



PERTH & KINROSS INTEGRATION JOINT BOARD

27 September 2019

2019/20 FINANCIAL RECOVERY PLAN

Report by Chief Financial Officer (Report No. G/19/164)

PURPOSE OF REPORT

The purpose of this report is to seek approval from the IJB to the actions agreed with both NHS Tayside and Perth & Kinross Council to respond to the £4.1m gap in the IJB's 2019/20 Financial Plan as well as the further additional pressures that have emerged in the first 4 months of the 2019/20 Financial Year.

1. RECOMMENDATION

The IJB are asked to:

- (i) support the actions identified to address the forecast in –year deficit.
- (ii) ask the chief officer to bring back further proposals to the next meeting.

2. BACKGROUND

The budget for core health and social care service was approved by the IJB in March 2019 with the budgets for Prescribing and Other Hosted Services approved in June. The budget for Inpatient Mental Health Services is being considered in parallel to this report and this paper assumes approval by the IJB.

Overall the budgets approved by the IJB for 2019/20 have resulted in a recurring budget deficit of £4.1m which is summarised in Table 1 below. This gap results from the difference between the budget requested by the IJB from NHS Tayside and Perth & Kinross Council for 2019/20 and the budget made available.

TABLE 1: 2019/20 IJB APPROVED DEFICIT

	2019/20 Shortfall £m
Core Health	0.475
Social Care	2.367
Prescribing	0.752
Hosted Services	0.510
Total	4.104
Risk Share- Current Arrangement:	
NHS Tayside	1.737
PKC	2.367
Risk Share – Proportionate Share:	
NHS Tayside	3.078
PKC	1.026

The IJB is required to deliver services within the resources being made available. The Integration Scheme requires the following:-

- Where a year-end overspend in the Integration Joint Board's budget is projected the Chief Officer and Chief Financial Officer must take remedial action to prevent this overspend materialising. In the event that the remedial action cannot prevent the overspend, the Integration Joint Board will present a recovery plan to the Partners, to address in year overspends and any recurring overspends for future financial years without impacting on the achievement of performance outcomes.
- In the event that the recovery plan is unsuccessful, and an overspend is still projected at the year-end, uncommitted Reserves held by the Integration Joint Board would firstly be used to address any overspend.
- If after the application of reserves there remains a forecast overspend, a revised Strategic Plan must be developed to enable the overspend to be managed in subsequent years.

Since May 2019, work has been underway to identify all to offset the structural deficit. Significant progress has been made although much of this relates to non-recurring solutions. However, the year end forecast based on actual expenditure to 31st July 2019 identified that material unanticipated cost pressures have emerged. The drivers are set out in detail in the Month 4 2019/20 Financial Forecast . After taking account of £1.338m of non-recurring opportunities identified, an overspend of £4.860m is forecast. .

The Chief Officer is leading a financial recovery review across services to identify plans for reducing the current level spending . These have been discussed and agreed with NHS Tayside and Perth & Kinross Council Chief Executives prior to approval by the IJB in line with the financial recovery process adopted in 2018/19.

3. PROPOSALS

Appendix 1 sets £1.310m of Financial Recovery Plan proposed at this stage. Further proposals totalling £0.380m (based on implementation from 1st October 2019) have been identified which are still under discussion with NHS Tayside and Perth & Kinross Council and these are not included at this stage. The Executive Management Team will continue to identify all possible further options to address the in-year financial position.

4. POTENTIAL IMPACT ON 2019/20 YEAR END FORECAST:

If approved it is anticipated that the year end forecast will reduce to £3.550m as set out in Table 3 below.

TABLE 3 REVISED YEAR END FORECAST

	July Year End Forecast Shortfall £m
Net Year End Forecast as at Month 4	4.860
Stage 1 Additional Recovery Plan Actions	1.310
Revised Year End Forecast after Recovery Action	3.550
Risk Share- Current Arrangement:	
NHS Tayside	1.419
PKC	2.131
Risk Share – Proportionate Share:	
NHS Tayside	2.662
PKC	0.888

The financial impact of all actions assumes an October 1st 2019 implementation date and therefore any further delay will impact on the forecast position achievable.

5. FURTHER FINANCIAL RISKS

The Month 4 2019/20 Financial Forecast Report being presented to the IJB identifies a number of further financial risks which may impact on the financial forecast in future months.

6. CONCLUSION

Remedial action is now urgently required to reduce current levels of expenditure. Approval is sought at this early stage to the actions set out which have been discussed and are supported by the Executive Teams of NHS Tayside and Perth & Kinross Council.

Author(s)

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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.

Appendix 1: Summary Financial Recovery Plan