



An **Extra Ordinary** meeting of the **Health & Social Care Integration Joint Board** will be held on **Monday, 30 January 2017** at **9.30am** in Committee Room 2, Scottish Borders Council.

## **AGENDA**

<b>Time</b>	<b>No</b>		<b>Lead</b>	<b>Paper</b>
<b>9.30</b>	<b>1</b>	<b>ANNOUNCEMENTS &amp; APOLOGIES</b>	Chair	<i>Verbal</i>
<b>9.31</b>	<b>2</b>	<b>DECLARATIONS OF INTEREST</b>	Chair	<i>Verbal</i>
<b>9.32</b>	<b>3</b>	2016/17 Integrated Budget Monitoring Position – Recovery Plan	Interim Chief Financial Officer	<i>Appendix-2017-1</i>
<b>10.29</b>	<b>4</b>	<b>ANY OTHER BUSINESS</b>	Chair	
<b>10.30</b>	<b>5</b>	<b>DATE AND TIME OF NEXT MEETING</b> Monday 27 February 2017 at 2.00pm in Committee Room 2, Scottish Borders Council	Chair	<i>Verbal</i>



## **2016/17 INTEGRATED BUDGET MONITORING POSITION – RECOVERY PLAN**

### **Aim**

- 1.1 The aim of this report is to provide the Health and Social Care Partnership Integration Joint Board with a joint recovery plan to mitigate the current financial pressures experienced across the 2016/17 delegated and large hospital set-aside budgets and achieve financial balance by 31<sup>st</sup> March 2017.

### **Background**

- 2.1 At the meeting of the Scottish Borders Health and Social Care Partnership Integration Joint Board (IJB) on 19 December 2016, the budget (£139.150m) in respect of services delegated to the Health and Social Care Partnership was forecasting a projected adverse outturn pressure of £5.610m. Additionally, the large hospital budget, set-aside for the population of the Scottish Borders (“The set-aside budget”) (£18.128m) was also forecasting a projected adverse outturn pressure of £3.070m.
- 2.2 Specific to the delegated budget, of the £5.610m projected adverse pressure, £5.232m relates to healthcare functions, whilst £378k relates to social care. In order to mitigate the social care pressure, the IJB agreed in December to the direction of £145k of social care funding to fund the cost of purchasing additional equipment by the Borders Ability and Equipment Service. In summary therefore, the residual financial pressure within the delegated budget was:

	<b>£'m</b>
Healthcare functions	5.232
Social care functions*	0.233
	<u>5.465</u>

\*net of £145k social care fund directed approved 19 December 2016

- 2.3 The overall projected pressures on the healthcare functions delegated (£5.232m) and set-aside (£3.070m) are part of an NHS Borders-wide projected financial pressure of £13.920m this financial year. This is offset by the utilisation of a £2.0m operational contingency held by NHS Borders leaving a residual pressure of £11.920m requiring addressing.

## Summary of Key Pressures Requiring Mitigation

### *Delegated Budget*

- 3.1 As outlined above, the projected pressures on the healthcare functions' delegated and set-aside budgets form part of a wider financial pressure across NHS Borders this financial year. Specific to the delegated budget however, the key areas of pressure relate to Prescribing (£2.0m) and the non-delivery of planned efficiency savings within NHS Borders Financial Plan (£2.4m), together with a range of other pressures attributable to factors including the use of locum and agency staff and flex beds.
- 3.2 Within social care functions, a number of pressures have been experienced this financial year, particularly in relation to increased demand for services (demographic pressure (£1.1m)), increased market provider costs, in particular relating to older people care at home and an increase in the COSLA residential home contract (£1.1m) and a range of other factors across functions such as relating to additional equipment purchase at the Borders Ability and Equipment service. These pressures, together with those initially arising from the part-year implementation of the Living Wage have been dealt with periodically during the financial year by the IJB however, through the direction of additional social care funding allocation.
- 3.3 The remaining social care projected financial pressure relates to further increased demand for care, particularly within a residential setting, where current levels of beds commissioned continue to exceed those planned and budgeted for.

### *Large Hospital Budget Set-Aside*

- 3.4 The large hospital budget set-aside projected pressure is driven by the ongoing continuation of NHS Borders Winter Plan service provision levels and relates to factors such as surge beds (£1.2m), patient flow (£900k), emergency department staffing (£500k) with the remainder again attributable to non-deliver of planned efficiency savings.

## Recovery Planning

- 4.1 Scottish Borders Council has committed to identifying further management actions in order to ensure delegated social care functions achieve financial balance by the end of the financial year. An updated financial position will be reported to the IJB as scheduled in February.
- 4.2 In order to mitigate the forecast pressures across all its healthcare services, NHS Borders board has put in place a corporate-wide plan of mitigation and recovery. For NHS Borders as a whole, the planned remedial actions are forecast to deliver £11.727m of mitigating savings, which, when further emerging pressures £1.600m) which were identified as being prevalent when last reported are taken into account, leaves a residual gap of £1.793m across NHS Borders as a whole. These planned actions can be broken down across healthcare function budgets as follows:

	£'m
Delegated Budget	4.154
Large Hospital Budget Set-Aside	1.623
Other Healthcare Functions	5.950
	<u>11.727</u>

- 4.3 The value of targeted cash-releasing remedial savings targeted to date as part of the recovery plan equates to 6.2% of the overall NHS Borders' revenue resource limit is substantial and is in excess of the total value of planned efficiencies within the 2016/17 financial plan and their delivery in full whilst essential, will be testing.
- 4.4 Beyond utilisation of £2.0m of NHS Borders' operational contingency, areas of the recovery plan include gaining Scottish Government approval in respect of capital slippage and revenue flexibility (£2.2m), a range of recovery actions associated with slippage on the NHSB local delivery plan (£2.9m), redirection of ringfenced funding (£1.0m), a range of management actions including minimisation of bank and agency staff & nursing rosters and a review of discretionary spend (£3.1m). The IJB has also previously agreed to the direction of £0.5m of social care funding to contribute towards the historic cost of maintaining surge beds within the BGH.

#### *Delegated and Set-Aside Budgets Position*

- 4.5 The Health and Social Care Partnership aims to achieve financial balance through integrated and focussed working by identifying and delivering further efficiency and other savings during the remainder of the financial year. The challenge is to deliver a balanced outturn position for 2016/17, but also ensure the overall affordability and sustainability of delegated healthcare functions in future financial years, against the backdrop of ongoing funding constraints and increasing costs.
- 4.6 Post contingency application, the reported forecast financial pressure across healthcare functions is £11.920m in total. In terms of the IJB specifically, its key concerns relate to the delegated and large hospital set-aside budgets remaining pressures:

	£'m
Delegated Budget	4.071
Large Hospital Budget Set-Aside	4.110
	<u>8.181</u>

This is in addition to £3.739 of pressure across other NHS functions.

- 4.7 The recovery actions identified to date, when analysed over each element of NHS Borders' budget are:

	<b>IJB £k</b>	<b>Set Aside £k</b>	<b>Other £k</b>	<b>Total £k</b>
Slippage on Capital Programme	(796)	(215)	(1,140)	(2,150)
NHS Control Measures	(1,147)	(310)	(1,643)	(3,100)
Slippage on LDP/Reserves	(1,073)	(290)	(1,537)	(2,900)
Release Ring Fenced Allocations	(365)	(99)	(523)	(987)
IJB Agreed Surge Capacity		(500)		(500)
Balance Sheet Flexibility	(773)	(209)	(1,108)	(2,090)
	<u>(4,154)</u>	<u>(1,623)</u>	<u>(5,950)</u>	<u>(11,727)</u>

Prima facie, if delivered, then this will achieve a positive surplus of £83k on the delegated budget. The set-aside budget however, will remain in deficit however with an adverse variance of £2.487m although other NHS' functions will forecast £2.211m of a favourable variance. The total net residual position for NHS Borders when delivered is therefore forecast to be £193k adverse.

- 4.8 Further compounding this position however are further forecast pressures projected across health functions which were presented to the IJB in December. These can be summarised as:

	<b>IJB £k</b>	<b>Set Aside £k</b>	<b>Other £k</b>	<b>Total £k</b>
Emerging Pressures	800	400	400	1,600

- 4.9 Accounting for these emerging pressures therefore results in an updated adverse position of:

	<b>IJB £k</b>	<b>Set Aside £k</b>	<b>Other £k</b>	<b>Total £k</b>
Revised Outturn Variance	<u>717</u>	<u>2,887</u>	<u>(1,811)</u>	<u>1,793</u>

#### *Further Mitigation*

- 4.10 The partnership's Executive Management, in considering how the residual pressure across the delegated budget can be further mitigated, beyond the actions already planned and being delivered, has recommended that the uncommitted social care funding remaining for 2016/17 be directed to the residual projected healthcare variance on the IJB delegated budget. In total, this amounts to £677k and will reduce the forecast outturn pressure on this budget to £40k.
- 4.11 In terms of this small remaining gap on the delegated budget and the wider net gap across other non-delegated healthcare functions (total £1.160m, assuming £677k social care funding direction), the partnership's Executive Management Team has identified additional proposals for further savings and / or alternative funding sources in order to support the achievement of full financial balance across the IJB delegated and set-aside budgets. These proposals will form part of the next monitoring report to the IJB on 27th February 2017.

- 4.12 Ongoing work to identify, plan and deliver a wider programme of integrated health and social care efficiency continues to be a key priority for the Executive Management Team, both in terms of managing the financial position this year to a balanced outturn and the medium-term financial planning process going forward.

### Key Risks

- 5.1 There is clear evidence that a partnership approach to developing and delivering improved and more efficient health and social care services is starting to have an effect, with a number of key areas of work delivered or now in progress. This has already had an impact on helping the services delegated to the IJB move closer to achieving financial affordability this financial year. However, a number of key risks to overall financial balance at outturn remain. Following direction of the residual 2016/17 social care funding, NHS Borders still requires to deliver a further £1.160m of remedial savings / identify additional funding to address the remainder of the gap, primarily within the set-aside budget. As outlined earlier in the report, whilst achievable, this will also be challenging.
- 5.2 The post-recovery position assumes that all other factors which drive the costs of health and social care service provision remain stable. However, further pressures may occur, particularly given the adverse market volatility concerning the price of prescribing drugs. As reported in 4.8 above, further pressures of £1.6m (£800k delegated / £400k set-aside) have already emerged since the last report to the IJB this year. Any increased demand for both health and social care during winter will also need to be monitored.
- 5.3 A further key risk is that the majority of the remedial actions are of a non-recurring nature and that as a result, they will again arise in 2017/18, compounding a financial planning position that is already challenging. This is a key consideration that will require to be considered as part of the partnership's 2017/18 medium-term financial planning process in order that the financial plan for year 2 of its operation reflects not only balance within indicative funding, investment and savings plans, but overall affordability.
- 5.4 The impact on the Health and Social Care Partnership's ability to deliver its Strategic Plan has also yet to be assessed.

### Recommendation

The Health & Social Care Integration Joint Board is asked to **note** the report and to **approve** the direction of the remaining 2016/17 uncommitted social care funding (£677k) to NHS Borders in order to support mitigation of the overall forecast pressures across the delegated budget.

<b>Policy/Strategy Implications</b>	Any impact on the partnership's ability to deliver the outcomes expressed within its Strategic Plan has yet to be assessed. This work will be undertaken as part of the 2016/17 performance reporting and 2017/18 financial planning process.
<b>Consultation</b>	

<b>Risk Assessment</b>	The risks associated with the planned programme of recovery are defined in section 5 of the report. As part of the 2017/18 financial planning process, full due diligence over the sufficiency of resources will be undertaken and will specifically consider the recurring impact of resource gap brought forward as a result of the factors contained within this report. In relation to the actions identified, none are deemed to impact on patient and/or client safety which remains the key priority for both the Health and Care Partnership and its partners.
<b>Compliance with requirements on Equality and Diversity</b>	There are no foreseen impacts on the partnership's compliance with its equality and diversity responsibilities.
<b>Resource/Staffing Implications</b>	Some of the actions contained within the recovery plan relate to the management of staff e.g. nursing rosters, how staff turnover is dealt with and how and when agency and locum staff are used.

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Elaine Torrance	Interim Chief Officer		

**Author(s)**

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