



PERTH & KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

11 MARCH 2024

2023/24 FINANCIAL POSITION

Report by the Chief Finance Officer (Report No. G/24/26)

PURPOSE OF REPORT

This report provides the Audit and Performance Committee with an update on the projected financial position based on the period 1 April 2023 to 31 December 2023 (Month 9).

1. RECOMMENDATIONS

It is recommended that the Audit & Performance Committee;

- (i) Notes the overall projected outturn for 2023/24 based on financial performance to 31 December 2023;
- (ii) Notes the work undertaken by the Chief Officer and Executive Management Team in continuing to mitigate cost pressures in the current year;
- (iii) Notes the financial risks as detailed in section 6.

2. SUMMARY POSITION

- 2.1 The 2023/24 Budget was approved by the IJB in March 2023 (Report G/23/37). The budget was based on several assumptions including demand levels, costs, pay and funding. The recurring budget was deemed as insufficient to meet the expected costs in 2023/24 and the IJB approved £3.842m of reserves to deliver a break-even position across Health and Social Care.
- 2.2 On 27 October 2023, the IJB considered the HSCP Winter Plan (Report G/23/144). Additional expenditure of £1.1m was approved to support whole system resilience over the winter period, through surge beds and an extension of the Early Discharge Project. These costs have been included within the detail in the table below and will be funded from reserves.

- 2.3 The Audit & Performance Committee receives regular reporting on the financial position throughout the year, this report provides the third financial update for 2023/24.
- 2.4 The projected 2023/24 financial position, after the approved use of reserves, is an overspend of £0.660m. This is an improvement of £1.465m from the last report. Further detail on the variance and movement is provided in section 3 below.
- 2.5 The main cause of spend above plan continues to be driven by:
- the provision of additional capacity within Older People Services mainly in Care at Home, Inpatient Community Hospitals and Inpatient Wards at PRI;
 - increased projected expenditure within GP Prescribing;
 - share of overspend against 2C practices in Angus and Dundee;
 - share of overspend within Out of Hours with Angus IJB as the lead partner.

	Approved Budget 2023/24	Forecast Position Month 7	Financial Position Month 9
	Over / (Under) £m	Over / (Under) £m	Over / (Under) £m
Prescribing	2.230	3.132	3.040
Undelivered Savings	0.904	0.904	0.740
Review of Contributions Policy	0.708	0.708	0.708
Older People Services	-	3.025	2.541
Adult Services	-	(0.720)	(1.090)
2C Practices (Dundee & Angus)	-	0.401	0.401
Out of Hours (share)	-	0.431	0.499
Other Areas	-	(0.809)	(1.396)
Sub-Total	3.842	7.072	5.443
Approved Use of Reserves	(3.842)	(4.947)	(4.783)
Forecast Position	-	2.125	0.660

- 2.6 The forecast costs will continue to be reviewed as the year progresses and action taken where possible to contain or minimise the projected overspend. Various financial recovery actions have taken place since the last report to this committee with the purpose of reducing supplementary staffing expenditure and increasing efficiency across the service. Whilst these measures are still ongoing, there remains a significant level of supplementary staffing being utilised across the service.
- 2.7 As per the Integration Scheme, in the event financial recovery actions are unsuccessful, the IJB uncommitted reserves must firstly be used to address any overspend. Should reserves be required to offset the £0.660m projected

overspend, the general reserves balance will fall below the IJB's reserve policy level.

3. MAIN VARIANCES

- 3.1 As detailed at Section 2.4 (above), the overall projected outturn, after approved use of reserves, is an overspend of £0.660m.

	Forecast Position Month 9 Over / (Under) £m
Health Services	0.213
Social Care Services	0.447
Total	0.660

Older People

- 3.2 The forecast overspend, prior to use of reserves, on older people services is £2.541m. This has reduced by £0.484m from the position reported to this committee at Month 7.
- 3.3 Capacity within care at home has been increased in response to whole system pressures. This includes the extension and expansion of the Early Discharge Project to support the HSCP Winter Plan to 31 March 2024, with this plan being approved by the Integrated Joint Board on 27 October 2023 (Report G/23/144 refers). Recruitment challenges across Perth & Kinross have led to higher rates of pay and agency staff being required for most of the financial year to date. The overall capacity is above planned level and is driving a forecast overspend against budget of £2.403m. This has reduced by £0.196m from the position reported at Month 7, mainly due to a decrease in agency usage, with this being replaced by internal care at home capacity.
- 3.4 Medicine for the Elderly inpatient services are forecasting a £1.255m overspend. This is due to supplementary staffing costs and the use of bank and agency to cover vacancies within the core bed model. In addition, due to pressure experienced throughout the financial year, the bed base in Tay and Stroke wards have been temporarily increased to support capacity and flow. Whilst the HSCP Winter Plan approved the extension of the additional beds in Tay Ward to 31 March 2024, Stroke Ward was expected to revert to its substantive bed base of 18 at December 2023. However, the ward is still operating with 4 additional beds. The forecast overspend has been partially offset by Covid-19 funding, carried forward from 2022/23 (£0.642m). The Scottish Government have authorised this to be allocated against costs incurred due to system pressures.
- 3.5 Community Hospitals across P&K are forecasting an overspend of £0.698m. This is largely in line within the position reported at Month 7. However, this continues to be mainly driven by staff costs in St. Margarets (£0.228m) and Crieff Hospital (£0.329m) due to significant use of agency and supplementary staffing to cover vacancies and sickness. Financial recovery measures to explore alternatives to reduce the use of supplementary staffing are ongoing.

- 3.6 Older People Residential and Nursing Placements are forecasting a £0.727m overspend. This is a reduction of £0.131m from the position last reported to this committee in Month 7. The decrease in forecast overspend relates to changes in the balance of free personal care and full cost clients, rather than a reduction in client numbers. The increase in placements throughout 2023/24 is understood to be driven by increasing confidence post covid, an improvement in the Psychiatry of Old Age discharge process resulting in an increase in Nursing EMI placements, and a reduction in the number of people waiting an assessment. It should be noted that an increase in placements is in contrast with the Older People Strategic Plan assumptions. The IJB will therefore be required to reassess previous investment and disinvestment decisions as part of the 2024/25 budget setting process.
- 3.7 The Psychiatry of Old Age (POA) service is forecasting an underspend of £0.245m at Month 9, which is an increase of £0.088m from the position last reported. This underspend is due to income associated with Angus patients being admitted to Perth & Kinross POA wards, due to the non-operational ward in Angus.
- 3.8 There continues to be considerable slippage reported within the Urgent Care and Hospital at Home Services of £0.430m mainly due to continued difficulty in recruiting to vacant posts. The position is also benefitting from one-off Scottish Government funding for Hospital at Home. A request for £0.248m of funding was approved to support Hospital at Home throughout winter and until March 2024, however this was dependant on reaching a certain level of occupied beds. Due to staff shortages, it is unlikely that these targets will be met by 31 March 2024. Therefore, the forecast income to be received from Scottish Government has been revised to £0.100m.
- 3.9 Underspends across several other older people services are partially offsetting the overall position. Community Nursing is reporting a projected underspend on staff costs of £0.273m. Although recruitment is improving, with several posts now having start dates confirmed, there have been a number of vacancies throughout the year. Day Care also continues to report a significant underspend of £0.207m, due to slippage in the early part of this financial year and continued vacancies. Underspends in Public Transport and Respite due to uptake being lower than budgeted equates for a further (£0.200m) forecast underspend.

Adult Services

- 3.10 The forecast on adult services is a £1.090m underspend, which is an increase of £0.370m from the position reported at Month 7.
- 3.11 The underspend on staffing is £0.597m. This is mainly due to vacancies in the early months of the financial year across several services. Recruitment continues to progress, but it is unlikely that all vacancies will be filled this financial year.
- 3.12 The forecast underspend on packages of care and support is £0.493m. This underspend is mainly due to delays in commencement of planned care packages. The transformation of complex care programme continues to

redesign the way services are provided for people with complex needs. This transformation has been further supported in year using one-off Community Living Change Funding.

Other Community Services and Management

- 3.13 The forecast financial position across other community services and management is forecasting a £0.686m underspend.
- 3.14 Locality and Early Intervention and Prevention teams are forecasting a £0.271m underspend on staff costs due to staff turnover and vacancies in the financial year to date. This is an increase of £0.106m from the position last reported. This reflects further vacancies within the service and the latest assumptions on recruitment. Recruitment is ongoing, with some positions expected to be filled in the coming weeks.
- 3.15 The remainder of the forecast underspend is mainly due to delays in recruitment and slippage within support services and within Primary Care Resilience.

Prescribing

- 3.16 The forecast financial position for prescribing is a £3.040m overspend. The IJB's 2023/24 budget planned for a £2.230m overspend and approved the use of general reserves to meet that pressure.
- 3.17 National Services Scotland (NSS) have been working towards delivering a new prescribing management system. As highlighted in previous reports there have been considerable technical issues in the go live phase of the project. This has resulted in longer than normal delays in receiving prescribing cost and volume data. In the last report to this committee, only 3 months of 2023/24 data was available. This has now improved with 5 months data available at Month 9. There are concerns around the robustness of this data and the forecast position remains uncertain and likely to change.
- 3.18 Buprenorphine is an alternative to methadone and was initially funded by the Scottish Government. This funding ceased and costs are expected to be managed within existing prescribing budgets. The additional expenditure is forecast to be £0.242m at Month 9 and is being met non-recurring by ADP funding in 2023/24. This cost will require to be met by prescribing budgets from 2024/25.

General Medical Services

- 3.19 The Perth and Kinross IJB continues to be attributed a share of costs associated with the provision of general medical practices in Dundee and Angus, where NHS Tayside is directly managing the practice (2C practices). As noted in previous reports, all 3 Partnerships have now agreed to review financial risk-sharing within Primary Care.

This is currently being progressed through 3 routes:

- Developing an improved understanding of the Scottish Government budgetary allocations for Tayside.
- Developing an improved understanding of the current commitments against the resources – e.g. in terms of GP contractual commitments.
- Developing options for revising the financial risk-sharing arrangements considering both points above.

3.20 Progress has been made on the above outlined routes with intensive work undertaken in relation to:

- furthering understanding of allocations and current commitments,
- working with support teams,
- moving towards a more localised ownership and visibility of GMS.

Reports continue to be developed and will come forward to Primary Care management group meetings in due course. In relation to revised risk sharing, progress is being made with this leading towards a more localised ownership and visibility.

3.21 At present, the forecast financial position includes a share of the projected 2C overspend, at £0.401m for 2023/24. In recognition of the ongoing review of risk share, an interim reduction to the Perth & Kinross IJB has been applied. This reduction reflects the expectation that any future agreement will reduce Perth & Kinross IJB's exposure to financial risk.

Savings

3.22 The table below summarises progress on delivery of approved savings. The 2023/24 IJB Budget anticipated delays in specific savings and these have been detailed below and funded non-recurringly from IJB reserves.

Description	Saving Plan	Non-Recurring Reserve Approved	Projected Delivery 2023/24	Projected Shortfall 2023/24
Transformation of Complex Care	0.765	-	(0.765)	-
Review of Contributions Policy	0.708	(0.708)	-	-
Redesign of Rehabilitation Beds	0.740	(0.740)	-	-
Care Home Placements	0.500	-	(0.500)	-
Prepaid Card Scheme	0.080	-	(0.080)	-
Integrated Management	0.075	-	(0.075)	-
Procurement & Commissioning Efficiencies	0.154	-	(0.154)	-
Deletion of Vacant Posts	0.325	-	(0.325)	-
Total	3.347	(1.448)	(1.899)	-

3.23 Any shortfall in delivery of savings or delay in progress will impact the future financial plan and the IJBs ability to deliver on Strategic Plan objectives. The

above table highlights that 57% of the saving plan is being delivered on a recurring basis in 2023-24. Delivery of savings had been impacted by the need to focus resources in responding to Covid-19. Since the last Audit & Performance Committee, a further £0.164m of savings attached to the Transformation of Complex Care has been delivered.

Lead Partner Arrangements (Hosted Services)

- 3.24 Lead Partner arrangements (formerly referred to as Hosted Services) exist across the 3 Tayside IJBs. Each IJB provides lead arrangements for some services on behalf of the other IJBs. The financial outturn of these services is then shared across the 3 IJBs at the end of the financial year.
- 3.25 Detail of the services and the projected financial position is provided in Appendix 2. The overall Perth & Kinross IJB share is a £0.146m overspend, which is a reduction in the forecast overspend reported at Month 7 of £0.170m.
- 3.26 For Perth & Kinross lead services an overall underspend of £0.951m is forecast. Staffing underspend continues to be the main contributing factor. Prison Healthcare, Dental and Podiatry continue to have vacancies due to staff turnover and recruitment challenges. The Prison Healthcare staffing underspend is being partially offset by increased costs for management of the new pharmacy contract, costs related to the roll out of Buvidal and the continued use of agency and bank staff to cover GP provision.
- 3.27 The main area of overspend relates to the Out of Hours service with Angus IJB as the lead partner. The Out of Hours service has seen changes in demand, during and since Covid-19, resulting in increased costs. Whilst the number of clinician-patient contacts is similar post Covid-19 to pre Covid-19, the consultation times are longer due to more complex cases. The associated increased costs were supported by Scottish Government Covid-19 funding until March 2023. Whilst some improvement actions have been completed, the service is forecasting an in year overspend of £1.491m (P&K's share is £0.499m) and a recurring pressure of c£1.4m. The financial recovery plan is being finalised and an update will be provided to the Angus IJB at its next meeting.

4. INPATIENT MENTAL HEALTH

- 4.1 Inpatient Mental Health and Learning Disability Services are delegated to the 3 Tayside IJBs, having previously been hosted by Perth & Kinross. In early, the operational management of these services was returned to NHS Tayside, however under health and social care integration legislation the strategic planning of these services remains delegated to the 3 Tayside IJB's as per the revised integration scheme approved in June 2022.
- 4.2 Currently, there is no budget delegated to the IJB's for 2023/24 and the service is projecting an overspend of c£5.6m across Tayside. However, given the IJB's have strategic planning responsibility for the services, there is a requirement to show a delegated budget and spend position within the IJB annual accounts.

- 4.3 Given the governance position whereby there is a separation between strategic planning and operational delivery of the service, discussions have been ongoing to agree financial risk sharing arrangements amongst the three IJB's and NHS Tayside for the current financial year.
- 4.4 Agreement has been reached by the 3 IJB Chief Officers, Chief Finance Officers, Chief Executives of the 3 local authorities, Chief Executive of NHS Tayside and the NHST Tayside Director of Finance for a funding solution in 2023-24. This was considered by the P&K IJB in February 2024. The IJB gave approval to release funding held within earmarked reserves of £0.650m, originally provided by NHS Tayside, to contribute to the overall service shortfall. The impact of this has been reflected within Section 5 and Appendix 3 to this report.
- 4.5 The funding outlined above will support the financial stabilisation of the service in 2023/24 as work progresses to develop a deliverable financial recovery plan and future financial framework over 2024/25 and beyond, reflecting a shift in the balance of care from inpatient services to community based provision. A potential additional funding commitment of up to £0.125m may also be required should Inpatient Mental Health Services be unable to reduce spend over the remainder of the financial year. This will be included in future reports to this committee should the planned reduction in spend not materialise.

5. RESERVES

- 5.1 The IJB holds both earmarked and unearmarked (general) reserves. In April 2023 the earmarked reserve balance was £7.3m. This is fully committed for future years.
- 5.2 A balance of £0.6m Covid-19 funding was carried forward from 2022/23 into this financial year. The Scottish Government has authorised Perth & Kinross IJB to apply this funding against incurred system pressure costs in 2023/24. As noted in section 3, this has been applied to older people services.
- 5.3 As mentioned in Section 4, the IJB approved the release of funding held within earmarked reserves of £0.650m, originally provided by NHS Tayside, to contribute to the overall Inpatient Mental Health service shortfall. This has been reflected within Appendix 3.
- 5.4 The unearmarked (general) reserve balance in April 2023 was £9.5m. The IJB has approved the use of reserves for specific purposes (amount required c£4.8m). Based on the financial projection in this report, an additional £0.660m of general reserve would be required to balance. This would reduce the IJBs general reserve balance to £4.0m and 1.6% of the IJBs net expenditure budget. This is below the IJB's 2% reserve policy to maintain an adequate reserve to support unanticipated expenditure pressures.
- 5.5 There is considerable likelihood that reserves will be required to support transformation and to balance the IJB Budget in 2024/25. Should this be required, approval will be sought at the IJB on the 20 March 2024.

6. RISKS TO THE 2023/24 POSITION

6.1 Both the 2023/24 Budget and this latest forecast position are based on several assumptions including demand levels, costs, pay and funding. The risks related to these assumptions are summarised below:

- **Prescribing** – There remains uncertainty around volume data in prescribing and a risk the forecast overspend may increase. This is being monitored closely through the National Primary Care Group. The lack of data makes comparison to prior periods difficult. However, as more data becomes available, the likely variability in the financial position reduces.
- **Inpatient Mental Health** – A potential additional funding commitment of up to £0.125m may be required should Inpatient Mental Health Services be unable to reduce spend over the remainder of the financial year. This will be included in future reports to this committee should the planned reduction in spend not materialise.

7. 2024/25 : 2026/27 BUDGET UPDATE

7.1 In March 2023 the IJB approved the budget for 2023/24 and noted the provisional budgets for 2024/25 and 2025/26. The 2023/24 (year 1) budget required the use of reserves to balance and years 2 and 3 identified recurring gaps.

7.2 Considerable work has taken place to fully review all known and emerging pressures, update funding assumptions and develop additional savings. IJB members, through development sessions and the IJB Budget Review Group, have had the opportunity to provide challenge, feedback, and scrutiny on various budget proposals. The IJB will meet to set the budget on 20 March 2024.

8. CONCLUSION

8.1 The overall projected outturn for 2023/24 is an overspend of £0.660m. The Chief Officer and Executive Management Team continue to work on actions to mitigate cost pressures in this financial year.

9. DIRECTIONS

9.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Perth & Kinross Council and NHS Tayside.

Direction Required to Perth & Kinross Council, NHS Tayside or Both	Direction to:	
	No Direction Required	X
	Perth & Kinross Council	
	NHS Tayside	
	Perth & Kinross Council and NHS Tayside	

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Appendices

Appendix 1 – Summary Financial Position

Appendix 2 – Summary Lead Partner Financial Position

Appendix 3 – IJB Reserves

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.