

This paper relates to
Agenda Item 5



Title/Subject: Integration Joint Board Financial Report and Budget Recovery Plan Update
Meeting: Integration Joint Board
Date: 2 December 2016
Submitted By: Chief Finance Officer
Action: Decision

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the IJB with an overview of the financial position of the Health and Social Care Partnership. This report has been prepared based on information supplied by the finance teams within Falkirk Council and NHS Forth Valley and on the basis of financial reporting arrangements and format agreed through the Finance Workstream.
- 1.2 The IJB will normally receive a financial report at each meeting.

2. RECOMMENDATIONS

The Integration Joint Board is asked to:

- 2.1 note the financial position of a reported overspend of £1.007m for the 7 month period ended 31 October 2016
- 2.2 note the reduction in the current projected overspend for the year to 31 March 2017 from £1.114m, as reported to the October IJB meeting, to £0.872m.
- 2.3 Note the anticipated use of Integration funding to cover the projected Adult Social Care Services overspend. This has been in place since the report presented to the 5 August meeting of the IJB and the IJB has previously approved this being met from the Integration Fund.
- 2.4 Note the current position on savings programmes and other updates detailed in Section 5 of this report.
- 2.5 Note the current position on Value Added Tax and IJBs per Section 7 of this report.

3. BACKGROUND

- 3.1 The IJB agreed the initial budget for the Partnership for 2016/17, at its meeting of 24 March 2016.
- 3.2 The IJB approved the Recovery plan to address the projected overspend in Adult Social Care Budgets at the meeting of 3 June 2016 and a financial report and initial budget recovery plan update at its meeting on 5 August 2016.

4. FINANCIAL REPORT FOR PERIOD TO 31 OCTOBER 2016

Summary of Financial Position

- 4.1 The summary financial position relating to IJB budgets for the period ended 31 October 2016 is a net overspend of £1.007m consisting of
- A £0.461m year to date overspend on budgets delegated to Falkirk Council
 - A £0.546m year to date overspend on budgets delegated to NHS Forth Valley consisting of, £0.274m underspend on the Operational Management budget and a £0.819m overspend on the budget relating to Universal Health Services.
- 4.2 Based on financial performance to date, known issues which will affect the financial position over the remainder of the year and anticipated impact of measures to deliver savings and efficiency programmes an overspend of £0.872m is projected for the full financial year. Further information is detailed in Section 4 of this report.

The reduction in the projected overspend from the level reported in the report to the October IJB totals £0.242m and consists of:

- Funding for FCH Ward 5 approved at October IJB £0.218m
- Reduction in Adult Social Care Projected Overspend £0.024m

The projection is now less than the £0.896m approved from the Integration Fund by the IJB at its meeting of 5 August 2016 and the impact of this on the balance of the Integration Fund remaining is illustrated in section 6.2 of this report.

Changes to Partnership Budget

- 4.3 The initial budget agreed by the IJB in March 2016 totalled £200.078m. Changes to these initial budgets/payments detailed in the report to the IJB meeting on 5 August 2016 brought the budget to a total of £205.979m consisting of a payment from Falkirk Council of £61.926m, Set Aside budget and payment from NHS Forth Valley of £136.040m and Partnership Funding totalling £8.013m.

Table 1

| Change in Payment From Falkirk Council | |
|-----------------------------------------------|-----------------------------|
| | £m |
| Payment at 31 August | 61.902 |
| IJB Support Costs | 0.190 |
| JLES Budget Adjustment | <u>0.161</u> |
| Revised Payment @ 31 October 2016 | <u><u>62.253</u></u> |

Table 2

| Change in Set Aside And Payment from NHS Forth Valley | |
|--------------------------------------------------------------|------------------------------|
| | £m |
| Set Aside and Payment @ 31 August 2016 | 137.480 |
| Community Ophthalmic Services Increase | 0.106 |
| Rational Prescribing Initiative | 0.066 |
| Complex Care Remove Out of Scope Childrens Services | (0.187) |
| Other Adjustment and Allocations | 0.362 |
| Partnership Funding | <u>0.246</u> |
| Revised Set Aside and Payment @ 31 October 2016 | <u><u>138.073</u></u> |

Current Position

- 4.4 There are a number of budget pressures some of which are a continuation of overspends in previous years and some which related to emergent financial pressures in year and delivery of savings and efficiency programmes.
- 4.5 The Chief Officer Report presented to the IJB on 5 August 2016 outlined a strategic whole system approach including developing a comprehensive Frailty Pathway, Discharge to Assess and intermediate care model to improve outcomes. This is evidence based and should address the underlying issues to:
- Reduce admissions
 - Reduce length of stay in hospital
 - Reduce delays in discharge
 - Reduce care home placements
 - Improve outcomes
- 4.6 In order to expedite the whole system approach a degree of 'pump-priming' finance is required in the current financial year.

The discharge to assess model is estimated to cost in the region of £0.160m in the current financial year. £0.100m of this requirement has previously been approved by the IJB with the balance being met by contributions from both Falkirk Council and NHS Forth Valley. A further update will be reported to the February 2017 IJB meeting.

4.7 Significant Areas of Financial Pressure in relation to Delegated Budgets

The most significant areas of financial pressure are:

Within the budgets delegated to Falkirk Council:

- Demand for Care at Home Packages. The number of externally purchased hours supplied in the period has increased by circa 6.5% on a year on year basis. Procurement activity in the most recent 4 week period suggests the rate of increase is slowing further and this will be monitored closely in the coming months. The current projected overspend in this budget is £1.671m and the budget covers both external purchasing and services organised by community care teams.
- Demand for and costs of Residential and Nursing Home Care which are currently projected to overspend by £0.620m. This projection has reduced considerably from the previous report due to the projected impact of ongoing work in negotiating and harmonising rates for external providers.
- Costs of Care Packages in Transition from Children's to Adult Services. £0.320m is included within the projections for these however there is a risk that additional cases in transition may further increase this cost by up to £0.094m
- Costs of providing care packages for patients being discharged from the Lochview Learning Disability inpatient facility of £0.191k in the current financial year and £0.344k for a full year.
- Net savings unlikely to be achieved in year totalling £0.270m
- These areas of financial pressure are partially offset by underspends in relation to some in-scope functions.

Within the budgets delegated to NHS Forth Valley:

- It should be noted the Set Aside budget will be reported annually as part of the annual financial statement in line with the financial reporting protocol agreed through the finance workstream. Where significant financial pressures are emerging in relation to the Set-Aside budget these will be reported via the narrative within future financial reports. In relation to the reporting period financial pressures in relation to the Set Aside budget are notable in relation to Accident & Emergency Services, Geriatric Medicine, Learning Disability Inpatients and Mental Health Inpatient Services. These financial pressures are reflective of demand and cost pressures across the system.
- The Operational element of the budget is reporting an underspend position of £0.274m for the period. There are a range of over and underspends within this area including the significant financial risks

relating to the costs of joint funded complex care packages and delivery of recurrent cash releasing savings.

- The Universal and Family Health Services element of the budget is reporting an overspend of £0.819m for the period due to phasing of savings plan delivery and anticipated volume increase on prescribing. Prescribing costs are included in the Community Pharmaceutical Services budget line which is reporting an overspend for the period of £1.009m and is partially offset by year to date reported underspends in Primary Medical Services and GP Out of Hours Services. Due to a two month time lag actual prescribing data the current position is based on actual data for August and estimates for September and October.
- Overall NHS Forth Valley are projecting that a balanced financial position for the year is achievable. This is, however, dependent on continued efforts to reduce costs, realise cash releasing efficiency savings and manage significant areas of financial risk around complex care packages, prescribing and staffing costs. Current expenditure trends, however, suggest in relation to prescribing costs that there is a possibility of an overspend in relation in-scope budgets for the Falkirk Partnership.

However, in line with the extant direction NHS Forth Valley are required to manage services within the resources delegated therefore a breakeven projection has been assumed for the purposes of this report..

Detailed financial summaries of the in-scope Falkirk Council and NHS Forth Valley budgets are attached at Appendix I and II to this report.

5. SAVINGS PROGRAMME AND OTHER UPDATES

5.1 High Risk Savings

The financial report presented to the IJB on 5 August 2016 detailed the high or red risk areas in relation to savings delivery across IJB functions which totalled £0.853m. This is against a quantum of savings programmes for 2016/17 totalling £4.5m.

The savings delivery programmes considered to be high or red risk are detailed in Table 3 below.

Table 3**COMBINED RED RISKS ON SAVINGS DELIVERY RELATING TO IJB BUDGET FOR 2016/17**

| | £m |
|---------------------------------------------------------------|---------------------|
| Eligibility Criteria (Net of of £0.2m saving per Section 5.2) | 0.300 |
| Oakbank and Summerford | 0.070 |
| Shopping Service | 0.020 |
| Offset: Over Delivery of Asset Savings | -0.120 |
| Mental Health Inpatients : Female Low Secure Patients | 0.112 |
| Learning Disability Inpatients | 0.140 |
| NHS Board: Original Savings Proposal Not Now Progressing | 0.331 |
| TOTAL | <u>0.853</u> |

5.2 Summerford Care Home

Minor refurbishment costs for Summerford Care Home have been estimated at £0.055m and this cost will be met from Falkirk Councils capital budget for social work properties to allow the required works to be undertaken as soon as possible.

6. INTEGRATION FUND

As previously reported the Integration Fund was allocated to partnerships within the 2016/17 budget settlement as a share of £250m nationally to support cost and demand pressures in Social Care including the impact of implementing the Living Wage from 1 October 2016.

The Falkirk Partnership's share of this funding totals £7.070m. Taking into account previous commitments against this funding and the current projected overspend in Adult Social Care Services the current position in relation to this funding is detailed in Table 4 below.

Table 4

| INTEGRATION FUND | £m |
|--------------------------------------------------------|---------------------|
| Partnership Allocation | 7.070 |
| Commitments | |
| Living Wage from 1 October 2016 & Other Cost Pressures | 3.540 |
| Assumption per IJB Initial Budget Setting | 1.000 |
| Allocation per 16/17 Budget Recovery Plan | 1.000 |
| Requirement to Meet Projected Overspend Per 5 Aug IJB | 0.896 |
| Adjustment to Current Projected Overspend | (0.024) |
| Discharge to Assess Funding Per 7 October IJB | 0.100 |
| Balance Remaining | <u>0.558</u> |

7. OTHER FINANCIAL GOVERNANCE RELATED ISSUES

7.1 Value Added Tax (VAT) and IJBs

At the time of writing a policy position from HMRC remains outstanding. When the policy position is released a further update will be provided to the IJB along with an initial assessment of impact.

8. CONCLUSIONS

This financial report illustrates a challenging and difficult financial climate and financial position for the IJB. The direction of travel set out in the Chief Officers report to the 5 August 2016 IJB meeting illustrates the way forward for service delivery in line with the priorities set out in the Strategic Plan.

Meanwhile efforts must continue across all in-scope services to manage cost pressures, deliver savings programmes and deliver services within resources available. Significant effort and management attention is required to ensure the moderately improving financial position detailed in this report continues in the coming months and supports planning and delivery of financially sustainable service provision going forward.

Resource Implications

As detailed within the body of the report.

Impact on IJB Outcomes and Priorities

The financial resources detailed in this report reflect the resources available to support the delivery of the strategic plan,

Legal & Risk Implications

Financial Risks are detailed within the body of the report

Consultation

The IJB Chief Officer, Chief Finance Officer of Falkirk Council and Director of Finance of NHS Forth Valley have been consulted on the content of this report.

Equalities Assessment

No equalities issues directly arising.

Approved for Submission by: Patricia Cassidy, Chief Officer

Author – Ewan C. Murray, Chief Finance Officer

Date: 24 November 2016

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.

24 March 2016 Integration Joint Board Budget
2 June 2016 Budget Recovery Plan
Previous IJB Financial Reports
18 November 2016 IJB 2017/18 Business Case

APPENDIX I

| BUDGETS DELEGATED TO FALKIRK COUNCIL | | | | | | | | |
|---------------------------------------------|-----------------------|--------------------|-----------------------|---------------------|--------------------------|-----------------------|-----------------------------|-------------------|
| | ANNUAL BUDGET | | | | YEAR TO DATE ACTUALS | | FORECAST FOR FINANCIAL YEAR | |
| LOCAL AUTHORITY BUDGETS | £m | £m | £m | £m | £m | £m | £m | £m |
| | INITIAL ANNUAL BUDGET | BUDGET ADJUSTMENTS | REVISED ANNUAL BUDGET | YEAR TO DATE BUDGET | YEAR TO DATE EXPENDITURE | YEAR TO DATE VARIANCE | FORECAST EXPENDITURE | FORECAST VARIANCE |
| Older People | 3.025 | (0.146) | 2.879 | 1.679 | 1.726 | 0.046 | 2.800 | 0.079 |
| Mental Health | 0.598 | (0.010) | 0.588 | 0.343 | 0.406 | 0.063 | 0.479 | 0.109 |
| Learning Disability | 0.298 | (0.014) | 0.284 | 0.166 | 0.170 | 0.004 | 0.359 | (0.075) |
| Physical Disability | 0.639 | (0.031) | 0.608 | 0.355 | 0.364 | 0.010 | 0.592 | 0.016 |
| Adult Support and Protection | 0.209 | (0.021) | 0.188 | 0.110 | 0.142 | 0.032 | 0.133 | 0.055 |
| Carers | 0.208 | 0.000 | 0.208 | 0.121 | 0.127 | 0.006 | 0.197 | 0.011 |
| Care at Home | 21.264 | 2.860 | 24.124 | 14.072 | 13.098 | (0.975) | 25.795 | (1.671) |
| Residential Care | 18.871 | 2.859 | 21.730 | 12.676 | 12.314 | (0.362) | 22.350 | (0.620) |
| Respite Care | 1.268 | 0.010 | 1.278 | 0.746 | 0.943 | 0.198 | 0.939 | 0.339 |
| Day Care/ Services: PD,LD,OP,MH | 3.710 | 0.149 | 3.859 | 2.251 | 2.536 | 0.285 | 3.370 | 0.489 |
| MECS/Telecare/Telehealth | 0.439 | 0.043 | 0.482 | 0.281 | 0.290 | 0.009 | 0.467 | 0.015 |
| Housing with Care/Sheltered Accommodation | 6.836 | (0.231) | 6.605 | 3.853 | 3.970 | 0.117 | 6.404 | 0.201 |
| Shopping Service | 0.012 | 0.001 | 0.013 | 0.008 | (0.014) | (0.022) | 0.050 | (0.037) |
| Equipment and Adaptations | 0.415 | 0.000 | 0.415 | 0.242 | 0.292 | 0.050 | 0.330 | 0.085 |
| Advocacy | 0.096 | 0.000 | 0.096 | 0.056 | 0.056 | 0.000 | 0.096 | 0.000 |
| Sensory Team | 0.440 | 0.008 | 0.448 | 0.261 | 0.302 | 0.041 | 0.378 | 0.070 |
| Mental Health Team | 0.264 | 0.017 | 0.281 | 0.164 | 0.166 | 0.002 | 0.277 | 0.004 |
| Learning Disability Team | 0.552 | 0.016 | 0.568 | 0.331 | 0.298 | (0.033) | 0.625 | (0.057) |
| JLES | 0.152 | 0.165 | 0.317 | 0.185 | 0.186 | 0.001 | 0.315 | 0.002 |
| Day Care/Centre: MH | 0.160 | 0.003 | 0.163 | 0.095 | 0.157 | 0.062 | 0.056 | 0.107 |
| Sensory Resource Centre | 0.090 | 0.001 | 0.091 | 0.053 | 0.063 | 0.010 | 0.073 | 0.018 |

| | | | | | | | | |
|--------------------------------------|---------------|--------------|---------------|---------------|---------------|----------------|---------------|----------------|
| Voluntary Organisations | 0.393 | (0.031) | 0.362 | 0.211 | 0.204 | (0.007) | 0.374 | (0.012) |
| Garden Aid | 0.000 | 0.489 | 0.489 | 0.285 | 0.285 | 0.000 | 0.489 | 0.000 |
| Housing Aids and Adaptations | 1.200 | 0.000 | 1.200 | 0.700 | 0.700 | 0.000 | 1.200 | 0.000 |
| Improvement Grants | 0.327 | 0.000 | 0.327 | 0.191 | 0.191 | 0.000 | 0.327 | 0.000 |
| IJB Board | 0.000 | (5.350) | (5.350) | (3.121) | (3.121) | 0.000 | -5.350 | 0.000 |
| TOTAL LOCAL AUTHORITY BUDGETS | 61.466 | 0.787 | 62.253 | 36.314 | 38.974 | (0.461) | 63.125 | (0.872) |
| | | | | | | | | |
| Notes: | | | | | | | | |

1. Breakdown of Falkirk Council's contribution to IJB as

| | | | | | | | | |
|--------------------------------------------|---------|--------|---------|--|--|--|--|--|
| General Fund payment to IJB | £58.939 | £0.573 | £59.512 | | | | | |
| HRA Payment to IJB | £1.200 | £0.214 | £1.414 | | | | | |
| Demographic Pressure (Integration Funding) | £1.000 | £0.000 | £1.000 | | | | | |
| Capital | £0.327 | £0.000 | £0.327 | | | | | |
| | £61.466 | £0.787 | £62.253 | | | | | |
| | | | | | | | | |

2. YTD expenditure and YTD variance is calculated on pro rata basis.

3. A negative figure is shown in red within brackets and illustrates an overspend

4. The forecast is adjusted for estimated costs of Learning Disability discharges from Lochview which have not yet been approved by the relevant resource panel.

FALKIRK IJB

| | | Annual Budget 31st Oct 2016 | Budget to date | Actual | Variance (over) / under spend |
|------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------|-------------------|---------------|----------------------------------------|
| | | £m | £m | £m | £m |
| <u>Operational</u> | | | | | |
| 8 | District Nursing Services | 4.111 | 2.398 | 2.504 | (0.106) |
| 9 | Community Addiction Services | 2.949 | 1.800 | 1.694 | 0.107 |
| 10 | Community Based AHP Services | 6.208 | 3.616 | 3.684 | (0.068) |
| 11 | Public Dental Service | 1.046 | 0.610 | 0.616 | (0.006) |
| 17 | Services provided outwith a hospital in relation to geriatric medicine | 1.186 | 0.685 | 0.618 | 0.067 |
| 18 | Palliative Care (delivered in Community) | 0.055 | 0.032 | 0.045 | (0.013) |
| 19 | Community Learning Disability Services | 0.813 | 0.474 | 0.377 | 0.097 |
| 20 | Community Mental Health Services | 5.047 | 2.907 | 2.792 | 0.115 |
| 21 | Continence Services | 0.193 | 0.113 | 0.097 | 0.016 |
| 23 | Services Provided by health professionals that aim to promote public health | 1.404 | 0.822 | 0.784 | 0.038 |
| 24 | Community Hospitals | 6.171 | 3.711 | 3.717 | (0.005) |
| Rtrs | Resource Transfer | 11.253 | 6.564 | 6.564 | (0.000) |
| JPA | Joint Partnership Agreements | 2.125 | 1.336 | 1.304 | 0.032 |
| | Partnership Funds (ICF/ Delayed Discharge / Bridging) | 1.429 | 1.353 | 1.353 | 0.000 |
| | Share of Savings Programmes identified to date | | | | |
| Subtotal - Operational Management | | 43.991 | 26.423 | 26.150 | 0.274 |
| <u>Universal</u> | | | | | |
| 12 | Primary Medical Services (GMS Contract) | 21.780 | 12.122 | 11.953 | 0.168 |
| 13 | Primary Dental Services (GDS Contract) | 8.555 | 4.861 | 4.869 | (0.009) |
| 14 | Community Ophthalmic Services | 2.957 | 1.758 | 1.758 | 0.000 |
| 15 | Community Pharmaceutical Services | 34.484 | 20.468 | 21.477 | (1.009) |
| 16 | GP Out of Hours Services | 1.370 | 0.750 | 0.720 | 0.030 |
| Subtotal - Operational Management | | 69.146 | 39.958 | 40.777 | (0.819) |
| TOTAL FALKIRK IJB | | 113.138 | 66.381 | 66.927 | (0.546) |

PROJECTION FOR FINANCIAL YEAR**0.000****Notes:**

- 1 The annual budget illustrated above plus set aside budget of £24.935m equals the total set aside and payment from NHS Forth Valley of £138.073m
- 2 The set aside budget will be reported annually as part of annual reporting requirements.
- 3 The forecast takes account of the extant direction requiring NHS Forth Valley to deliver integration functions within resources delegated.