

DELIVERY OF EFFICIENCIES AND SAVINGS PLANS AT 31 AUGUST 2016

Aim

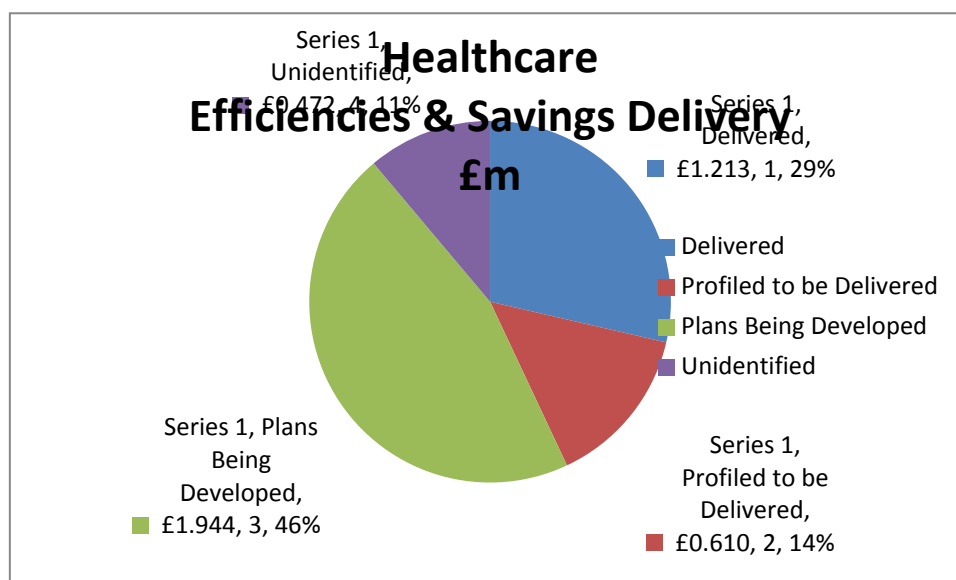
- 1.1 The aim of this report is to provide an overview of the progress made by NHS Borders and Scottish Borders Council in the delivery of their efficiency and savings plans, on which the delegated budget and large-hospital budget set-aside are predicated, identifying key areas of partnership financial risk.

Background

- 2.1 On the 30th March 2016, the Integration Joint Board (IJB) agreed the delegation of **£139.150m** of resources supporting integrated health and social care functions for financial year 2016/17. At the same time, it noted the proposed budget of **£18.128m** relating to the large hospitals budget set-aside.
- 2.2 The monitoring report to the IJB at 31 August 2016 is reporting considerable financial pressure across both healthcare and social care budgets this financial year, attributable to a range of factors. These pressures will only be mitigated through a combination of implementation of a range of recovery actions and further direction of social care funding, the latter of which has, to date, been utilised only with social care.
- 2.3 Current and emerging pressures aside, total affordability of the budget supporting health and social care functions delegated to the partnership is dependent on the delivery, in full, of all planned efficiency and saving projects on which it is predicated. Where this is not possible, alternative permanent or temporary mitigating remedial actions are required.
- 2.4 Within the partnership's Financial Plan, total efficiency and savings requirements amount to **£7.373m** in 2016/17, split between those to be delivered by NHS Borders (£4.239m) and those to be delivered by Scottish Borders Council (£2.663m). In addition, at the time of approving the partnership's financial statement, it was noted that there was a further affordability gap within the budget delegated by NHS Borders to the partnership in respect of a reduction in ringfenced funding (£471k). This was partially addressed by the direction of £220k of social care funding on a non-recurring basis to the Alcohol and Drug Partnership during 2016/17.

Health Care – Devolved Budget Efficiencies

- 3.1 Within the budget delegated to the partnership, NHS Borders is required to deliver **£4.239m** of efficiency savings, £3.255m of this total (77%) is required on a recurring basis. Progress against these targets at 31 August is summarised below:



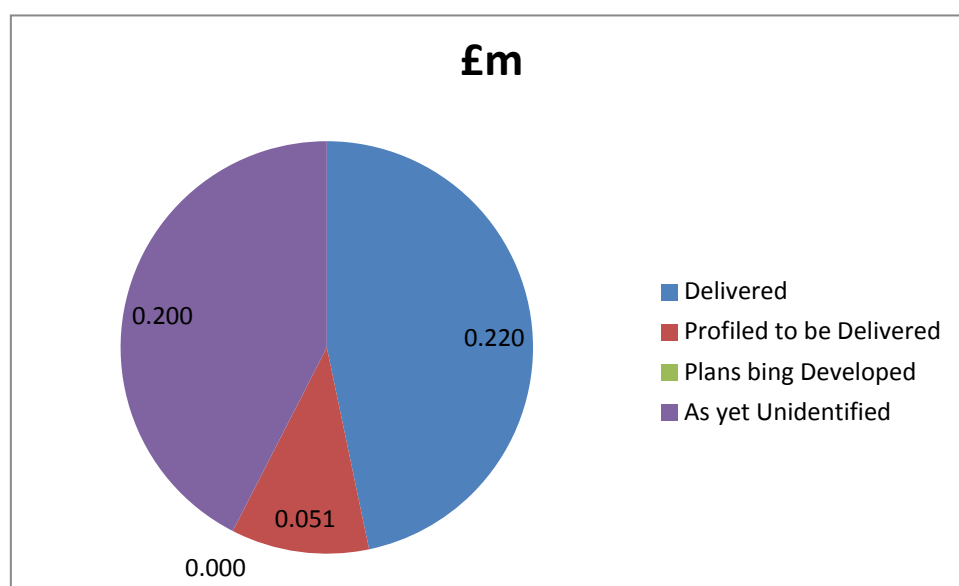
- 3.2 At 31 August 2016, **£1. 213m** has been delivered. Within this, £0.933m is recurring and £280k is non-recurring. An element of the savings delivered to date relates to GP Prescribing. Whilst this is a key area of ongoing financial pressure across the partnership budget due to volatility and increased market costs for certain drugs, it is important to attribute £600m of savings delivered through managed programme of changes.
- 3.3 Of the remaining **£3.026** gap, **£0.610m** is profiled for delivery over the remainder of the year across a number of projects:

	£'000
Clinical Productivity	100
Community Service Cost Reviews	100
Step up/down	410
	610

- 3.4 The assumptions underlying this however carry a degree of risk and uncertainty however. These include how any saving profiled within the Clinical Productivity project will be treated given ongoing re-investment requirements and the securing of Integrated Care Funding to enable the implementation of the new Transitional Care Facility which will have an impact on the Step Up/Down care efficiency target above.
- 3.5 Of the **£4.239m**, total efficiency savings of **£1,823m** have been or are projected to be delivered. With no further plans in place at the current time, clearly risk of non-delivery of a significant element of NHS Borders efficiency programme is high and a range of alternative measures will now be delivered on whatever basis is possible, permanent or temporary, to ensure the risk of overspend through non-delivery of planned savings at 31 March 2017 is minimised. Further detail on these recovery actions is contained within the Monitoring Report to 31 August 2016.

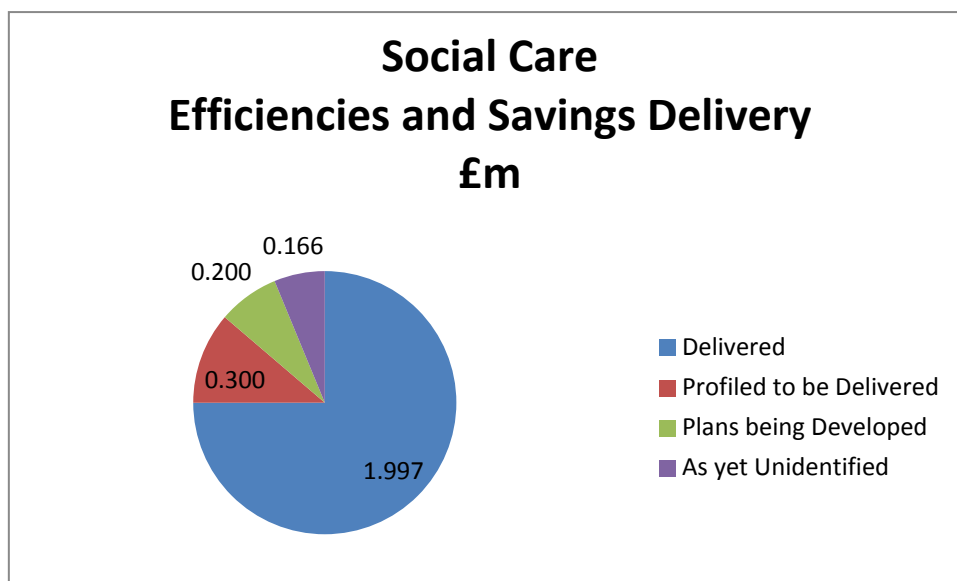
Health Care – Devolved Budget Efficiencies (Ringfenced Funding)

- 4.1 Within the budget delegated to the partnership by NHS Borders, a further gap of **£0.471m** was delegated in respect of reductions in ringfenced grant funding through NHS Borders by the Scottish Government. At the IJB meeting of 20 June, the partnership approved direction of £220k of social care funding to mitigate the forecast reduction allocated to the Alcohol and Drug Partnership (ADP), with a further plan for efficiencies of £51k having been developed by the partnership. This arrangement is non-recurring and only applies in 2016/17 with the expectation that the full £271k reduction will be addressed in full by the partnership by 2017/18.
- 4.2 Beyond the ADP reduction, plans are being developed in partnership between NHS Borders and the IJB Chief Officer to address the remaining savings gap of **£0.200m**. A summary therefore of the 2016/17 ringfenced grant savings / funding delivery is detailed below:



Social Care – Devolved Budget Efficiencies

- 5.1 Within the budget delegated to the partnership, Scottish Borders Council requires to deliver **£2.663m** of efficiency savings all of which are on a recurring basis. At the end of August, **£1.997m** of savings have been delivered, with a further **£0.500m** profiled to be delivered during the remainder of 2016/17. Of this, **£0.200m** of profiled savings is dependent on approval and delivery of Integrated Care Funded projects relating to Enablement and Community Led Support, whilst the remainder relates to savings within the management structure of adult care services (**£0.100m**) and Day Services (**£0.100m**).
- 5.2 Further work is required to develop an alternative savings plan to deliver the remaining **£0.166m** of planned savings that remain undelivered or un-projected this year.
- 5.3 In addition to the **£2.663m** of savings planned within the 2016/17 delegated budget above, a further **£378k** of recurring savings targets carried forward from 2015/16 require to now be delivered permanently. Plans are now in place for their delivery which is now projected in full during the remainder of the year.



Next Steps

- 6.1 In terms of any financial risk arising from any proposed efficiency and savings plans and required mitigating alternative recovery actions, the IJB will be kept informed through the provision of regular reports to future meetings during the remainder of the financial year. Close monitoring of the delivery of the proposed actions across partners to directly address the reported projected pressures is a pre-requisite of ensuring overall affordability of delegated and set-aside functions this financial year.

Recommendation

The Health & Social Care Integration Joint Board is asked to **note** the report and the progress made by NHS Borders and Scottish Borders Council in delivering their efficiency and savings plans on which the partnership's 2016/17 revenue budget is predicated.

The Health & Social Care Integration Joint Board is asked to **note** the projected level of non-delivery of efficiency savings and consider how the impact of this can be mitigated through consideration of proposals for alternative measures detailed within a recovery plan

In line with the IJB approach to the issue of dealing with pressures and overspends and supporting the NHS and Council to achieve efficiency expectations, the IJB will, through the use of directions, strengthen existing and/or develop revised efficiency plans.

Policy/Strategy Implications	Supports the delivery of the Strategic Plan and is in compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
Consultation	The report has been considered by the Executive Management team and approved by NHS Borders' Director of Finance and Scottish Borders Council's Chief Financial Officer in terms of factual accuracy. Both partner organisations have contributed to its

	development and will work closely with IJB officers in delivering its outcomes.
Risk Assessment	To be reviewed in line with agreed risk management strategy. The key risks outlined in the report form part of the draft financial risk register for the partnership.
Compliance with requirements on Equality and Diversity	There are no equalities impacts arising from the report.
Resource/Staffing Implications	No resourcing implications beyond the financial resources identified within the report.

Approved by

Name	Designation	Name	Designation
Susan Manion	Chief Officer Health & Social Care Integration		

Author(s)

Name	Designation	Name	Designation
Paul McMenamin	Interim Chief Financial Officer IJB		