

PERTH & KINROSS INTEGRATION JOINT BOARD

26 AUGUST 2016

Financial Update as at 30th June 2016

Report by Chief Finance Officer

PURPOSE OF THE REPORT

The purpose of this report is to provide an update on financial performance of Perth & Kinross Health & Social Care Partnership including delivery of savings as at 30th June 2016.

1. Recommendations

It is recommended that the Integration Joint Board:-

- a) Note the year end forecast overspend of £2.43m, of which £452k relates to the core financial position and £1.98m to the forecast gap on savings delivery against target across health services.
- b) Consider and approve the Executive Summary provided setting out details of the 2016/17 Savings Programme for budgets devolved by NHS Tayside.
- c) Note that a full Finance Report setting out the financial position for the IJB (reflecting all hosted services) and for the Partnership will be provided from Month 4.

2. Discussion of Key Issues

The Financial Assurance Update provided to the Board in July confirmed the approval of budgets to be devolved by Perth & Kinross Council. However for NHS Tayside budgets whilst significant progress had been made in identifying savings in relation to local services, budgets for GP Prescribing and Hosted Inpatient Mental Health Services could not be regarded as sufficient due to the significant shortfall in savings identified. It was agreed that the risk sharing agreement be invoked in line with the Integration scheme and discussions are ongoing with NHS Tayside colleagues around the implications of this position.

The financial performance set out in this report is therefore based on indicative budgets for Health Services. Further detail on the savings plans identified to date for Health Services is provided in the Executive Summary attached at Appendix 2, as requested by the Board at the last meeting.

This report provides an update on financial performance against budgets across health and community care for the period to 30th June, providing a year end forecast position based on information available to the finance team at this time.

A forecast overspend of £2.4m is currently predicted at the year–end. Appendix 1 provides a breakdown of the year end forecast across service areas within Health and Social Care. The core financial position is forecast to be overspent by £452k, mainly driven by a £701k overspend on Mental Health Inpatient Services hosted by Perth & Kinross.

There is a forecast gap of £2.27m on savings delivery across health services. Of this, £2.02m is the gap between plans presented to the Board on the 1st of July 2016 plus slippage now identified on two specific plans (Podiatry and District Nursing).

Further explanation of key material underspends and overspends is provided below along with an update on delivery of the Partnership savings target.

3. Community and Hospital Health Services

A year end underspend of £350k is currently forecast for local community hospital services, excluding deliver of savings.

Most areas are forecasting broadly break even or minor overspends. The key exceptions are:

- A year end underspend of £318k is forecast for Medical Trainees. This results from the number of vacant posts as at 30th June 2016. Junior Doctors will rotate again in August and February. This staffing budget is volatile due to problems with tracking training grades (uncertainty of information received from NHS Education Scotland), and the number of vacant posts from one rotation to another and uncertainty on use of agency cover. The current forecast is regarded as prudent.
- A year end underspend of £185k is forecast for Community Hospitals North. This results from the timing between the closure of the Aberfeldy GP Ward and the opening of the Dalweem Ward. A significant number of current vacancies are expected to be filled under the new model of care, however, a non-recurring benefit overall is now forecast.
- A forecast overspend of £70k in Community Hospitals South is driven by the need to cover vacancies and sickness with temporary cover in both St. Margaret's and Crieff Community Hospitals. This level of forecast overspend is higher than expected due to inability to recruit permanently to posts at a level predicted
- Further a £100k overspend is forecast in Medicine for the Elderly (Tay and Stroke Wards, PRI). This is primarily due to the continued use of agency to cover vacancies. For 2015/16 Tay/Stroke Wards were overspent by £255k so the current prediction represents a significant improvement. However a summit meeting is being held on Wednesday 23 August to discuss a sustainable model of care, given high vacancy levels on both Tay and Stroke Wards.

4. Hosted Health Services

Hosted services managed by Perth and Kinross Health and Social Care Partnership are forecast to overspend by £701k, excluding delivery of savings.

An overspend of £600k is forecast across GAP Inpatients. This is driven by medical agency cover for 4 vacant posts across Perth, Dundee and Angus and assumes 2 of these posts will be filled by the end of October.

The option appraisal underway to determine the future configuration of GAP Inpatient Services, will consider the opportunity to review overall medical workforce and respond to national recruitment difficulties which drive this level of vacancy in NHS Tayside and the resultant locum cover.

For Learning Disabilities, an overspend of £300k is forecast for the year. The current configuration of the Strathmartine site is driving additional staffing costs. This is exacerbated by high sickness levels. Finally, the high dependency of some of the patients requires additional staff input, driving further sickness absence and the use of supplementary staffing. It is forecast that the current pressures will continue until such time as a new site model is implemented.

5. GP Prescribing

Based on GP prescribing expenditure to 30th April 2016, a year to date overspend of £157k is reported, however, this is driven by the removal of budget in respect of £1.4m savings target. At this stage therefore, the core position is being reported at break even. A detailed report on prescribing expenditure will be provided at the next meeting.

6. Homecare

An underspend of £186k is forecast in respect of Care at Home. The key driver is a significant underspend on external provision. The budget support 8800 hours per week, however, currently only 8500hours per week is able to be provided due to recruitment difficulties being experienced by external providers. The year end forecast currently assures no major change to the level of service provision; however, the implementation of the Living Wage may have a beneficial impact on recruitment later in the year. This is essential if current delayed discharge, particularly in the South Locality can be driven down further.

The potential financial impact in 2016/17 of implementing the Living Wage is not yet reflected in the year end forecast and may result in a further in year cost pressure.

7. Residential Care/Care Home Placements

A year end overspend of £246k is forecast for care home placements. This is over and above the £1.94m of additional budget re-aligned to fund placements following the surge in activity in March 2016. It is hoped that the intensive activity underway through the new resource and performance panel will support improved flow and access to wide community based health and social care services which will in turn

minimise increasing demand for placements. The current forecast makes no prediction for any further surge over the course of the financial risk and this is a high risk assumption particularly over winter months.

8. Savings delivery

The inability to identify savings plans to meet the significant NHS Tayside savings target is the main driver of the year forecast overspend for the partnership. A shortfall of £2.27m is predicted. Of this £2.03m relates to the recurring gap between target and plans identified reported at the last board meeting. In addition slippage of £247k is now predicted on two schemes. The District Nursing Workforce Plan is now not expected to deliver this year due to expected rates of staff turnover. In addition, discussion with NHST colleagues around implementation of single use items within the Podiatry service need have not progressed at the necessary rate and a delay in moving to new ways of working has been delayed.

Within Social Care, all 2016/17 Plans are expected to deliver the £1m target in full. Further, £293k of accelerated savings are forecast to provide a non-recurring benefit in 2016/17.

Appendix 3 provides a detailed update on all savings plans.

9. Conclusion

The overall financial forecast for health services is broadly consistent with the Financial Assurance Update provided to the Board on 1st of July 2016. The Partnership is not able to forecast a break even position. All possible efforts are being made to reduce the current forecast overspend position whilst discussions move forward with NHS Tayside to consider the implications of the risk sharing agreement being invoked.

Appendix 1 Summary Financial Position

Appendix 2 Executive Summary of Health Savings

Appendix 3 Delivery of Savings 2016/17

Summary Financial Position

Perth & Kinross Health & Social Care Partnership	Forecast Year End Over/(Under) spend £000
Core Position	
Community & Hospital Health Services	-305
Hosted Services	701
GMS/Other FHS	-4
GP Prescribing	0
Sub -total Health	392
Care at Home	-186
Care Home Placements/LA Care Homes	246
Other	0
total Community Care	60
Sub total core financial position	452
Savings Delivery	
Community & Hospital Health Services	528
Hosted Services	663
GP Prescribing	1,083
Sub total Health	2,274
Community Care	-293
Sub total Savings	1,981
Total	2,433

PERTH & KINROSS HEALTH AND SOCIAL CARE PARTNERSHIP: HEALTH SAVINGS PLAN

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
1	<p><u>Transforming District Nursing</u></p> <p>Review of District Nurse Service profile, roles and priorities to enable a restructured workforce to deliver on NHS Tayside agreed model. ECS and locality based integrated approaches will be core to delivery of model.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Review of skill mix (Increase Band 3 & 4 HCSW (+13.9) and decrease Band 5 (-14)). Based on a ratio of RN:HCSW of 65%:35%.</p> <p>Customer: A person centred outcome approach will be embedded into all interventions with co-production driving strategic and operational improvement.</p> <p>Equalities / Diversity: Ensures improved equality and diversity for the people of Perth & Kinross.</p> <p>Outcome & Performance: Enhanced prevention through proactively targeted care and support; Maximisation of independence and capacity to self manage: Engaged workforce empowered to work in partnership to continuously improve people's outcomes and experience; Enhanced service sustainability; Robust, agile and efficient service with reduced per capita cost of care</p>	169	0	0	TBC	0	0

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
2	<p><u>Transformation - Older People Living with Mental Health</u></p> <p>Roll out community older people mental health model in South Perthshire to make best use of resources in the South Locality thereby shifting the balance of care to an integrated enhanced community service for Older People Living with Mental Health. Informed by lessons learned from the Dementia Demonstrator Site (Strathmore) and Northwest Perthshire model.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Existing vacancies currently held by short term contracts Reduction in the use of supplementary staffing.</p> <p>Customer: People living with dementia are supported at home for longer, where appropriate. Improved person centred approach.</p> <p>Equalities / Diversity: Service provision will be equitable across Perth & Kinross.</p> <p>Outcome & Performance: Increase in the quality of service provision. Reduce the use of supplementary staffing in inpatient settings. Best use of current resources. Improved care pathways and experience for people living with dementia and their carers. Reduction in the number of admissions to hospital and delays in</p>	54	163	0	1.4	4.4	0

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	discharge.						
3	<p><u>Anti-cholinesterase Prescribing POA</u></p> <p>Review the recurring budget for Anti-cholinesterase prescribing within POA services.</p> <p><u>Impact Analysis & Risk Assessment</u></p> <p>Workforce: None Customer: None Equalities & Diversity: None Outcome & Performance: Reduction in prescribing spend for anti-cholinesterase</p>	100	0	0	0	0	0
4	<p><u>Pay Protection for Older People Community Mental Health Team (OPCMHT)</u></p> <p>Review pay protection policies for staff redeployed from hospital to community settings.</p> <p>Workforce: Discussions with staff on pay protection to identify future options and natural turnover</p> <p>Customer: Collaboration with staff side necessary. Equalities & Diversity: Equity of pay and conditions across OPCMHT. Outcome & Performance: Reduction in the use of supplementary staffing; Best use of available resources.</p>	50	0	0	0	0	0
5	<u>Transformation- Review inpatient beds in Perth and Kinross</u>						

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	<p>Review Hospital Resource inpatient beds to ensure best use of resources. Consider the impact on capacity and flow across the whole system and commission an Integrated Care Hub, supported by home treatments.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Customer: Equalities / Diversity: None Outcome & Performance: Increased health support in people's own home environment reducing admissions to hospital and supporting delayed discharge models, where appropriate.</p>	0	275	0			
6	<p><u>Review of Minor Illness / Injury Units</u></p> <p>Review the provision of MIU in Pitlochry, Blairgowrie and Crieff Community Hospitals in order to support the future models for integrated care hubs, out of hours services with treatment centres and day case management.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Skill mix review Customer: Public reaction; Equalities / Diversity: Outcome & Performance;</p>	0	150	160			

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
7	<p><u>A&C Review</u></p> <p>Review the skill mix of administration and ensure increased flexibility of staff deployment to promote a workforce which is efficient and responsive to new locality structures and the utilisation of technology solutions.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduce headcount and appoint staff to work at the banding required, within a flexible team model. Existing vacancies and reconfigured hours. Customer: Ability of clinical services to meet patient's needs Equalities / Diversity: Impact assessment completed Outcomes & Performance:</p>	93	0	0	4.8	0	0
8	<p><u>Review and Redesign of AHP Workforce</u></p> <p>Redesign Occupational Therapy staffing in line with OT Integration and review physiotherapy staffing. Physiotherapy and Occupational Therapy staffing have been risk assessed to review vacancies, reduced hours and skill mix.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Review of current staff vacancies, reduction in hours and skill mix. Potential impact on staff will be</p>	163	0	0	5.0		

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	<p>monitored.</p> <p>Customer: Increased waiting times for non acute care due to reduced capacity. Will be managed by robust screening and prioritisation of referral</p> <p>Equalities / Diversity: None</p> <p>Outcomes & Performance: Waiting times and referral to treatment to be monitored to ensure safe levels maintained.</p>						
9	<p><u>Adults Mental Health & Wellbeing Service</u></p> <p>Allocate staff to locality teams to align with the H&SCI agenda which will enable a review of service requirements.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>WorkforceRetiral</p> <p>Customer: Increased waiting times</p> <p>Equalities / Diversity None</p> <p>Outcomes & Performance National Performance Framework outcome We have tackled the significant inequalities in Scottish Society. National Health & Wellbeing Outcome Health & Social Care Services contribute to reducing health inequalities.</p>	16	5	3	0.5		
10	<p><u>Anticoagulation</u></p> <p>The introduction of newer anticoagulants which do not require the same level of monitoring from a specialist clinic has resulted in a decline in referrals which is allowing the service to review skill mix and decrease</p>	28	0	0	0.3	0	0

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	<p>equipment/supplies expenditure.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce Review staff numbers as vacancies / retirements are known.</p> <p>Customer: Improved outcomes</p> <p>Equalities / diversity: None</p> <p>Outcome and Performance: Patient experience, referral numbers, clinic rosters and level of waiting times will continue to be monitored.</p>						
11	<p><u>Joint Equipment Loan Store</u></p> <p>Redesign the Discharge Equipment Pathway by incorporating an integrated team approach ensuring nurses with the right skills are available in each locality for equipment loan / Moving and handling advice.</p> <p>Reduction in JELs budget of £2k.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Redeployment</p> <p>Customer: Reduction in JELs equipment budget has potential to affect the ability to ensure appropriate stock.</p> <p>Equalities / Diversity: None</p> <p>Outcome and Performance: Improved locality team approach to assessment of needs and provision of</p>	18	0	0	0.53		

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	equipment. Impact on reduction in JELs equipment budget.						
12	<p><u>Management Review</u></p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce:</p> <p>Customer:</p> <p>Equalities / Diversity:</p> <p>Outcome and Performance:</p>	100	0	0	TBC		
13	<p><u>Mental Health Community</u></p> <p>Redesign of Community Mental Health service as part of the Mental Health Improvement Plan including a full review of pay and budgets, reconfiguration of workforce to maximise efficiency and redesign of clinical pathways. A review of all non-pay budgets including travel and subsistence.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Skill mix reduction and vacancies.</p> <p>Customer: Improved patient experience and outcomes, reduction in waiting times.</p>	126	0	0	2.8		

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	<p>Equalities / Diversity: None</p> <p>Outcome and Performance: Improved equity in service provision; reduction in variation and duplication; Resources used more efficiently and effectively; Increase in early intervention / prevention reducing the need for hospital admission; reduction in waiting times; Improved patient experience and outcomes</p>						
14	<p><u>Learning Disabilities</u></p> <p>Continuing review of workforce, skill mix, travel and supplies to maximise efficiency.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Existing Vacancies, and non pay costs (supplies). Increased and sustained pressure on remaining staff within an increasing care population. Reduced morale and staff experience.</p> <p>Customer: Potential impact on quality and level of service provision in the form of waiting list/times for assessment which may add to an increase in stress for parents, carers and service providers. Decrease in patient and carer experience with service.</p> <p>Equalities / Diversity: None</p> <p>Outcome and Performance: Monthly performance</p>	41	0	0	1.2		

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	measures to monitor caseload, waiting lists, complaints, staff sickness levels						
15	<p><u>Reserves Review</u></p> <p>A full review of unallocated reserves.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: None</p> <p>Equalities / Diversity: None</p> <p>Outcome and Performance: None</p>	145	0	0			
	Total – Direct Services	1,103	593	163			
	Hosted Services						
16	<p><u>Review of Podiatry Services (Hosted)</u></p> <p>Review spend on instrumentation by moving to a single use instrument supply.</p>	155	0	0			

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	<p>Impact Analysis and Risk Assessment</p> <p>Workforce: Staff will need to be upskilled to use different tools and systems. Customer: Outcomes for users should remain same. Equalities / Diversity: None Outcomes & Performance: Monitor quality and safety of instruments. User experience.</p>						
17	<p><u>Prisoner Health Care (Hosted)</u></p> <p>Workforce review, Medicines review and reduced waste</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce Skill mix and reduction in Medicines management Customer: None Equalities / diversity Outcome and Performance</p>	70	118	0			
18	<p><u>Community Dental</u></p> <p>A review of workforce to maximise efficiency. <u>Impact Analysis and Risk Assessment</u></p>	185	0	0			

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	Workforce Customer Equalities / diversity Outcome and Performance						
19	<u>GAP Inpatients MRH</u> Reconfiguration of workforce, including skill mix. Reduction in excess travel costs. Review of Mental Health Inpatient Services across Tayside (site optimisation) <u>Impact Analysis and Risk Assessment</u> Nursing Service Model will need to be informed by the application of National Nursing Workforce Tools and Scottish Government's recently announced intent to legislate recommended staffing levels for NHS Scotland. Workforce: Review of skill mix, vacancies, retirements and protected travel costs Customer Efficient and effective workforce; reduce admissions and length of stay; Equalities / diversity: None Outcome and Performance improved capacity and flow; bed occupancy; Patient and staff experience, reduce delayed discharges	309	0	0	6.8		
20	<u>In Patient Mental Health Corporate Review</u>						

		Net Saving			Staffing Implications		
		16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE
	A review of centrally held budgets <u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities / diversity: None Outcome and Performance: None:	160					
	<u>Total – Hosted Services</u>	879	118	0			
	GP Prescribing						
21	<u>GP Prescribing – Projects and Programmes</u> Medicines price reductions/rebates negotiated nationally. In addition, benefit from more effective prescribing of Nutritional Supplements and Rosuvastatin. The Prescribing Support Unit, NHS Tayside leading on <u>Impact Analysis and Risk Assessment</u> Workforce None Customer Equalities / diversity Outcome and Performance	396	183				
	<u>Total – GP Prescribing</u>	396	183	0			
	<u>TOTAL ALL</u>	2,378	894	163			

Delivery of Savings 2016/17
as at July 2016/17

	Savings Plan 2016/17	Savings Amount Booked at End July 2016	Gap	Further to be booked by Year End	Year End Shortfall / (-)/surplus
	£'000s	£'000s	£'000s	£'000s	£'000s
Health Services					
Physiotherapy - Redesign	99	99	0	0	0
Occupational Therapy - Workforce Review	64	64	0	0	0
POA Anti-cholinesterase prescribing review	100	100	0	0	0
Pay Protection Older People CMHT	50	50	0	0	0
Transformation - POA Inpatient Service Review Phase 1	54	54	0	0	0
Transformation of District Nursing	169	42	127	0	127
Review of Joint Equipment Loan Store	18	18	0	0	0
Admin and Clerical Review	93	52	41	41	0
CHP Management	100	89	11	11	0
Corporate Review of Uplifts	107	107	0	0	0
Review of Adults Mental Health and Wellbeing Team	16	16	0	0	0
Mental Health Community	126	94	32	8	24
Learning Disabilities	41	41	0	0	0
Reserves Review	38	36	2	2	0
Anticoagulation Supplies and Workforce review	28	22	6	6	0
Balance of further savings to be identified	377	0	377	0	377
Totals Local	1480	884	596	68	528
Hosted:					
Podiatry procurement and instruments review	155	0	155	59	96
Transformation - Prisoner Healthcare Workforce review	70	70	0	0	0
GAP Inpatients MRH	309	309	0	0	0
In Patient Mental Health	160	160	0	0	0
Community Dental	185	0	185	185	0
Balance of further savings to be identified	567	0	567	0	567
Totals Hosted	1446	539	907	244	663
GP Prescribing	396	0	396	396	0
Balance of further savings to be identified	1083	0	1083	0	1083
Totals Prescribing	1479	0	1479	396	1083
Community Care					
Communities First	72	72	0	0	0
Housing with Additional Support	80	80	0	0	0
Delayed Discharge Income	181	181	0	0	0
Contributions Policy	200	200	0	0	0
OT Charge	63	0	63	63	0
Service Level Agreements	56	56	0	0	0
Targeted Budget Reduction in Community Care	222	222	0	0	0
Corporate Review of Workforce/Productivity	113	0	113	113	0
Transformation of Procurement Reform	107	0	107	107	0
Accelerated for 2017/18	0	293	-293	0	-293
Totals Community Care	1094	1104	-10	283	-293
Total Health Services	4405	1423	2982	708	2274
Total Community Care	1094	1104	-10	283	-293
Total Perth & Kinross HSCP	5499	2527	2972	991	1981