



## **MONITORING OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2016/17 AT 31 DECEMBER 2016**

### **Aim**

- 1.1 The aim of this report is to provide an overview of the monitoring position of the Health and Social Care Partnership Budget at 31 December 2016. This includes an update on the range of pressures being experienced within Health and Social Care and proposed actions for mitigation.

### **Background**

- 2.1 The report includes the monitoring position on both the budget supporting all functions delegated to the partnership (the “delegated budget”) and that relating to large-hospitals set aside for the population of the Scottish Borders (the “set-aside budget”).
- 2.2 On the 30<sup>th</sup> 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.
- 2.3 This report sets out the current monitoring position on both the delegated and set-aside budgets at 31 December 2016, identifying key areas of financial pressure. Mitigating actions are in place to address these pressures and in aggregate, form a recovery plan for the partnership. Given the updated financial position, IJB members are recommended at this juncture, to direct remaining social care funding on a non-recurring basis to enable full financial balance on the delegated budget to be planned for and delivered.

### **Overview of Monitoring Position at 31 December 2016**

#### **Delegated Budget**

- 3.1 At 31 December 2016, the delegated budget is now reporting a projected outturn of **£139.893m** against a current budget of **£139.150m** resulting in a projected adverse variance of **£0.743m** in total. This accounts for the projected impact of the recovery plan which has been implemented across healthcare functions. As previously reported to the IJB at the meeting in January, the total projected value of the recovery plan across delegated healthcare functions is **£4.154m**. This is a significant achievement in the contexts of substantial financial pressure and limited flexibility.
- 3.2 Excluding the impact of recovery, the projected financial position comprises considerable adverse variance across a range of healthcare functions delegated to

the Integration Joint Board which in total amount to **£4.615m**. This represents a favourable movement from the position previously reported to the IJB at the meeting in December and reflects the agreed actions within the NHS Borders recovery plan, together with other delivered efficiencies such as through the redesign of the Out of Hours service and allocated savings targets in Mental Health. There remain however, a number of key drivers of consider financial pressure across healthcare functions within and beyond those delegated to the IJB. Ongoing, the partnership's Executive Management Team continue to work to mitigate these pressures, particularly across areas such as patient flow and unscheduled hospital stay, through implementing solutions to minimising adverse impact such as delayed discharge.

- 3.3 Whilst many actions have been or are being delivered currently, the delivery of this recovery plan by NHS Borders continues to carry a significant degree of risk particularly linked to the remaining winter months and Prescribing costs. The highest element of risk to partnership finances over the medium-term continues to relate to the non-recurring nature of a significant proportion of targeted savings within the recovery plan.
- 3.4 Social care functions are currently projecting an adverse variance of £282k which require mitigating actions or additional funding sources prior to the end of the financial year.
- 3.5 It is also worth noting that the reported position is based on the December 2016 month-end. There are a number of service areas where further pressures have been experienced since. Across social care for example, an increased number of residential care beds commissioned together with other pressures appears to have further compounded the pressure reported above by an additional £100k. Other areas of risk include Prescribing, where based on latest available information, there has been a significant increase in the volume of prescriptions and the cost of certain drugs, and the pressures on patient flow across both health and social care. .
- 3.6 The position regarding the projected delivery of planned efficiencies across healthcare and social care functions delegated to the IJB remains largely unchanged from that reported to the IJB in December 2017.

### Large Hospital Budget Set-Aside

- 3.6 As previously reported during 2016/17, NHS Borders is currently experiencing the impact of a range of pressures across the large-hospitals budget set-aside for the population of the Scottish Borders. These pressures have increased since the last report attributable to nurse agency spend across wards, surge capacity costs into elective areas of the hospital and ongoing unprecedented medical locum costs. Supplies and equipment costs have also shown an increase linked to activity increases.
- 3.7 **£1.623m** of the overall NHS Borders recovery plan actions are targeted at mitigating the projected adverse pressure on the set-aside budget. This has resulted in **£2.905m** of a residual financial pressure on this budget area, which will be part-mitigated, as previously reported, by over-delivery of financial savings within wider-non-delegated healthcare functions, against current projected pressures.

## Further Action

- 4.1 The partnership's Executive Management Team (EMT) continues to work together to identify further remedial actions / efficiencies in order to address the residual adverse pressure within the delegated and set-aside budgets. Whilst a number of transformational and efficiency targeting initiatives are being developed, at this late stage of the financial year however, it is unlikely that they will impact on the current projected financial position. Based on current information the projected year end position is unchanged with three months of the financial year remaining and pressures increasing across the health and social care system.
- 4.2 It should be recognised that considerable work has been undertaken during 2016/17 across both healthcare and social care functions in order to address pressures experienced. Nevertheless, the IJB continues to forecast an overspend position. It is again recommended therefore that the IJB uses the resources at its disposal to ensure financial targets are delivered.
- 4.3 In order to give certainty in planning and delivery in 2016/17, the Executive Management Team has agreed to recommend to the IJB the direction of remaining 2016/17 social care funding now. In the unlikely event of the funding, in whole or part, not being required however, the partnership now has a Reserves Policy under which it may carry forward the unutilised resource alongside any uncommitted Integrated Care Fund monies.
- 4.4 EMT is also seeking to identify how other funding sources can be utilised in a supporting way this financial year. A number of other partnerships, as a result of considerable overspend across healthcare functions, have already directed underspends / slippage in the 2016/17 ICF allocation from the Scottish Government directly to funding shortfalls in their delegated budget affordability. Whilst this comes at the opportunity cost of using this resource to enable and pump-prime transformational activity, given the lack of other options currently available, it has been a clear requirement for these partnerships in order to help them mitigate the unprecedented and challenging affordability gap they face. Depending on the pressures encountered in the remaining months of the financial year, this approach may also be required in Scottish Borders.

## Risk

- 5.1 In the IJB report accompanying the Financial Statement a full financial risk matrix was reported to and approved by the partnership. Subsequent reports during the financial year also have identified a number of key financial risks to the partnership. These have included:
  - The level of efficiency and savings required in order to ensure the affordability of health and social care services. For the delegated budget, £4.710m of planned healthcare functions efficiencies required delivery during 2016/17 and £2.663m relating to social care – this has been a key challenge this financial year, primarily in relation to the former;
  - In terms of the recovery plan for 2016/17, given the level of remedial savings required, a fully funded plan across all of delegated health and social care functions, set-aside functions and wider NHS Borders functions has yet to be achieved;

- Assumptions made that all factors which drive the costs of health and social care service provision remain stable during the remainder of the year remains a risk. This is in the context of significant or volatile demand and price levels, particularly in relation to unplanned admissions to hospital, social care including residential care home demand and the retendering of care at home, the implementation of the living wage and prescribing;
- The significant level of non-recurring efficiency and savings actions on which the partnership's budget remains predicated poses a significant threat to the medium-term sustainability of health and social care functions. The development of a large-scale strategic transformation programme for the medium-term will address this however;
- Future financial allocations and government settlements against the backdrop of likely increasing demand and price factors will also challenge sustainability and medium-term affordability.

## Recommendation

The Health & Social Care Integration Joint Board is asked to **note** the report and the monitoring position on the partnership's 2016/17 revenue budget at 31<sup>st</sup> December 2016.

The Health & Social Care Integration Joint Board is asked to **note** the reasons for recommending the direction of the remaining social care funding allocation for 2016/17 in order to enable certainty and assurance over the planning to mitigating remaining healthcare and social care pressures during the remainder of the year

The Health & Social Care Integration Joint Board is asked to **approve** the direction of the balance of the social care funding £677k in order to mitigate the current projected residual pressure within the healthcare and social care delegated budgets

<b>Policy/Strategy Implications</b>	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.
<b>Consultation</b>	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.
<b>Risk Assessment</b>	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.
<b>Compliance with requirements on Equality and Diversity</b>	There are no equalities impacts arising from the report.
<b>Resource/Staffing Implications</b>	No resourcing implications beyond the financial resources identified within the report.

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
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