

## Financial Update as at 31st December 2017

### A. OVERALL SUMMARY

The year end forecast based on the year to date position as at 31st December is set out in Table 1 below.

Table 1						
Summary Year End Forecast as at 31 <sup>st</sup> December 2017						
	Budget 2017/18	Base	Savings	Total Partnership	Total IJB	Month 7 forecast Total IJB
	As at 31st Dec 2017	Forecast Over/(under) spend	Forecast Over/(under) spend	Forecast Over/(under) spend	Forecast Over/(under) spend	Forecast Over/(under) spend
	£000	£000	£000	£000	£000	£000
Hospital & Community Health	46,365	(626)	126	(500)	(500)	(617)
GMS/FHS	39,783	(233)	0	(233)	(233)	(199)
Other Hosted Services	8,298	(3)	151	148	14	240
General Adult Psychiatry	15,348	1,021	499	1,520	509	520
In Patient Learning Disabilities	5,840	(125)	0	(125)	(42)	(52)
In Patient TSMS	1,473	(70)	0	(70)	(23)	(23)
Prescribing	26,813			1,475	1,475	1,725
Sub-total Health Care				2,215	1,200	1,594
Social Care Services	49,742	(1,422)	(1,071)	(2,493)	(2,493)	(2,365)
<b>Total</b>				<b>(278)</b>	<b>(1,293)</b>	<b>(771)</b>

Further analysis and commentary on the underlying financial position across each key service area including savings delivery is set out in the sections below.

### B. HOSPITAL & COMMUNITY HEALTH SERVICES

A forecast under spend of £500k is being reported, this has decreased by £117k from month 7. This movement is due to a reduction in the amount of Primary Care funding being assumed within the Hospital and Community Health position. The funding (£363k) has now been apportioned to Hospital and Community Health Primary Care (£250k) with the remainder allocated to Pharmacy (hosted by Angus IJB) (£113k), with no overall impact on the IJB position.

Psychiatry of Old Age is projecting a similar overspend to month 7, at £160k. This overspend is primarily due to locum consultant costs. These additional costs are expected to cease by the end of February and the post will be replaced by a permanent consultant.

Against a savings target of £819k, £696k is forecast to be delivered, of which £130k is non-recurring.

### **C. GENERAL MEDICAL SERVICES/FAMILY HEALTH SERVICES (GMS/FHS)**

A year end adjusted under spend of £199k is being reported. As previously reported this assumes that the costs associated with the return of Brechin and Lochee GP practices to NHS Tayside are retained by Dundee IJB and Angus IJB. Discussions have taken place at Chief Officer level, however this issue remains unresolved and is therefore a financial risk.

### **D. OTHER HOSTED SERVICES**

Other hosted services are forecasting an overspend of £14k. This can be broken down as follows:

Table 2		
Services Hosted By	Forecast Over/(under) spend	Perth & Kinross IJB Share Over/(under)spend
	£000	£000
Perth & Kinross	148	50
Dundee	108	36
Angus	(214)	(72)
<b>Total</b>	<b>42</b>	<b>14</b>

Other Hosted Services within Perth & Kinross are Prison Health Care, Podiatry and Public Dental.

Prison Health Care forecast overspend is £90k. This overspend is mainly due to increasing medicines costs. Work will continue with the Head of Prison Health Care to develop a 3 year financial plan which seeks to address significant increasing medicine costs and other service issues, as well as undelivered savings.

Prison Health Care, Podiatry and Public Dental are working hard to deliver a 3 year financial plan which will fully deliver the shortfall in savings.

Against a total 2017/18 savings target of £355k for Perth & Kinross other hosted services, £234k is forecast to be delivered, of which £90k is non-recurring.

### **INPATIENT MENTAL HEALTH**

#### Learning Disability Inpatient Services

A £125k under spend is being forecast, a deterioration of £30k from month 7. This movement is due to an increase in anticipated expenditure on bank staff. The Perth & Kinross IJB share of this underspend is £42k.

### General Adult Psychiatry (GAP)

Excluding unmet savings, GAP are forecasting an overspend of £1.021m. This is due to locum spend being higher than cost pressure funding transferred from NHST and the number of locum sessions across Tayside being higher than the number budgeted. Non-recurring budget of £900k was agreed with NHST as part of the 2017/18 Financial Plan to cover Medical Locum Costs. For the year £604k has been fed into budgets. A further £275k requires to be released, as the forecast actual overspend is £879k. An increased level of observations has been required resulting in additional staffing costs. Also supplementary staffing costs are being incurred due to higher levels of sickness absence, particularly in Dundee and Perth.

The Perth & Kinross IJB share of this overspend is £342k.

### Inpatient Tayside Substance Misuse Services (TSMS)

Inpatient TSMS is forecasting an under spend of £68k, this has reduced from £85k in month 5. The Perth & Kinross IJB share of this underspend is £23k.

### Savings Delivery

The Financial Plan assumed delivery of £383k recurring savings. It is now anticipated £312k of this will be delivered and work is ongoing with the Head of Service to book these in full in Month 10. A £499k shortfall against savings is forecast for 2017/18, which was predicted and is reliant on wider service redesign. The Perth & Kinross IJB share of this undelivered saving is £167k.

The Chief Officer and Chief Financial Officer are working with the Interim Director of Strategic Planning to identify both short term cost reduction opportunities and to set up a formal programme of work. This programme of work is to identify and deliver service redesign across General Adult Psychiatry services to deliver medium term financial stability.

## **E. PRESCRIBING**

The year-end forecast overspend on Prescribing is £1.475m, an improvement of £250k from month 7. The forecast is based on actual expenditure for 7 months to October 2017.

The year end forecast on Prescribing can be broken down as follows:

Table 3		
	<b>Month 9 Forecast</b> Over/(under) spend	<b>Month 7 Forecast</b> Over/(under) spend
	£000	£000
GP Practice Prescribing	1,638	1,825
Centrally Managed Prescribing Budgets	(163)	(100)
<b>Total</b>	<b>1,475</b>	<b>1,725</b>

The underspend on centrally managed prescribing budgets is mainly driven by a benefit on rebates received in 2017/18.

A separate report on the GP Prescribing Forecast 2017/18 is provided to the IJB.

## **F. SOCIAL CARE SERVICES**

The forecast year end under spend for Social care is £2.493m. This underspend has increased by £128k from month 7. This movement is primarily due to the revision of Older People and Physical Disabilities placements projections.

The forecast underspend can be broken down as follows:

### **a) Savings (£1.071m)**

Accelerated savings of £1.071m are expected to be delivered by the year end. This has increased by £165k from month 7 primarily due to the additional accelerated savings for Communities First and Community Care Packages.

These savings are being partially offset (£107k) by the shortfall against the IJB share of the PKC wide procurement savings target. Work is ongoing to identify all opportunities to deliver this challenging target. All other 2017/18 savings plans are expected to deliver in full.

### **b) Slippage in utilisation of IJB Reserves/Budget Flexibility (£795k)**

There has been an increase in underspend from month 7 (£171k). The overall movement and underspend remains mainly driven by slippage in the 'Shifting the Balance of Care' project (£602k) due to a delay in approval and subsequent implementation.

### **c) Under spend on Base Budget (£627k)**

A year end underspend of £627k is forecast based on month 9 actual expenditure. This has reduced by £208k from month 7 and a number of factors have contributed to this movement. The most significant reduction being £107k against Localities, due to a transfer of underspend to Communities First accelerated savings (£55k) plus revised staff costs projections.

Key drivers of the underspend are as follows:

- An underspend in Care at Home (£311k), due to vacancies and underspends within supplies and transport.
- Day Care are forecasting an underspend of (£136k), due to vacancies and reduced supplies costs as the service moves towards a new model of service delivery.
- An underspend of £147k reported against the non-recurring Self Directed Support (SDS) grant and revised spend plans for SDS.
- A £330k under spend within Supported Living including complex care. The key driver of this was a delay in NHS Tayside agreeing funding for three high cost complex care packages.
- A forecast under spend of £191k has been reported against locality teams. This has been driven by vacancies and delays in recruitment as we move to the new locality model. This forecast has reduced by £107k from month 7 due to transfer of underspend to accelerated savings and revised cost projections.
- Local Authority Care Homes are forecasting an underspend of £173k at month 9. This is due to underspends in staff costs and actual income being higher than forecast.

Set against the underspends above is a £400k forecast overspend on Interim Placements. These short term placements in Care Homes are used for clients that are awaiting care at home packages, step up or step down care or for clients ready for discharge from hospital but awaiting a care home of their choice. No recurring budget exists for this service provision, however the underspend on care at home legitimately and almost entirely offsets these costs.

Also set against this is an overspend on nursing placements of £272k. The 2018/19 draft budget includes a £462k demand pressure for nursing care which recognises the 2017/18 level of demand.