



PERTH & KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

18 JUNE 2019

2018/19 FINANCIAL POSITION

Report by Chief Financial Officer (Report No. G/19/105)

PURPOSE OF REPORT

This report provides an update to the Perth & Kinross Integration Joint Board (IJB) Audit and Performance Committee (A&PC) on the year-end outturn for 2018/19.

1. RECOMMENDATION(S)

It is recommended that the Audit and Performance Committee:-

- (i) Notes the overall year-end overspend of £1.160m for Perth & Kinross IJB for 2018/19.
- (ii) Note that this compares to a gap of £0.920m in the IJB's approved Financial Plan for 2018/19.
- (iii) Note that this compares to a £4.200m forecast overspend before implementation recovery plan actions.
- (iv) Note that NHS Tayside (NHST) and Perth & Kinross Council (PKC) has allocated additional budget of £0.319m and £0.841m respectively to allow the IJB to break-even in line with the Integration Scheme.
- (v) Note that for core health and social care services, savings of £4.802m have been delivered against a target of £5.325m. The in year gap of £0.523m will reduce to £0.311m on a full year basis.
- (vi) Note that earmarked reserves of £2.470m will be carried forward to meet future year commitments in relation to a number of Scottish Government priority areas for investment.

2. SUMMARY OF FINANCIAL PERFORMANCE 2018/19

Our financial performance for the year compared to the 2018/19 Approved Financial Plan is summarised in the table below:

	Financial Plan Shortfall	Year-End Variance Over/ (-)Under
	£m	£m
Older Peoples Service/Physical Disabilities incl. AHPs	0.0	0.2
Learning Disabilities/Mental Health/Addictions	0.0	0.4

Planning/Management /Other Services	0.0	(0.7)
Sub-Total Core Services	0.0	(0.1)
Prescribing	0.5	0.8
General Medical Services	0.0	0.0
FHS	0.0	0.0
Hosted Services	0.4	0.4
Large Hospital Set Aside	0.0	0.0
Sub-Total All Services	0.9	1.1
Additional Budget from Partner Body		
NHS Tayside		(0.3)
Perth & Kinross Council		(0.8)
Total		0.0

The outturn in 2018/19 was an overspend of £1.1m, this compared to the 2018/19 Financial Plan gap of £0.9m. The areas of overspend are within:

- Older People and Physical Disabilities Services due to unanticipated demand for Care Home Placements and Care at Home Services.
- Learning Disabilities and Mental Health Services due to an unprecedented level of demand for Community Services.
- GP Prescribing due to growth above expectation, undelivered savings and the impact of an unanticipated national reduction in funding.
- Inpatient Mental Health Services driven by supplementary staffing and a historic balance of undelivered savings.

Of the £5.2m approved savings within Core Health and Social Care, £4.8m were delivered (92%). The undelivered balance contributed to the overall overspend position.

At the year end both Perth and Kinross Council and NHS Tayside increased the devolved budget to the IJB by £0.8m and £0.3m respectively, in order to support delivery of breakeven for 2018/19 in line with the Integration Scheme.

The sections below sets out the year end position for Perth & Kinross IJB as follows:-

- NHS Tayside Directed Services (Section 3).
- Perth & Kinross Council Directed Services (Section 4).
- Summary (Section 5).

The IJB's detailed year-end financial position for 2018/19 is set out in Appendix 1.

3. NHS DIRECTED SERVICES – YEAR END POSITION

3.1 Local Hospital and Community Health Services

Overall a year-end underspend of £0.904m has been delivered. This outturn reflects good progress made in delivery of savings and cost containment but also results from significant slippage in recruitment to key posts. As reported in February, reserves of £0.110m were also applied to the position to support financial recovery.

3.2 Services Hosted in Perth & Kinross on Behalf of Tayside IJBs

The Inpatient Mental Health Services year-end position is an overspend of £1.332m. The overspend in Inpatient Mental Health Services has been driven by medical locum costs, supplementary nursing costs, and a historic brought forward balance of undelivered savings. Plans to remodel the service are slowly being progressed; however these did not impact on the 2018/19 overspending. Updates will be shared through future IJB reports and will also be shared with other Tayside IJBs.

Prison Healthcare outturn was a £0.065m overspend reflecting the increased prisoner population and the impact of this on staffing and medicines cost.

The combined effect of the above, despite some off-setting under spends, is an overspend of £0.365m for the Perth & Kinross IJB share of these costs.

3.3 Services Hosted Elsewhere on Behalf of Perth & Kinross IJB

A number of devolved services are managed by other IJBs on behalf of Perth & Kinross IJB. The year-end outturn for these services is an overspend of £0.136m. The details are set out in Appendix 2.

The main contributors to this position are undelivered savings targets as well as pressures within Palliative Care, Brain Injury, Psychotherapy (overseen by Dundee IJB) and Out of Hours (overseen by Angus IJB).

The net financial position of these services is an overspend of £0.045m for the P&K IJB share of these costs. This is an improvement of £0.044m from the last report.

3.4 Family Health Service (FHS) Prescribing

A year-end over spend of £0.842m is reported for Prescribing. This is £0.383m less than last reported. This movement relates entirely to nationally negotiated rebates for specific drugs. This rebate was significantly higher than expected. Overall the prescribing overspend compares to a gap of £0.438m set out in approved 2018/19 Financial Plan. The deterioration from plan relates to growth above expectation, a level of undelivered savings and the significant impact of an unanticipated national reduction in funding.

3.5 General Medical Services and Family Health Services (GMS and FHS)

Overall these services delivered an underspend of £0.029m. However within this projection P&K HSCP has been attributed a share (£0.188m) of the budgetary pressures being incurred relating to 2C GP Practices in Dundee and Angus. This pressure was offset by other non-recurring underspends during the year.

3.6 Funding of Complex Care Packages

The budget for clinically assessed health contributions required for Complex Care Packages has not yet been devolved to the 3 IJB's in Tayside. Therefore for 2018/19 invoices for these costs have been issued directly to NHS Tayside and the costs are not included in the year-end outturn position.

3.7 Large Hospital Services

This is a budget that is devolved to the IJB for strategic planning purposes but is operationally managed by the Acute Sector of NHS Tayside.

This budget had been initially quantified at £11.793m based on last year's accounts. However, updated information has now been made available. The 2018/19 accounts reflect a budget of £14.346m being attributed to Large Hospital Set Aside for Perth & Kinross. This is based on the most recently available activity levels for hospital inpatient and day case activity as provided by NHS Services Scotland's Information Services Division and direct cost information provided by NHS Tayside. The year end financial position is presented as break even.

The 3 Year Financial Plan has been developed in conjunction with the Acute Division to consider the large hospital budget. Therefore improved financial reporting will be required from 2019/20 onwards.

3.8 Overall Position regarding NHS Directed Resources

The overall 2018/19 outturn for Health Services is an over spend of £0.319m. This is a significant improvement on the £0.820m forecast last reported to the IJB. This improvement is mainly driven by the unanticipated prescribing rebate. Overall the approved 2018/19 Financial Plan set out a gap of £0.920m in respect of devolved health services. Further the Financial Recovery Plan approved by the IJB in February set out a forecast after recovery actions of £1.941m driven by higher than anticipated spend within Prescribing and Inpatient Mental Health Services. The actual out-turn is therefore a significant achievement and reflects efforts made across all services to maximise opportunity for efficiency and cost containment.

4. PERTH & KINROSS COUNCIL DIRECTED SERVICES – YEAR END POSITION

4.1 Adult Social Care Services

4.2 Overall

The year-end outturn for Adult Social Care Services was an overspend of £0.841m. The 2018/19 Financial Plan assumed a break even position for these services.

4.1.1 Older People and Physical Disability Services

Within Older People's and Physical Disability Services the net overspend of £0.503m is largely attributable to demographic growth issues and savings not being fully realised in 2018/19. This is an improvement of £0.260m from the last report to the IJB and is largely due to an increase in the final income figures.

Within Care at Home Services, a year-end overspend of £0.239m is reported. This overspend is mainly due to additional demand and interim placements, off set primarily by an underspend in internal Care at Home teams due to delays in recruitment and slippage on the implementation of a revised Intermediate Care Service model.

Within Care Home Placements, a year-end overspend of £0.466m is reported. The overspend is due to the number of people in care home placements as we strive to progress the implementation of the “Shifting the Balance of Care” project.

Carers Services reported a year-end underspend of £0.160m, mainly attributable to part year implementation of approved spend plans.

As reported previously, there are a number of underspends across other Older Peoples Services as a result of staff vacancies, uncommitted budgets and additional non-recurring income.

4.1.2 Learning Disabilities, Mental Health and Addiction Services

As noted in previous reports, Learning Disabilities and Mental Health continue to experience a sustained increase in the costs of individual care packages (both in residential settings and in the community). This has resulted in an overspend against budget of £1.741m.

A number of one-off underspends partially offset the overspend, including recovery of prior year’s surpluses from providers based on occupancy levels and contract payments (£0.761m). There is also non-recurring slippage in the Invergowrie project due to delays in progressing the building works (£0.387m). The development at Invergowrie is no longer going ahead, and alternative options are being reviewed.

4.1.3 Other

The last report to the IJB highlighted that a number of underspends (£0.338m) were being forecast across Management, Commissioned Services, Learning Disabilities and Mental Health Services. However this has reduced to a small underspend of £0.045m. This includes the variance from forecast to actual outturn for contributions policy income (a movement of £0.157m) and bad debt provision (movement of £0.048m).

A number of approved 2018/19 savings were not fully realised. These total £0.506m and progress in delivering these is set out at Appendix 3.

In terms of the financial recovery plan, PKC reserves earmarked for Social Care (£0.518m) and underspend against Partnership Funds (£0.110m) were applied to improve the year-end position. The aim was also to reduce the overall overspend within Learning Disabilities and Mental Health Services by £0.350m through demand management. Of this £0.183m was achieved. In addition £0.150m was anticipated through a review of care at home services, £0.033m of this was achieved. Areas that were not within the financial recovery plan but benefited the year-end outturn were additional income within Community Alarms and Placements (£0.220m), reduction in placement spend (£0.093m) and slippage in grant funding (£0.074m).

4.2 Overall Position regarding Perth & Kinross Council Directed Resources

The overall 2018/19 outturn for Perth & Kinross Council directed resources is an overspend of £0.841m. Whilst this is not in line with the balanced position set out in the 2018/19 approved Financial Plan, it represents a

successful delivery of the approved Financial Recovery Plan which set out plans to reduce the £2.088m forecast overspend on social care to £0.960m.

5. 2018/19 SAVINGS DELIVERY

- 5.1** The balanced Financial Plan for Core Health and Social Care Services for 2018/18 was reliant on delivery of a £5.325m transformation and efficiency programme. Of this, £4.802m (90%) has been delivered on a recurring basis. A further £0.212m relates to slippage on the Older People Review of Residential Care which will be delivered in full in 2019/20. The balance of £0.311m relates almost entirely to PKC led Corporate Savings which have not been delivered. Appendix 3 provides a breakdown of savings delivered in 2018/19 against target.

6. IJB RESERVES

- 6.1** The IJB will carry forward £2.470m of ear-marked reserves to meet future year commitments against a number of priorities. No general reserves are available for carry forward. An update on the IJB Reserves position is noted in Appendix 4.

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APPENDICES

1. Year End Financial Position For 2018/19
2. Devolved Services
3. Approved 2018/19 Savings
4. IJB Reserves