



PERTH & KINROSS INTEGRATION JOINT BOARD

01 May 2019

2018/19 FINANCIAL POSITION

Report by Chief Financial Officer (Report No. G/19/67)

PURPOSE OF REPORT

This report provides an update to the Perth & Kinross Integration Joint Board (IJB) on the year-end financial forecast for 2018/19 based on the 11 months to 28 February 2019.

1. RECOMMENDATION(S)

It is recommended that the Integration Joint Board:-

- (i) Notes the overall projected overspend of £1.559m for Perth & Kinross IJB for 2018/19; an improvement of £0.395m from the last report;
- (ii) Notes progress with 2018/19 savings delivery;
- (iii) Notes the update regarding IJB reserves;

2. FINANCIAL POSITION AND YEAR END FORECAST

The report sets out the year end forecast for Perth & Kinross IJB. The main sections of the report are structured in the following way:-

- a. NHS Tayside Directed Services (Section 3).
- b. Perth & Kinross Council Directed Services (Section 4).
- c. Summary (Section 5).

The IJB's detailed projected financial position for 2018/19 is set out in Appendix 1. This shows that the overall projected financial position for Perth & Kinross IJB for year 2018/19 is an over spend of £1.559m.

3. NHS DIRECTED SERVICES – YEAR END FORECAST POSITION

3.1 Local Hospital and Community Health Services

An underspend of £0.859m is forecast, an improvement of £0.260m from the last report. The majority of services are currently projecting underspends or

near breakeven. This reflects good progress made in delivery of savings and cost containment. The further improvement in the year-end forecast reflects additional slippage from vacancies and delays in recruitment across Older Peoples Services and Management.

3.2 Services hosted in Perth & Kinross on behalf of Tayside IJBs

Inpatient Mental Health Services are forecasting an overspend of £1.365m. This is an improvement of £0.360m from the last report. The key driver of the improvement relates to collective agreement by the 3 HSCP's in Tayside to utilise non-recurring slippage on Mental HealthInnovation Funding to cover the costs of increased demand for the Crisis Response and Home Treatment Service (CRHTT). This increase has arisen from wider service developments as part of the Mental Health Innovation programme of investment across Tayside. A pan Tayside review of CRHTT will be undertaken over 2019 -2020 as a workstream of the newly formed NHS Tayside Mental Health Alliance.

The underlying overspend in Inpatient Mental Health Services is driven by medical locum costs, supplementary nursing costs, and a historic brought forward balance of undelivered savings. Plans to remodel the service are slowly being progressed, however are yet to impact on current levels of overspending. Updates will be shared through future IJB reports and will also be shared with other Tayside IJBs.

An overspend of £0.070m is forecast for Prison Healthcare reflecting the increased prisoner population and the impact of this on staffing and medicines cost.

The combined effect of the above, despite some off-setting under spends, is one of an overspend of £0.391m for the PKIJB share of these costs.

3.3 Services hosted elsewhere on behalf of Perth & Kinross IJB

A number of devolved services are managed by other IJBs on behalf of Perth & Kinross IJB. The projected year-end position for these services is an overspend of £0.265m. The details are set out in Appendix 2.

The main contributors to this over-spending position are undelivered savings targets as well as pressures within Palliative Care, Brain Injury, Psychotherapy (overseen by Dundee IJB) and Out of Hours (overseen by Angus IJB).

The effect of the net forecast overspend on these services is one of an overspend of £0.089m for the P&K IJB share of these costs. This is an improvement of £0.062m from the last report. The P&K IJB 2018/19 Financial Plan did not predict any level of overspend on other hosted services in Tayside and further work is required to establish the implications for the 2019/20 Financial Plan.

3.4 Family Health Service (FHS) Prescribing

Considerable work continues at both Tayside and local level regarding Prescribing. An over spend of £1.235m is being projected based on actual information to December 2018. This projection is £0.799m higher than the anticipated gap of £0.438m set out in the PKIJB 2018/19 Financial Plan.

The key driver of the deterioration from plan relates to a £20 million national level increase to the community pharmacy global sum to reflect tariff reductions. As a result, SGHSCD has top-sliced £1.8 million from NHS Tayside's funding allocation, which therefore negates the benefit assumed within all 3 IJB's prescribing financial plan from tariff price reduction on specific drugs, including Pregabalin. The impact of this for P&K HSCP is deterioration against plan of £0.503m.

As noted in previous reports, this projection in particular will be subject to further review, is subject to ongoing risks regarding price and tariff changes, and is dependent on continued progress with prescribing initiatives both locally and regionally.

3.5 General Medical Services and Family Health Services

Overall these services are forecast to breakeven. However within this projection P&K HSCP has been attributed a share (£0.192m) of the budgetary pressures being incurred relating to 2C GP Practices in Dundee and Angus. This pressure is being partially offset by other underspends in the P&K HSCP GMS budget.

Budgets associated with other Family Health Services (FHS) are projected to underspend by £0.032m at the year end.

3.6 Funding of Complex Care Packages

The budget for clinically assessed health contributions required for Complex Care Packages has not yet been devolved to the 3 IJB's in Tayside. Therefore for 2018/19 invoices for these costs have been issued directly to NHS Tayside and the costs are not included in this year end forecast.

3.7 Large Hospital Services

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 is initially quantified at £11.793m to reflect the direct costs associated with these services. The projected year-end financial position is presented as break even in advance of further development of associated financial reporting.

The 3 Year Financial Plan has been developed in conjunction with the Acute Division to consider the large hospital budget. Therefore improved financial reporting will be required from 2019/20 onwards.

3.8 Overall Position regarding NHS Directed Resources

The overall reported projected 2018/19 position for Health Services is an over spend of £0.820m. This is a significant improvement on the £1.339m forecast last reported to the IJB. This improvement is mainly driven by increased slippage in staffing across Local Hospital and Community Services and reduced forecast overspend in Inpatient Mental Health Services.

4. PERTH & KINROSS COUNCIL DIRECTED SERVICES – YEAR END FORECAST POSITION

4.1 Adult Social Care Services

The IJB is currently projecting a £0.739m year-end overspend for Adult Social Care Services based on spend levels to 28 February 2019. The 2018/19 Financial Plan assumed a break-even position for these services.

Within Older People's and Physical Disability Services a net overspend of £0.544m is largely attributable to demographic growth issues.

Within care at home services an overspend of £0.161m is mainly due to additional demand and interim placements, off set primarily by an underspend in internal care at home teams due to delays in recruitment and slippage on the implementation of a revised Intermediate Care Service model. The previously approved financial recovery plan aimed to reduce the overall overspend within Older People Services by £0.150m through a review of care at home services. To date £0.111m of this has been achieved.

A net overspend of £0.142m on the Joint Equipment Loan Store and OT services relates principally to staff costs and the provision of Adaptations and Equipment. The overspend on Adaptations and Equipment relates to the increasing frailty and individuals' service demand needs.

Within Care Home Placements, an overspend of £0.557m is forecast this month, an improvement of £0.122m from the last report. The overspend is due to the number of people in care home placements as we strive to progress the implementation of the "Shifting the Balance of Care" project.

Within Carers services an underspend of £0.118m is being forecast, mainly attributable to part year implementation of approved spend plans.

As reported previously, there are a number of underspends (£0.198m) across other Older Peoples Services resulting from staff vacancies, uncommitted budgets and additional non-recurring income.

As noted in previous reports, Learning Disabilities and Mental Health continue to experience a sustained increase in the costs of individual care packages (both in residential settings and in the community). This is resulting in a forecast overspend against budget of £1.809m.

There remain a number of one-off under spends including recovery of prior years surpluses from providers based on occupancy levels and contract payments (£0.751m). There is also non-recurring slippage in the Invergowrie project due to delays in progressing the building works (£0.385m). The development at Invergowrie is no longer going ahead, and alternative options are being reviewed.

The previously approved financial recovery plan aimed to reduce the overall overspend within Learning Disabilities and Mental Health Services by £0.350m through demand management. To date £0.140m of this has been achieved.

A number of underspends (£0.338m) remain across Management, Commissioned Services, Learning Disabilities and Mental Health Services mainly due to uncommitted monies, staff vacancies, and additional income.

There are also a number of approved 2018/19 savings which have not yet been fully realised. These total £0.504m and progress in delivering these is set out at Appendix 3.

PKC reserves ear marked for Social Care (£0.518m) and underspend against Partnership Funds (£0.110m) were applied in December to improve the forecast year end position following agreement of the Financial Recovery Plan.

4.2 Overall Position regarding Perth & Kinross Council Directed Resources

The overall projected 2018/19 position is an over spend of £0.739m. This will continue to be affected by risks and refinement. All actions continue to be taken to reduce the forecast overspend.

5. SUMMARY IJB POSITION

Overall an overspend of £1.559m is now forecast, reflecting the benefit of agreed recovery plan actions as well as a number of other improvements. The forecast financial position is subject to multiple risks and refinement, particularly in relation to Prescribing projections.

6. PROGRESS WITH 2018/19 SAVINGS DELIVERY

6.1 Delivering financial balance across Local Hospital and Community Health and Social Care Services is reliant on delivery of a very significant transformation and efficiency programme. Appendix 3 sets out the progress in delivery of approved savings in 2018/19. Good progress has been made and the forecast shortfall in delivery is fully reflected in the financial forecast set out above.

7. IJB RESERVES

7.1 An update on the IJB Reserves position is noted in Appendix 4.

8. DIRECTIONS

There are no Directions from the IJB to NHS Tayside or Perth & Kinross Council identified or required at this stage.

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APPENDICES

1. Projected Financial Position For 2018/19
2. Devolved Services
3. Approved 2018/19 Savings
4. IJB Reserves