



Perth & Kinross Integration Joint Board

22 June 2018

2017/18 Financial Position

Jane Smith, Chief Financial Officer (G/18/94)

PURPOSE OF THE REPORT

The purpose of this report is to provide a summary of the issues impacting on the financial position of Perth and Kinross IJB in 2017/18, for the year ended 31st March 2018.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- Note the year end out-turn for 2017/18.

2. 2017/18 FINANCIAL POSITION

The IJB year end out-turn is an overall under spend of £1.4m. The key drivers are as follows:

- A £2.6m under spend on Social Care and a £0.5m under spend on Hospital & Community Health. These are being offset by overspends of £1.7m on Prescribing and £1.4m on Inpatient General Adult Psychiatry of which the IJB share is £0.5m.
- Of the Social Care under-spend £1.3m is due to accelerated savings and £0.8m due to slippage in the utilisation of budget flexibility. The underlying base budget is underspent by £0.5m, of which £0.3m relates to slippage in the utilisation of complex care package funding due to delay in funding agreement and housing provision. However underlying this is a pressure on care home placements.
- The Prescribing out-turn is £1.7m overspend. This is in line with financial plan expectation.
- Within the 2017/18 financial plan, Inpatient Mental Health General Adult Psychiatry (GAP) was anticipated to overspend by £0.6m. The year end out-turn is an overspend of £1.4m. This out-turn is a £0.8m deterioration from plan and is due to medical locum spend being higher than the amount of cost pressure funding transferred along with higher than anticipated nursing costs.
- A full report on the 2017/18 Out-turn is provided at Appendix 1. The risk sharing agreement has impacted on the final reported year end position within the IJB's draft year end accounts as follows:

	2017/18 Finance Report Out-turn £m	Impact of Risk Sharing Agreement £m	Draft Annual Accounts 2017/18 £m
Health	1.279	(1.279)	0
Social Care	(2.637)	2.637	0
Total	(1.358)	1.358	0

3. CONCLUSION

Whilst overall the IJB will report a break-even position for 2017/18, a number of underlying pressures within Inpatient Mental Health and Prescribing will require to be addressed in the 2018/19 Financial Plan.

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Financial Update as at 31st March 2018

1. OVERALL SUMMARY

The year end position at 31st March 2018 is set out in Table 1 below.

Table 1 Summary Year End Forecast as at 31st March 2018

	Budget 2017/18	Base	Savings	Total Partnership	Total IJB	Month 9 forecast Total IJB
	As at 31 st March 2018	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	46,770	(718)	185	(533)	(533)	(500)
GMS/FHS	39,873	(195)	0	(195)	(195)	(233)
Other Hosted Services	8,506	5	122	127	(66)	14
General Adult Psychiatry	15,149	898	498	1,396	468	509
In Patient Learning Disabilities	5,856	(206)	0	(206)	(69)	(42)
In Patient TSMS	1,483	(90)	0	(90)	(30)	(23)
Prescribing	26,763			1,704	1,704	1,475
Sub-total Health Care				2,203	1,279	1,200
Social Care Services	49,561	(1,342)	(1,295)	(2,637)	(2,637)	(2,493)
Total				(434)	(1,358)	(1,293)

The actual out-turn on Health and Social Care Services within the IJB is an underspend of £1.358m. Of which, Health Services were £1.279m over spent and Social Care £2.637m under spent.

The Integration scheme sets out that any overspend will be met by the partner with the operational responsibility. Therefore NHS Tayside have devolved further non-recurring budget to the IJB to balance income with expenditure and allow a breakeven position to be achieved.

The Integration Scheme also sets out that under spend can be retained by the IJB as reserves following agreement with the Partners. Such agreement was not reached in relation to 2017/18 under spend. Instead Perth & Kinross Council reduced the budget to deliver breakeven and will carry forward the under spend in an earmarked reserve for Social Care. Of this £1.84m is being returned as part of the 2018/19 budget settlement. The IJB is now reliant on this funding to deliver break even in 2018/19. A further £0.7m will be held in a PKC earmarked reserve for Social Care purposes. The first call of which will be Voluntary Severance Scheme (VSS) costs from the closure of Beechgrove Care Home.

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

2. HOSPITAL & COMMUNITY HEALTH SERVICES

Overall Hospital and Community Health services have delivered a year end underspend of £533k. This is broadly in line with the last report to the IJB. The key drivers of this underspend are within:

- Uncommitted delayed discharge funding (£247k) allocated non-recurringly to offset overspend in inpatient beds, driven by workforce recruitment issues.
- Slippage in utilisation of Primary Care Transformation Funding (£238k).
- Medical Training budget underspend due to Junior Doctor vacancies (£141k).
- Community Hospitals in the North (£159k), mainly due to a non-recurring benefit from the non-operational status of Aberfeldy Community Hospital.

These were partially offset by overspends in:

- Psychiatry of Old Age (£111k) this is primarily due to locum consultant costs. This has now ceased. Financial balance is expected for 2018/19 through work to fill posts on a substantive basis.
- Community Hospitals in the South (£129k) due to ongoing sickness levels and incremental drift.

The Hospital and Community Health recurring savings target for 2017/18 was £763k. Of this £507k was met recurrently and £70k non-recurring. This unmet saving has been carried forward as a pressure into the 2018/19 plan.

3. OTHER HOSTED SERVICES

The Perth & Kinross IJB share of Other Hosted Services year end position is an underspend of £66k, an improvement of £80k from month 9. This can be broken down as follows:

Services Hosted By	Month 12 Over/(under) spend	Month 12 Perth & Kinross IJB Share Over/(under)spend
	£000	£000
Perth & Kinross	127	43
Dundee	(92)	(31)
Angus	(233)	(78)
Total	(198)	(66)

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

The key driver of overspend in Perth and Kinross is Prison Health Care due to medicine costs, however the service have a robust plan to reduce costs in 2018/19.

Other Hosted Services within Perth & Kinross had a recurring savings target for 2017/18 of £356k. Of this £143k was met recurrently and £90k non-recurring. The shortfall of £122k has been carried forward as a pressure into the 2018/19 plan.

4. INPATIENT MENTAL HEALTH

Learning Disability Inpatient Services

A year end out-turn of £206k under spend has been delivered, an improvement of £81k from month 9. This movement is due vacancies, skill mix and additional income from out of area placements. The Perth & Kinross IJB share is £69k.

General Adult Psychiatry (GAP)

Excluding unmet savings, the GAP year end position is an overspend of £898k. This has improved by £123k from month 9. This overspend is due to locum spend being £380k higher than cost pressure funding transferred from NHST and the number of locum sessions across Tayside being higher than the number budgeted. Nursing costs are also £675k higher than budgeted, this pressure was not predicted in the financial plan and has been driven by an increased level of patient observations and supplementary staffing costs related to sickness.

The Perth & Kinross IJB share of this overspend is £301k.

Inpatient Tayside Substance Misuse Services (TSMS)

Inpatient TSMS year end position is an under spend of £90k, this has improved by £22k from month 9. The Perth & Kinross IJB share of this underspend is £30k.

Savings Delivery

Inpatient mental Health Services had a recurring savings target for 2017/18 of £812k. Of this £315k was met recurrently. The shortfall of £497k has been carried forward as a pressure into the 2018/19 plan. This shortfall was predicted and is reliant on wider service redesign.

5. PRESCRIBING

The year end out-turn on prescribing is a £1.704m overspend, a deterioration of £229k from month 9.

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

	Month12 Out-turn Over/(under) spend	Month 9 Forecast Over/(under) spend
	£000	£000
GP Practice Prescribing	1,910	1,638
Centrally Managed Prescribing Budgets	(206)	(163)
Total	1,704	1,475

The 2017/18 financial plan anticipated a £1.7m overspend on GP Prescribing. Whilst the actual out-turn is in line with plan, growth levels are lower than anticipated. However the nationally expected price reduction on Pregablin did not materialise and this has offset the benefit of the drop in growth.

6. SOCIAL CARE SERVICES

The year end out-turn for Social care is a £2.637m underspend and can be broken down as follows:

- a) Accelerated Non-Recurring Savings (£1.295m)
Accelerated savings of £1.295m were delivered by the year end. This has increased by £225k from month 9 primarily due to the additional accelerated savings from the review of day care. For 2018/19 Social Care is required to deliver a transformation and efficiency programme of £4.62m from 1st April 2018. Throughout 2017/18 significant work has been undertaken to ensure delivery of these savings from 1st April and a non-recurring benefit has accrued in 2017/18.

- b) Slippage in utilisation of IJB Reserves/Budget Flexibility (£818k)

This is driven by slippage in the 'Shifting the Balance of Care' project (£626k) due to a delay in implementation.

- c) Under spend on Base Budget (£524k)

The year end out-turn on base budget was an underspend of £524k. The key drivers of this out-turn are as follows:

- An underspend in Care at Home (£296k) due to staff vacancies, however this is entirely offset by an overspend on Interim Placements. These are used by 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
- A total underspend of £348k against Direct Payments and the Self Directed Support budget due to revised spend plans.
- A £328k under spend within complex care due to a delay in new build housing provision.
- A £236k under spend against locality teams. This has been driven by vacancies and delays in recruitment as we move to the new locality model.

In addition, care home placements have overspent by £509k. This includes Nursing Placements £166k, Physical Disabilities £213k and Mental Health £130k. The 2018/19 budget includes a £462k demand pressure for nursing care which recognises the 2017/18 level of demand. Also £140k has been added for increased demand in complex care packages.

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22nd June 2018