



AUDIT & PERFORMANCE COMMITTEE

20 September 2018

2018/19 FINANCIAL POSITION

Report by Chief Financial Officer (Report No. G/18/130)

PURPOSE OF 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 2018/19, based on the 4 months to 31st July 2018.

1. BACKGROUND

In the Finance Update to the IJB in June 2018, a summary was provided of the high level financial risks likely to impact on the 2018/19 financial position. These were quantified broadly at £4.1m and were predominantly driven by an emerging pressure on complex care, anticipated shortfall in savings delivery within Social Care and unresolved gaps in the financial plan for GP Prescribing and Inpatient Mental Health.

2. 2018/19 FINANCIAL POSITION

Based on the four months to 31st July 2018, the IJB is forecasting an overspend of £3.2m. This is lower than our forward look and key areas of overspend are as follows:-.

A £1.4m overspend is forecast within Social Care driven predominantly by Complex Care Pressures (£1.1m) and an unanticipated increase in demand for Older Peoples Services including Care at Home and Interim Placements (750k). Against a target of £4.6m, savings of £4.2m are anticipated to be delivered, a shortfall of £462k. These overspends are being partially offset by largely non-recurring income benefits and slippage.

Within Family Health Services, GP Prescribing is forecasting an overspend of £830k. This is in line with plan as it does not yet reflect actual year to date expenditure,

Hosted Services across Tayside are forecasting an overspend> The Perth and Kinross IJBs share of that overspend is £832k. This is most significantly driven by a £530k share of a £1.6m forecast overspend on Inpatient Mental health Services. Overspends are also being forecast in Out of Hours Services, Palliative Care and Brain Injury Services which are hosted by Angus IJB and Dundee IJB respectively.

The detailed Financial Update for 2018/19 is provided at Appendix 1. Significant efforts continue to be made across all areas to improve the financial forecast.

The risk sharing arrangement within the Integration Scheme, agreed with Perth & Kinross Council and NHS Tayside, states that partners may increase payment in-year to the IJB, for supplementary allocations in relation to Integrated Functions that could not have reasonably been foreseen at the time that the IJB budget for that year was agreed. The Chief Officer is taking this forward as part of wider recovery plan discussions.

2018/19 is the third year of the IJB. The Integration Scheme sets out that for the third year and onwards the overspend may be allocated on a proportionate basis. Informal discussions have concluded that this option may not be taken for year 3 and that the overspend will be met by the partner with operational responsibility. Formal agreement of this is required.

3. RECOMMENDATIONS

It is recommended that the Audit and Performance Committee:-

- (i) Note the forecast financial position for 2018/19 and the potential implications for both NHS Tayside and Perth & Kinross Council.
- (ii) Ask the Chief Officer to seek formal agreement from Perth & Kinross Council and NHS Tayside on the risk sharing arrangements for 2018/19.

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APPENDIX

1. Financial Update for 2018/19