



## PERTH & KINROSS INTEGRATION JOINT BOARD

27 SEPTEMBER 2019

### 2019/20 FINANCIAL POSITION

Report by Chief Financial Officer (Report No. G/19/163)

#### PURPOSE OF REPORT

This report provides an update to the Perth & Kinross Integration Joint Board (IJB) on the year end financial forecast based on actual expenditure for the 4 months to 31st July 2019.

#### 1. RECOMMENDATION(S)

It is recommended that the IJB:-

- (i) Notes the 2019/20 forecast year-end overspend of £4.860m for the IJB;
- (ii) Notes that this compares to a gap anticipated based on the Financial Plan approved by the IJB, adjusted for IPMH Services, of £4.104m;
- (iii) Notes the update regarding IJB reserves.

#### 2. SUMMARY OF FINANCIAL PERFORMANCE 2019/20

The financial performance as at 31st July 2019 compared to the 2019/20 Approved Financial Plan is summarised in Table 1 below:

**Table 1**

	Financial Plan Shortfall	Year-End Variance Over/ (-)Under	Variance from Plan Increase/ (-)Decrease
	£m	£m	£m
Older Peoples Service/Physical Disabilities incl. AHPs		1.347	
Learning Disabilities/Mental Health/Addictions		0.872	
Planning/Management /Other Services		1.298	
<b>Sub-Total Core Services*</b>	<b>2.842</b>	<b>3.517</b>	<b>0.675</b>
Prescribing	0.752	0.707	(0.045)
General Medical Services/Family Health Services	0.000	0.188	0.188

Other Hosted Services	0.000	(0.131)	(0.131)
Inpatient Mental Health Services**	0.510	0.579	0.069
<b>Sub-Total Other Health Services</b>	<b>1.262</b>	<b>1.343</b>	<b>0.081</b>
<b>Total All PKIJB</b>	<b>4.104</b>	<b>4.860</b>	<b>0.756</b>
<b>Risk Share on current arrangement</b>			
NHS Tayside		2.079	
Perth & Kinross Council		2.781	
<b>Risk Share on proportionate share</b>			
NHS Tayside		3.645	
Perth & Kinross Council		1.215	

\*The financial plan shortfall for Core Services arises from a number of pressures and savings offset by the budget settlement, therefore this does not present on a service by service basis.

\*\*The 2019/20 Financial Plan for IPMH Services is still subject to approval of the IJB at its September meeting.

The year-end forecast includes £1.338m of non-recurring benefits identified as part of initial financial recovery planning which offset a number of unanticipated areas of overspend. The key areas of overspend over and above the approved Financial plan gap are set out below.

### 3. SERVICE FINANCIAL PERFORMANCE

#### 3.1 Older People and Physical Disabilities incl. AHPs

Older People Residential and Nursing Placements are forecasting to be £0.740m over spent, due to the number of clients within these placements being above the budgeted amount.

A further £0.220m overspend is projected from the use of Step Up placement beds. There is no recurring budget identified for this purpose.

A £0.093m projected overspends within Local Authority Homes mainly due to staff slippage targets not being met as the homes are close to being fully staffed.

Medicine for the Elderly (Tay ward) is forecasting a £0.252m overspends due to bed numbers being open between 16/18 and budget allows for 12/14. Significant supplementary staffing costs are being incurred (through both bank staff and agency) to staff the beds at this increased level. The forecast assumes these costs continue throughout 2019/20. This position is being partially offset by a forecast underspend in Senior Medical staffing due to a part consultant vacancy (£0.069m).

The 3 Psychiatry of Old Age inpatient wards (Garry/Tummel/Leven) are forecasting a £0.421m overspend. This is due to significant use of supplementary staffing resulting from vacancies within wards, but also an increase in patient acuity and dependency levels is requiring a sustained increase in staffing support. This overspend is being substantially offset by staff slippage (£0.165m) within Community Mental Health Teams, driven by vacancies and delays in recruitment.

Community Hospitals are forecasting a £0.372m overspend. Of this, £0.171m is driven by staff cost incremental drift issues in North and South hospitals. Costs from posts within the previous Aberfeldy Community Hospital are forecast at £0.160m, however work is ongoing to resolve this and this forecast is anticipated to reduce in future months.

Within Occupational Therapy, an undelivered recurring saving of £0.121m from previous years remains within this service budget.

Intermediate Care is forecasting an underspend of £0.162m due to vacancies within the Frailty Team and across locality teams.

There is an in year underspend on the investment monies for Carers Services due to the part year implementation of various projects (£0.095m).

### **3.2 Learning Disabilities, Mental Health Services and Addictions**

Within the 2019/20 financial plan additional budget was approved for complex care. However, packages have increased above the budgeted level and as at end July this budget is forecasting an overspend of £0.474m.

External Transport is projecting an overspend of £0.097m due to additional demand. A Transport working group has been set up to review efficiency of use.

The transformation saving for Fairer/Better Futures for People with Learning Disabilities and Autism has not yet delivered and is not yet deemed to be on track to deliver; therefore the projection reflects an unmet saving of £0.350m.

### **3.3 Planning, Management and Other Services**

The structural deficit within the financial plan for core health and social care services is reported within Planning Management and other services. The approved deficit of £2.842m has been reduced to £2.491m through identification of a number of recurring opportunities identified through further detailed budget review early in the new financial year.

Savings targets from IT Efficiencies and Productivity are forecast to be undelivered within 2019/20 (£0.169m).

Locality Teams within Social Care are close to fully staffed and are therefore not projecting to meet staff slippage targets, resulting in a forecast overspend of £0.167m.

There is a projected over-recovery of Contributions Policy income (£0.330m). The 2019/20 Financial Plan invested in a number of areas across Older People's Services aimed at shifting the balance of care. This included development of Enhanced Community Services, provision of Rehabilitation Beds in Perth City and a Respiratory Care Team. The consultation and engagement process has taken longer than expected and the slippage in spend has been released to the financial position.

Within the Financial Plan £0.778m was provided to meet the responsibilities of implementing Free Personal Care for under 65's (Frank's Law). Detailed work has been undertaken and estimated costs for 2019/20 are significantly less than the provision. This is being kept under constant review and may change in future months. The current forecast slippage of £0.648m has been released to support the financial position.

### **3.4 Prescribing**

Further information is currently awaited from NHS Tayside Finance Team to understand the variance from plan.

### **3.5 General Medical Services and Family Health Services**

A forecast overspend £0.188m is reported due to Perth and Kinross being attributed a share of the budgetary pressures being incurred relating to 2C GP Practices in Dundee and Angus.

### **3.6 Other Hosted Services**

Podiatry, Dental and Prison Healthcare are forecasting an underspend position of £0.222m, of which the Perth and Kinross share is £0.074m. This is significantly driven by Podiatry Services (£0.194m) having a number of vacancies across Tayside and predicting a continuing difficulty in recruitment. Angus Hosted Services are forecasting an overall underspend of £0.091m. The key areas of underspend (£0.201m) are within Forensic Services, Out of Hours, Continence Services and Speech Therapy. These are being partially offset by unmet savings of £0.110m.

Dundee Hosted Services are projecting an overall overspend of £0.037m. The key areas of overspend (£0.954m) are within Palliative Services, Brain Injury and unmet savings. These are being partially offset by significant underspend within Psychology Services (£0.600m) and underspend within Sexual Health Services and Medical Advisory Services.

Further explanation of the variations within Angus and Dundee will be provided in future reports.

### 3.7 Inpatient Mental Health Services

Overall the service is forecasting an overspend of £1.724m. This would be a deterioration from the £1.332m 2018/19 out-turn overspend. General Adult Psychiatry (GAP) medical locum costs continue to be a key driver of the overspend. The £1.700m forecast overspend on medical staffing compares to a 2018/19 overspend of £1.092m. The reliance on locums has significantly increased from July with the departure of 6 substantive post-holders between mid-June and mid-August (5.40 wte) and replacement by locums. Work is ongoing to review the medical staffing requirements both in In-Patients and Community settings.

A £0.292m balance of undelivered efficiency savings carried forward from previous years continues to impact on the financial position although it is anticipated that this will be resolved during 2019/20 if formal agreement is reached to the reconfiguration of GAP beds at Murray Royal Hospital (see below). The first call on the release of budget from this rationalisation will be the historic savings target to yet deliver.

An overspend of £0.150m is anticipated in relation to the Crisis Response and Home Treatment Service (CRHTT). An overall review of the team workforce requirements and workload is ongoing and will seek to address this pressure.

An overspend of £0.047m is forecast for Learning Disabilities (LD). This is a significant improvement on the £0.194m overspend in 2018/19. Significant workforce shortages (due to both sickness absence and vacancies) has driven the overspend, and this has recently been addressed by the merger of 3 wards to two in Strathmartine for patient and clinical safety reasons. The forecast for 2019/20 includes the benefit of this arrangement due to the expected reduction of supplementary staffing during the remainder of the year. There continues to be a number of Delayed Discharge patients and wider discussions are now required around potential resource transfer of recurring budget to all 3 IJB's to potentially support the extension of community services to respond to the urgent remodelling of LD inpatient beds.

All of the above overspends have been significantly offset by a £0.585m underspend forecast for General Adult Psychiatry services at Murray Royal Hospital in Perth. Moredun ward budget has been realigned with the new staffing model and is generally operating within established staffing levels; Amulree budget has been realigned to reflect the combined Amulree & Rannoch ward model and an overspend is currently evident reflecting the additional available staffing and acting-up allowance cost; surplus budget (£0.727m) remains in Rannoch cost centre pending decision on permanent future of these wards; an underspend ( £0.050m) is evident in non-pay, partially due to non-operational nature of Rannoch and partially from underspend on drugs across the wards.

### **3.8 Large Hospital Set Aside**

This is a budget that is devolved to the IJB for strategic planning purposes but is operationally managed by the Acute Sector of NHS Tayside.

As at 2018/19 this budget was quantified at £14.986m to reflect the direct costs associated with these services. The projected 2019/20 year-end financial position is presented as break even in advance of further development of associated financial report.

As noted previously the Scottish Government area very keen that the Large Hospital Services issue is further developed. This has been restated on the Ministerial Strategic Group report. While this presents opportunities to the IJB in terms of developing the overall strategic direction regarding Large Hospital Services, there are also risks associated with the provision of Acute Sector capacity. The development of this issue did not progress significantly during 2018/19.

## **4. PROGRESS WITH 2019/20 SAVINGS DELIVERY**

The Core Health and Social Care Financial Plan approved by the IJB in March 2019 detailed a number of savings plans. An update on the progress in delivery is provided in Appendix 3.

## **5. AREAS OF FURTHER FINANCIAL RISK**

There are a number of specific further financial risks that are expected to impact on the financial position, that were not included in the IJB's Financial Plan.

- Scottish Government Funding received by NHS Tayside is insufficient to cover actual costs of superannuation increase
- Complex care packages continuing to increase in number and cost
- Within Inpatient Mental Health, additional medical locum costs associated with implementation of a consultant out-of-hour rota to support doctors in training
- Further beds opened in Tay Ward to respond to demand from Acute Medicine.

## **6. IJB RESERVES**

The IJB carried forward £2.470m of ear-marked reserves from 2018/19. These reserves are required to meet future commitments against a number of priorities. An update on the forecast reserves position for 2019/20 is provided in Appendix 4, the forecast shortfall in delivery (£0.519m) is fully reflected in the financial forecast set out above.

## **7. RISK SHARING ARRANGEMENTS FROM 2019/20 ONWARDS**

It is essential that early agreement is reached to ensure that financial reporting across the IJB and the parent bodies is consistent from the earliest point particularly given the significant overspend forecast.

## **8. SUMMARY**

The forecast overspend of £4.860m compares to the formal Financial Plan deficit of £4.104m. The deterioration against plan is of concern particularly given that a number of non-recurring benefits identified as part of the financial recovery process have now been built in. A separate update on the actions being taken by PKHSCP to develop and implement a Financial Recovery Plan is provided to the IJB.

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**NOTE:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

### **Appendices**

Appendix 1 – Financial Position

Appendix 2 – Hosted Services Position

Appendix 3 – Core Health & Social Care Savings Update

Appendix 4 - Reserves