



AUDIT & PERFORMANCE COMMITTEE

20 September 2018

2018 19 YEAR END FORECAST

Report by Chief Financial Officer

1. OVERALL SUMMARY

The year end forecast based on the year to date position as at 31st July 2018 is set out in Table 1 below.

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

| | Budget 2018/19 | Base | Savings | Total Partnership* | Total IJB** | | 2017/18 Year End Total IJB |
|--------------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|--|-----------------------------------|
| | As at 31st July 2018 | Forecast Over/(under) spend | Forecast Over/(under) spend | Forecast Over/(under) spend | Forecast Over/(under) r) spend | | Forecast Over/(under) spend |
| | £000 | £000 | £000 | £000 | £000 | | £000 |
| Social Care Services | 49,261 | 837 | 576 | 1,413 | 1,413 | | (2,637) |
| Hospital & Community Health Services | 47,960 | (144) | 144 | 0 | 0 | | (533) |
| Family Health Services | 66,161 | 943 | 0 | 943 | 943 | | 1,509 |
| Hosted Services | 29,972 | 1,215 | 408 | 1,623 | 832 | | 303 |
| Sub-total Health Care | | | | 2,566 | 1,775 | | 1,279 |
| Total | | | | 3,979 | 3,188 | | (1,358) |

*The Partnership forecast includes services hosted by Perth and Kinross on behalf of Tayside IJBs.

**The IJB forecast represents the position after a share of all Tayside hosted services are recharged to and from the other Tayside IJBs.

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. SOCIAL CARE SERVICES

The forecast year end overspend for Social Care is £1.413m.

The forecast overspend can be broken down as follows:

➤ **Savings £576k**

The IJB's Transformation and Efficiency Programme for 2018/19 included £4.62m of savings to be delivered from Social Care Services of which £4.24m is forecast to be delivered on a full year basis. This is a very challenging programme with a number of risks and this level of delivery would be a very significant achievement. There are however areas of shortfall as set out in the Table below.

| | Shortfall 2018/19 £000 | Shortfall Full Year £000 |
|------------------------------------|------------------------------|--------------------------------|
| Procurement & IT Workforce/Plan | 306 | 306 |
| Review of Residential Care | 196 | 0 |
| Review of Complex Care Packages | 74 | 74 |
| Total | 576 | 380 |

For Procurement and Workforce savings, at this stage despite close working with PKC Procurement and IT colleague's limited opportunity has been identified.

For the review of Residential Care, delay in approval by the IJB has resulted in a level of slippage in 2018/19 which will be resolved on a full year basis.

The savings identified for the review of Complex Care Packages are £74k below target.

The Shifting the Balance/Carer Support proposal, approved by the IJB in March 2018, set out our intention to reduce demand for Care Home Placements (84 placements) through investment in carers support. Investment of £704k was ring fenced for this purpose. Based on current levels of demand, it is anticipated that a reduction of 61 placements can be delivered, a shortfall of 23 placements.

In parallel to the investment in Carers Support of £704k, the 2018/19 IJB budget set aside £535k to meet the requirements of the Carers Act. Of the combined investment pot of £1.239m, £818k is forecast as required on a recurring basis to deliver anticipated services for both the Carers Support Project and implementation of the Carers Act. The Executive Management Team has agreed that the uncommitted budget of £421k, arising

from economies of scale in the joined up investment strategy, can be reinstated to the placements budget. This will offset the shortfall in 23 beds required to meet the revised target of 61 placements.

The 2018/19 Transformation and Efficiency Programme assumed increased recurring income (£400k) from PKC's decision to the review of COSLA thresholds. PKC have decided to defer this implementation. It has been agreed that PKC will cover the £400k shortfall in anticipated income in 2018/19 from PKC reserves. The Draft Financial Plan for 2019/20 assumed a further increase in income of £400k and therefore on a full year basis, a gap of £800k will require to be considered as part of the 2019/20 Financial Planning Process.

➤ **Overspend on Base Budget £837k**

Key drivers of the overspend are as follows:

- £1.165m forecast overspend across Learning Disabilities and Mental Health Residential Placements and Community Packages. The service is experiencing an increase in both the number of clients and care needs.
- Within Older People and Physical Disability services a £325k overspend in Care at Home and a £260k overspend in Direct Payments are being forecast due to higher demand than anticipated.
- A £425k forecast spend on Interim Placements. These short term placements in Care Homes are used for 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. No recurring budget exists for this service provision.
- An overspend is being forecast against Occupational Therapy and the Joint Equipment Loan Store. This is due to and increased demand for adaptations (£161k) and unmet slippage targets within staff costs (£63k). Within Physical Disability residential and nursing placements a £103k overspend is being forecast based on increasing client numbers and increasing needs.

These are being partially offset by underspends as follows::

- A review of prior year surplus from a provider has driven a forecast one off underspend of £268k. A review of current year payments to reflect occupancy levels is also forecasting an underspend at £178k.
- A £244k underspend within Supported Living funding for three high cost complex care packages. This is due to a delay in implementation of the project.
- The Care at Home overspend as set out above is being offset through non-recurring underspends driven by vacancies within the internal HART teams (£378k).
- Local Authority Care Homes are forecasting an underspend of £182k. This is due to actual income being higher than forecast.
- A number of underspends (£416k) across services resulting from staff vacancies, uncommitted budgets and additional non-recurring income.

3. HOSPITAL & COMMUNITY HEALTH SERVICES

Overall Hospital and Community Health Services are forecasting to breakeven in 2018/19. Within this position there are a number of over and underspends. The key areas of overspends are:

- £183k forecast overspend for Community Hospitals in the South Locality. They continue to experienced high levels of sickness absence and incremental drift pressures.
- £75k within Occupational Therapy services due to delay in implementation of savings plan.
- £43k forecast overspend on supplies within the Joint Equipment Loan Store due to increasing demand.
- £144k of savings yet to be delivered, work is ongoing with managers to realise these savings for the month 5 position.

The overspend is forecast to be offset by underspends in the following key areas:

- £170k underspend within Community Mental Health Services and Adults Mental Health and Wellbeing, mainly driven from vacancies within teams.
- £163k forecast for Community Hospitals in the North Locality due to the non-recurring benefit from the non-operational status of Aberfeldy Community Hospital.
- £94k underspend in Management and Administration/Clerical budgets is being forecast, mainly due to vacancies.
- The current forecast includes a benefit of £65k due to Medical trainee vacancies, however this position may change significantly once the new Doctor rotations are known and budget is transferred to the required area.

4. FAMILY HEALTH SERVICES (INC GMS AND PRESCRIBING)

The year-end forecast for Family Health Services can be broken down as follows:

| Service | Forecast Overspend |
|--------------|-----------------------|
| | £000 |
| Prescribing | 826 |
| GMS/FHS | 117 |
| Total | 943 |

The year-end forecast overspend for GP Prescribing provided by NHST Finance is based on adjusted plan rather than actual expenditure. It is hoped that the month 5 forecast will reflect actual expenditure to 30 June 2018 and will take account of progress to date in implementing savings plans and other known risk factors including a significant anticipated detrimental impact of a national agreement on the price of Pregabalin.

The year-end forecast overspend for GMS/FHS relates to the sharing of the cost of 2C GP Practices in Angus IJB and Dundee IJB for which there is no budget and for which the costs are currently apportioned across all 3 Tayside IJB's. The fairness and equity of this treatment is under discussion with the NHS Tayside Strategic Director of Finance.

5. HOSTED SERVICES

Overall across all NHS Tayside hosted services an overspend of £832k is forecast for the year end. The key drivers of this are as follows:

- An overspend of £1.587m is forecast on Inpatient Mental Health Services (hosted by Perth and Kinross Health and Social Care Partnership), of which Perth and Kinross IJB's share is £532k. This is driven by undelivered savings carried forward from previous years, medical locum costs and nursing costs in General Adult Psychiatry. Plans to reduce and offset costs are not yet impacting. This includes savings anticipated from Mental Health Learning Difficulties Inpatient Transformation Programme against which slippage is now anticipated
- An overspend of £475k is anticipated on Out of Hours Services (hosted by Angus Health and Social Care Partnership) of which Perth and Kinross IJB share is £177k. This is driven by retrospective funding issues from 2017/18, the 2018/19 effect of those issues, lack of clarity regarding Scottish Government funding and to date only partial implementation of recovery actions.
- An overspend of £331k is anticipated within Palliative Care and Brain Injury Services (hosted by Dundee Health and Social Care Partnership) of which Perth and Kinross IJB's share is £111k This is driven by higher than budgeted drugs spend and the impact of the decision to increase nursing staff levels.

7. PARTNERSHIP FUNDING

During 2018/19, in addition to budgets from Parent bodies, the Perth and Kinross IJB will receive additional recurring funds directly from Scottish Government. These funds are passed through NHS Tayside to the Health and Social Care Partnership.

The Recurring Funding for 2018/19 is as follows:

| | 2018/19 Budget £000 | Update/Action |
|---------------------------------------|---------------------------|---|
| Primary Care Improvement Funding | 1,249 | A separate paper to the IJB sets out proposed spending plans. (Lead Hamish Dougall, Clinical Director) |
| Alcohol and Drug Partnerships Funding | 464 | This funding was confirmed at the end of August and work is now underway through the Perth & Kinross Alcohol and Drugs Partnership to agree |

| | | |
|--|--------------|--|
| | | priorities for spend. (Lead Evelyn Devine Head of Health / Clare Mailer Chair of PKADP) |
| Mental Health Strategy (Action 15) Funding | 300 | An initial submission has been made to the Scottish Government and detailed work is now underway to determine priorities. (Lead Kenny Ogilvy Strategic Lead Mental Health & Wellbeing) |
| Out of Hours Funding | 137 | The Perth and Kinross Health and Social Care Partnership Primary Care Board will agree in draft the plans at its meeting on 31 st August 2018 (Lead Hamish Dougall Clinical Director) |
| Total | 2,150 | |

Updates on all funding above will be provided at future meetings. These budgets are not yet included in the IJB Budget and as such are not reflected in the Year End Forecast.