200	0
Third Sector Support	183	0
Income from NHS	(158)	0
Income	0	0
<b>People with PD Total</b>	<b>5,529</b>	<b>(53)</b>
<b>People with Mental Health Need</b>		
<u>Care at Home</u>		
Care at Home	2,112	1
SW non residential charging	(89)	3
	2,023	4
<u>Residential Care</u>		
Residential Care	909	0
SW Residential & Nursing Charging	(200)	(11)
	709	(11)
Day Care	270	0
Third Sector Support	745	0
Income from NHS	(1,438)	0
<b>People with Mental Health Need Total</b>	<b>2,310</b>	<b>(7)</b>

<b>COUNCIL DELEGATED SERVICES – BUDGET DETAIL</b>	<b>Annual Budget</b>	<b>YTD Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Adults with Addict/Substance Misuse</b>		
Third Sector Support	263	0
<b>Adults with Addict/Substance Misuse Total</b>	263	0
<b>TOTAL IJB COUNCIL DELEGATED SERVICES</b>	<b>67,735</b>	<b>(91)</b>

## Appendix 1

<b>NHS DELEGATED SERVICES – BUDGET DETAIL</b>	<b>Annual Budget</b>	<b>YTD Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Acute &amp; Diagnostics</b>		
Access Target	530	0
Acute Allied Health Prof	200	1
Acute & Diagnostics Gen Man	3,000	(203)
Acute Support Services	6,317	52
Admin	3,475	13
Audiology/Ecg	934	2
Cancer Services	5,734	(22)
Critical Care	13,606	32
Galloway Community Hospital	5,527	40
Labs	7,558	(29)
Medicine	19,946	(93)
Perioperative	12,871	33
Radiology	4,026	(66)
Surgery	14,109	(12)
<b>Subtotal</b>	<b>97,833</b>	<b>(252)</b>
<b>Ehealth</b>		
Ehealth	5,707	(28)
<b>Subtotal</b>	<b>5,707</b>	<b>(28)</b>
<b>Facilities &amp; Clinical Support</b>		
Business Management	(399)	(105)
Property Projects	1,181	0
Property Services	8,184	(32)
Support Services	3,707	69
<b>Subtotal</b>	<b>12,671</b>	<b>(68)</b>
<b>Mental Health Directorate</b>		
Learning Disabilities Dir	1,342	(90)
Mental Health Admin	285	4
Mental Health Community	4,209	44
Mental Health Inpatient	6,642	(20)
Mental Health Management	(264)	(129)
Mental Health Medical	2,556	4
Mental Health Occ Therapy	904	12
Prison & Police Custody H/C	762	11
Psychology Directorate	2,708	58
Substance Misuse	1,685	16
<b>Subtotal</b>	<b>20,829</b>	<b>(91)</b>
<b>Primary &amp; Community Care</b>		
P&CC Regional Services	598	(175)
P&CC A&E Locality	16,216	(83)
P&CC Nithsdale Locality	18,299	(141)
P&CC Stewartry Locality	12,798	(46)
P&CC Wigtownshire Locality	9,616	(90)
Primary Care/ FHS	39,462	29
<b>Subtotal</b>	<b>96,989</b>	<b>(506)</b>

## Appendix 1

<b>NHS DELEGATED SERVICES – BUDGET DETAIL</b>	<b>Annual Budget</b>	<b>YTD Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Strategic Services – IJB</b>		
Resource Transfer	12,246	0
Strategic Planning	821	15
<b>Subtotal</b>	<b>13,067</b>	<b>15</b>
<b>Womens &amp; Childrens Directorate</b>		
W&C Admin	699	9
W&C Ahp	1,401	6
W&C Cmhs	1,536	11
W&C Gynaecology	262	(2)
W&C Learning Disability	618	19
W&C Management & Governance	(404)	(172)
W&C Medical	4,290	10
W&C Midwifery	4,344	48
W&C Neonatal	1,028	32
W&C Public Health Nursing	2,986	33
W&C Sexual Health	805	(2)
W&C Ward 15	1,960	18
<b>Subtotal</b>	<b>19,524</b>	<b>10</b>
<b>IJB Unidentified CRES</b>		
IJB Unidentified CRES	(2,500)	(417)
<b>Subtotal</b>	<b>(2,500)</b>	<b>(417)</b>
<b>TOTAL IJB NHS DELEGATED SERVICES</b>	<b>264,121</b>	<b>(1,337)</b>

**IJB Savings Plans Update**

	<b>Total 17/18 Target £000</b>	<b>YTD Actual Savings £000</b>	<b>Recurring 17/18 Schemes £000</b>	<b>NR 17/18 Schemes £000</b>	<b>Total 17/18 Schemes £000</b>	<b>In Year 17/18 CRES Gap £000</b>	<b>17/18 Recurring CRES Gap £000</b>
<b>NHS Delegated Services</b>							
Acute and Diagnostics	3,139	406	482	2,029	2,511	(628)	(1,007)
E-Health	329	33	198	0	198	(131)	(131)
Facilities and Clinical Support	779	20	176	0	176	(603)	(603)
Mental Health	1,228	85	509	0	509	(719)	(719)
Primary and Community Care	1,637	87	524	0	524	(1,113)	(1,113)
Women and Children	1,102	15	91	0	91	(1,011)	(1,011)
Prescribing	4,500	268	3,350	0	3,350	(1,150)	(1,150)
Property Services	0	0	230	0	230	230	230
IJB Unidentified CRES	2,500	0	0	2,500	2,500	0	(2,500)
<b>Subtotal NHS Savings</b>	<b>15,214</b>	<b>914</b>	<b>5,559</b>	<b>4,529</b>	<b>10,089</b>	<b>(5,125)</b>	<b>(8,005)</b>
<b>Council Delegated Services</b>							
Savings schemes	1,800	756	1,800		1,800		
Cost review and demographic mitigation	836		841		841		
<b>Subtotal Council Savings</b>	<b>2,636</b>	<b>756</b>	<b>2,641</b>	<b>0</b>	<b>2,641</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>17,850</b>	<b>1,670</b>	<b>8,200</b>	<b>4,529</b>	<b>12,730</b>	<b>(5,125)</b>	<b>(8,005)</b>