Perth and Kinross Health and Social Care Partnership

Supporting healthy and independent lives

PERTH & KINROSS INTEGRATION JOINT BOARD

15 February 2019

2018/19 FINANCIAL RECOVERY PLAN

Report by Chief Financial Officer (Report No. G/19/7)

PURPOSE OF REPORT The purpose of this report is to seek the homologation of the Integration Joint Board (IJB) to the financial recovery plans actions agreed to mitigate the forecast overspend on Adult Social Care Services and Healthcare Services in 2018/19.

1. RECOMMENDATIONS

The Integration Joint Board is asked to:

- Note the 2018/19 projected outturn position for Perth & Kinross IJB based on expenditure to Month 8.
- Homologate the decision by the Chair and Vice-Chair, along with the Chief Executives of both Perth and Kinross Council and NHS Tayside, to approve the recovery plan as outlined in this report for Perth and Kinross Council (PKC) Directed Adult Social Care Services and NHS Tayside (NHST) Directed Health Services.
- Direct the Chief Officer and Chief Financial Officer to continue to seek all possible in year opportunities over the remaining weeks of the financial year to deliver an improved financial out-turn.
- Note that the details of the recovery plan have also been formally reported to Perth and Kinross Council and will be reported to NHS Tayside Board.

2. OVERALL SUMMARY FINANCIAL FORECAST

The Month 8 Financial Forecast projected an overspend of £4.139m. The table below provides a break down of this forecast:

Table 1

Summary Year-End Forecast as at 30th November 2018	Month 8 Total IJB Forecast Over/(under) spend	2018/19 Approved Financial Plan Forecast Over/(under) spend
	‘£000	£000
PKC Directed Social Care Services	2,088	0
Hospital & Community Health Services	(290)	46
Prescribing/Family Health Services	1,585	438
PKHSCP Hosted Services	578	427
Other IJB Hosted Services	178	0
Sub Total NHS Tayside Directed Services	2,051	920
Total	**4,139**	**920**

The 2018/19 Financial Plan approved by the IJB contained a net gap of £920,000 arising from Prescribing and Inpatient Mental Health.

The 2018/19 Finance Update provided to the IJB in June 2018 gave a very early indication of a £1,100,000 unanticipated pressure on Learning Disabilities and Mental Health Complex Care Packages within PKC Directed Adult Social Care Services that was formally discussed with PKC.

The Perth & Kinross IJB Integration Scheme sets out that partners may increase the payment in-year to the IJB for supplementary allocations in relation to the Integrated Functions that could not have been reasonably foreseen at the time the IJB requisition for the year was agreed. Discussions are continuing with both PKC and NHST in this respect however at this stage no additional budget has been agreed.

The Perth & Kinross IJB Integration Scheme sets out that where an overspend is projected the Chief Officer and Chief Financial Officer must take remedial action to prevent the overspend materialising. In the event that the remedial action cannot prevent the overspend the IJB will present a recovery plan to the Partners to address in year overspends and any recurring overspends for those years without impeaching on achievement of performance outcomes. In the event that the recovery plan is unsuccessful and an overspend is still projected, uncommitted Reserves held by the IJB would firstly be used to address any overspend. Thereafter should a overspend remain to be forecast then a revised Strategic Plan must be developed to enable the overspend to be managed in future years.

The Integration Scheme was agreed on the assumption that the initial budget devolved to the IJB was sufficient. Following the due diligence process, budgets for Inpatient Mental Health and Prescribing were not agreed as sufficient at the inception of the IJB and NHST and P&K Health and Social Care Partnership (HSCP) agreed to work jointly to deliver a three year recovery plan for both services. This report therefore provides a recovery plan in three areas as follows:-

- Adult Social Care Services
- Prescribing (jointly with NHST)
- Inpatient Mental Health Services (jointly with NHST)

The Chief Officer, Chief Financial Officer and Heads of Service have worked in collaboration with the Executive Teams from both PKC and NHST to develop and agree the actions set out below.

3. ADULT SOCIAL CARE SERVICES MITIGATING ACTIONS

As highlighted above, the 2018/19 projected overspend on PKC Directed Services is £2,088,000. This is broken down as follows:

- Older People and Physical Disability Service £890,000
- Learning Disability and Mental Health Services/Substance Misuse £834,000
- Other Community Services/Other £364,000

The demand in each area was not anticipated. For Older People and Physical Disabilities Services, it is driven by complexity as opposed to increasing numbers. The demand correlates with the increasing number of over 85's who are living at home for longer. There has been a rise in the number of people with learning disabilities requiring additional care and new care packages.

We have identified actions to mitigate the overspend and support achievement of financial balance. A number of core principles have underpinned the full risk assessments which have been undertaken for each action which include those most vulnerable and at risk are prioritised, minimal disruption to services users and the need to maintain quality care to those in receipt of support. These proposals are set out below.

a. PKC RESERVES HELD FOR ADULT SOCIAL CARE

In 2017/18 Adult Social Care Service underspent by £2,637,000 driven largely by accelerated savings in advance of the transformation and efficiency programme to be implemented by 1st April 2019. PKC withdrew this budget from the IJB and £1,840,000 was passed back to the IJB non-recurringly as part of the core budget settlement. A further £206,000 has been used to meet the Voluntary Severance Scheme (VSS) costs arising from the closure of Beechgrove Care Home. A balance of £518,000 remains. It has been agreed with PKC to utilise the £518,000 to offset the financial forecast. This does however mean that no specific Adult Social Care PKC reserves remain to support transformational change including potential VSS costs.

b. MANAGE DEMAND FOR MH/LD COMPLEX CARE PACKAGES

Over the past two years a significant, financial pressure has arisen due to the cost of Complex Care. This has been caused by a number of factors:

- Increased costs of care packages for existing clients.
- New clients are requiring large packages of care.
- Budget removed from Adult Social Care budget to achieve "Review of Care Packages" saving.
- Complex Care Reduction in funding from Independent Living Fund (ILF). changes

The current pressure on Learning Disability and Mental Health Packages is £1,604,000 although in year this is being offset in-year by non-recurring income from a review of contracts and occupancy levels and the delay in the Invergowrie Assisted Living project (£964,000).

A comprehensive audit was carried out on complex care requests, and it was found that the majority were requests for increased care for clients already known. The requests were due to deterioration in their physical and mental health, and there were often behavioural issues. There have also been 24 new clients requiring support at an additional in- year cost of £280,000. There were four new clients with packages over £35,000. Three had been cared for at home by their parents and had a Learning Disability and Autism and the other was a long stay hospital inpatient with mental health issues.

A working group has been set up to progress a number of actions aimed at establishing a financially sustainable model of care. It is likely that there will be a recommendation to implement a higher limit on the cost of community placements. Therefore for 2018/19, it is proposed that complex care packages will only be funded if no alternative, more cost-effective option can be identified. This is estimated to save £350,000 during the remaining months of 2018/19. A full risk assessment and equalities impact assessment has been completed.

c. CARE AT HOME

There are a number of actions proposed to mitigate the overspend in Care at Home and these are outlined below:

SINGLE HANDED CARE

Single Handed care is a person-centered approach to risk assessing a person's moving and handling requirements using new techniques and equipment. Where appropriate this can result in a reduction of double up (two person) care packages enabling an individual to be supported by a single carer. The project has only been up and running for a few weeks we are already making some progress with projected cost prevention savings of approx. £25,000 by the end of this financial year.

CARE AT HOME MANAGEMENT OF DEMAND

The increase in care at home hours has primarily come via an increase in individuals opting for Option 1 and 2 to have their care delivered. One of our strategic priorities has been to increasingly personalise care provision. The way in which resources are allocated requires reviewed as there are inequities in the system. Improving the way that resources are allocated may improve the efficiencies in the services. This reduction can be achieved by moving to a centralised unit for allocating all care at home services to create a single approach. This proposal will be implemented within a month with an estimated saving for the remainder of 2018/19 of £125,000.

To reduce the pressure on community services, there needs to be increased use of Technology Enabled Care (TEC) and more engagement of providers in reducing the need for two workers wherever possible. This is critical to this recovery plan, and we will embed TEC in all of our care pathways.

d. PARTNERSHIP FUNDING

A full review of commitments against centrally held partnership funding (Integrated Care Fund/Change Fund), has identified an in year underspend of £220,000. This can be appropriately offset against the year end forecast position. This has been apportioned across Health and Social Care and agreed by PKC and NHST.

e. SUMMARY OF MITIGATING ACTIONS ADULT SOCIAL CARE

The following table provides a summary of the mitigating actions as above identified for Adult Social Care Services in 2018/19:-

Table 2

	£000
Adult Social Care Services projected funding gap	**2,088**
PKC Reserve Adult Social Care	(518)
Complex Care Demand Management	(350)
Care at Home Demand Management	(150)
Slippage in Partnership Funds	(110)
Sub total	**1,128**
Balance	**960**

f. Risk Assessment and Equality Impact Assessment

Mitigating actions that relate directly to service delivery have been fully risk assessed and considered for their wider impact not only on service users and carers, but for their impact upon the longer term sustainability of provider organisations. Mitigating Actions have been subjected to Equalities Impact Assessment. (EQIA)

Mitigating Actions, Risk Assessment and EQIA have been scrutinised and approved by the Chief Officer, the Head of Adult Social Work and Social Care and the Chief Social Work Officer.

4. FINANCIAL RECOVERY PLAN GP PRESCRIBING

The 2018/19 Financial Plan for GP Prescribing was jointly developed with NHST. A range of opportunities were identified to reduce the £1,910,000 overspend in 2017/18 to a gap of £438,000. Any further reduction in this gap in year was reliant on the agreement on a pan-Tayside basis of 'difficult decisions' that could be taken to reduce expenditure.

The Finance Update to the IJB in June 2018 however identified very significant risks associated with anticipated national price changes (£295,000) and levels of growth (£280,000). The overall financial impact of both was estimated at £575,000 taking the anticipated gap to £1,013,000.

The Month 8 Finance Report sets out a year end forecast of £1,585,000 for 2018/19. The main driver of this further movement has been increased price/volume growth. The information provided by the NHST Finance Team indicates that growth above planned levels is driving a £604,000 increase in expenditure above plan.

All efforts will be made to identify mitigating actions to reduce forecast prescribing spend. In particular the rolling programme of engagement with GP's will be accelerated.

However given the scale of the current forecast overspend it is now necessary to consider other actions that can be taken in year within Hospital and Community Services to offset the forecast position. The Head of Service and operational managers (supported by Finance staff) have considered further mitigating actions. At this stage the review of commitments against centrally held funds (as referred to above) has identified an in-year underspend of £220,000 and £110,000 will be set against the overall health position as agreed by PKC and NHST.

5. FINANCIAL RECOVERY PLAN INPATIENT MENTAL HEALTH

The 2018/19 Financial Plan developed by P&K HSCP for Inpatient Mental Services in partnership with NHST set out plans to reduce a forecast overspend of £2,665,000 to £1,276,000 through savings anticipated from the Mental Health/Learning Disabilities (MH/LD) Transformation Programme, non-recurring bridging support from NHST associated with service contingency arrangements and other savings opportunities. Discussions at that stage were ongoing around further bridging for medical locum costs, a significant driver of the anticipated overspend. The 2018/19 Financial Plan was part of a wider draft 3 Year Plan that set out the intention to deliver recurring financial balance in 2019/20 from the further implementation of the MH/LD Transformation Programme and the full year effect of other efficiencies identified in 2019/20.

Against the £1,276,000 gap anticipated in the financial plan, a gap of £1,359,000 has now been forecast. A shortfall in delivery of savings from transformation has been offset by significantly lower than anticipated contingency costs and as well as lower than anticipated medical locum costs and nursing costs. However anticipated bridging finance of £448k anticipated from NHST within the 2018/19 Financial Plan was subsequently been withdrawn.

All possible options to offset the forecast overspend have been formally considered by the new management team and whilst a large number of efficiency, transformation and cost reduction opportunities have been identified, none of these will impact in 2018/19. The focus has therefore shifted to develop a robust 3 Year Financial/Service Plan for Inpatient Mental Heath Services which is being led by the General Manager for Mental Health Transformation and the Deputy Director of Finance for NHST. A meeting to review progress is being set up for Mid January 2019 with the Chief Officer and Chief Financial Officer.

6. SUMMARY OF MITIGATING ACTIONS HEALTH

The following table provides a summary of the mitigating actions as above identified for Health Services in 2018/19.

Table 3

	£000
Healthcare Services projected funding gap	**2,051**
Slippage in Partnership Funds	(110)
Balance	**1,941**

7. REVIEW OF SLIPPAGE IN UTILISATION OF SCOTTISH GOVERNMENT FUNDING

As part of the mid-year review process a review of potential slippage in Scottish Government funding has been undertaken. Slippage in expenditure against plans for the following has been identified:

Utilisation of slippage to support in year financial recovery will require reinstatement of the funds in the following financial year. The HSCP Executive Management Team has agreed that the ability of P&K HSCP to reinstate £450,000 through non-recurring savings elsewhere across services is very limited and therefore utilisation of slippage to support in year recovery cannot be supported. Instead slippage will be carried forward in a ringfenced reserve to be used in line with the Scottish Governments clearly stated priorities.

8. CONCLUSION

To fulfil the requirements of the P&K IJB Integration Scheme a financial recovery plan is required to be presented to both parent bodies. The financial recovery plan set out, whilst not yet delivering financial balance, represents significant progress. The IJB are asked to homologate the decision taken to approve the financial recovery actions as set out in the recommendations.

9. 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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