

HEALTH
3 YEAR FINANCIAL RECOVERY PLAN
EXECUTIVE SUMMARY: PRESSURES

Appendix 2

	<u>Expenditure Pressure & Impact Analysis</u>	Expenditure Pressures		
		2020/21 £000	2021/22 £000	2022/23 £000
1	<p>2019/20 Recurring Budget Deficit</p> <p>The 2019/20 Financial Plan approved by the IJB identified an overall budget deficit in relation to health services devolved by NHS Tayside of £1.737m. This is made up of three elements:-</p> <ul style="list-style-type: none"> • A budget deficit of £0.475m was identified within the 2019/20 Core Health Financial Plan resulting from complex care package health contribution costs which were previously picked up by NHS Tayside central reserves until 2018/19 but for which responsibility has passed to PKHSCP in 2019/20 without the associated budget transfer. • A budget deficit of £0.752m recurring gap within the Prescribing Financial Plan. The formal due diligence exercise undertaken at inception of PKIHB in 2016/17 identified a very significant shortfall in the budget transferring from NHS Tayside to meet prescribing costs. Whilst PKHSCP have made very significant progress in bringing costs in line with budget, a £0.752m gap remains. • PKHSCP hosts Inpatient Mental Health Services on behalf of all 3 Tayside IJB's. The due diligence exercise undertaken prior to inception of the IJB in 2016/17 identified a very significant shortfall in the budget transferring to meet costs. Whilst there has been redesign of services, medical locum costs have continued to rise and the significant gap between expenditure and budget remains now wholly driven by the medical staffing recruitment issues. PKIJB's share of the gap in the 2019/20 Financial Plan for IPMH £0.510m. 	1,737	0	0
2	<p>Financial Plan Savings not achievable</p> <p>Total Savings plans of £2.630m were approved as part of the 2019/20 Financial Plan for Core Health & Social Care Services. Despite significant efforts £0.226m (8%) will not be delivered recurrently. This includes a shortfall on savings delivered on the integration of Occupational and a shortfall in savings from integration of management and administration which has been met on a non-recurring basis only. Savings on integration of management and administration are still anticipated however require to be retained to invest in PKHSCP senior management capacity.</p>	226	0	0

	<u>Expenditure Pressure & Impact Analysis</u>	Expenditure Pressures		
		2020/21 £000	2021/22 £000	2022/23 £000
3	Increase in 2019/20 Employer Pension Contributions The NHS Pension Scheme is financed by payments from the employer and current members. The employer contribution rate is set through a scheme valuation which is undertaken every four years. The most recent 2016 scheme valuation identified the need to increase the employer contribution from 14.3% to 20.6% from 1 st April 2019. NHS Tayside completed its calculation of the recurring cost implications in September 2019 and PKIJB's forecast from Month 7 now includes an unanticipated cost in relation to employer pension contributions of £0.459m for which no additional funding has been provided by NHS Tayside in 2019/20. This estimation of the recurring increase in pay costs was not available for inclusion in the indicative financial plan for 2020/21 must now be built in.	459	0	0
3	Uplift to Staff Pay Costs Additional pay costs from pay increase to NHS Tayside employed staff for all 3 years.	1,190	1,253	1,084
4	Increase in pay costs resulting from NHS Scotland Agenda for Change Increment Re-Structure To help NHS Scotland attract and recruit new staff, the 3 Year Pay Deal for 2018/19 to 2020/21 for Agenda for Change included the restructure of existing pay bands with the number of pay points being significantly reduced by 1 st April 2020. The restructuring of pay points gives rise to a significant increase in pay costs over 2020/21 and 2021/22. The estimation of costs was not available for inclusion in the indicative 2020/21 and 2021/22 Financial Plan. Estimaions have now been undertaken by NHS Tayside and are now included.	219	327	0
5	Regrading Band 2/3 Inpatient Healthcare Support Workres & AHP Service leads Across NHS Tayside during 2019/20, a small group of Band 2 Staff had a historic regrading claim upheld meaning they moved to Band 3. It is assumed that all Band 2 inpatient posts will follow and the recurring increase in costs is now included in the 2020/21 Financial Plan.	163	0	0

	<u>Expenditure Pressure & Impact Analysis</u>	Expenditure Pressures		
		2020/21 £000	2021/22 £000	2022/23 £000
6	Incremental Drift Community Hospitals The budget for pay within Blairgowrie and Crieff Community Hospitals is insufficient to meet the current staff pay costs. The pay budget has been based on an average scale point increment for each pay banding, however due to their tenure a significant amount of staff are on an increment higher than that budgeted for.	100	0	0
7	Occupational Therapy Equipment Investment in Occupational Therapy equipment and adaptations was approved as part of the 2019/20 Financial Plan. This investment is in line with Partnership intentions to keep people at home for longer when clinically safe to do so (84% of older people in the community are sustained at home by use of aids and adaptations, hoists and pressure relieving equipment).	40	40	40
8	Learning Disability and Mental Health : Increased Demand Health Services This pressure reflects the full year effect of new clients and increase in cost of existing clients during 2019/20. It is difficult to predict need in future years and therefore Years 2 and 3 are based on Year 1 pressure. This is in addition to the pressure transferred by NHS Tayside in 2019/20 set out at Pressure 1 above. This pressure is offset by Social Care Saving 8 Transformation of Services for People with Complex Care Needs.	383	383	383
9	Community Mental Health Services: Antipsychotic and Substance Misuse Medicines Expenditure on medicines prescribed to patients under the care of Adult Community Mental Health Teams has increased over the last four years. This increase is due both to the cost of medicines and the number of patients receiving medicines. In particular the number of patients receiving Opiate Replacement Therapy (ORT) has increased significantly in line with the National Clinical Strategy. This stepped increase in expenditure now requires to be recognised in the Financial Plan.	114	0	0
10	Prescribing Growth Year on year, the increasing elderly population in P&K drives an increase in the number of items being dispensed by GP's. For 2019/20 a 1.7% item growth increase was projected taking account historic growth in P&K GP Practice list size in the over 65 age group. However during the year our work with GP Practices to increase the quality efficiency and safety (QSEP) of GP Prescribing has contributed to year to date growth to August 2019 of 1% compared to the 1.7% plan.	0	400	400

	<u>Expenditure Pressure & Impact Analysis</u>	Expenditure Pressures		
		2020/21 £000	2021/22 £000	2022/23 £000
	<p>During 2018/19 the average price per item varied significantly on a monthly basis. It was very difficult to predict the price changes for 2019/20 or for further years. It was prudently assumed that prices would remain at the December 2018 average an increase of 3% from the 2018/19 baseline. However based on data to August 2019, there has actually been a net reduction in price per item of 1.4%.</p> <p>At this stage it has been assumed that the budget provision made in 2019/20 and additional impact of the QSEP programme will be sufficient to absorb any increase in item or price growth in P&K for 2020/21. However more detailed financial planning is being undertaken by NHS Tayside and this may be subject to change. Growth for 2021/22 and 2022/23 is based on 2019/20 anticipated level of item growth. Again this will be subject to change based on more detailed planning currently being undertaken.</p>			
11	<p>Health and Safety Regulations Community Hospitals</p> <p>NHS Tayside is responsible to ensure Evacuation Procedures work independently of the emergency services. Following practical walkthrough evacuation exercises and subsequent staff discussion about the numbers, vulnerabilities and associated evacuation issues for frail older people in hospital, the NHS Tayside Fire Safety Adviser and Fire Risk Assessor has made a recommendation to ensure that fire safety is not compromised in community hospitals by ensuring the availability of sufficient staff to support safe evacuation.</p>	85	0	0
12	<p>Full Year cost of priority investment in Enhanced Community Support/Respiratory Service/Intermediate Care Beds</p> <p>In 2019/20 the IJB approved essential investment in the roll out of Enhanced Community Support and Respiratory Community Support which will pro-actively identify frail older people at risk of deterioration and and support them to stay at home for longer. The Older People and Unscheduled Care priorities also included the realignment of Rehabilitation Beds. This investment was phased over 2 years and this is the 2nd year of the health professionals within the integrated teams.</p> <p>This essential service development is fundamental to delivering savings number 1, 2 and 3 Health Savings and Savings Numbers 7 and 9 Social Care savings as part of an overall Invest To Save Strategy.</p>	614	0	0

	<u>Expenditure Pressure & Impact Analysis</u>	Expenditure Pressures		
		2020/21 £000	2021/22 £000	2022/23 £000
	TOTAL PRESSURES	5,330	2,402	1,907