



MONITORING OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2017/18 AT 30 JUNE 2017

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 30 June 2017.

Background

- 2.1 The report relates to the monitoring position on both the budget supporting all functions delegated to the partnership (the “delegated budget”) and the budget relating to large-hospital functions retained and set aside for the population of the Scottish Borders (the “set-aside budget”).
- 2.2 On the 30th March 2017, the Integration Joint Board (IJB) agreed the delegation of **£146.288m** of resources supporting integrated health and social care functions for financial year 2016/17. At the same time, it noted the proposed budget of **£18.978m** relating to the large hospitals budget set-aside. Within the delegated budget, **£94.490m** related to healthcare functions delegated by NHS Borders and **£51.978m** related to social care functions delegated by Scottish Borders Council.
- 2.3 Since the Financial Statement was approved by the IJB in March 2017, a number of factors have resulted in the revisions to the base budgets supporting delegated and set-aside functions and subsequently their ongoing movement to a revised position. These factors include final grant allocation settlements having been made, intra-organisational budget realignments and additional funding provisions by the Scottish Government. The revised budget positions therefore relating to those functions delegated to the IJB and the large hospital set-aside are currently:

	2017/18 Revised Budget
	£m
Healthcare Functions - Delegated	94.483
Social Care Functions - Delegated	52.851
Total Delegated	147.334
Healthcare Functions - Set-Aside	19.893

- 2.4 This report sets out the current monitoring position on both the delegated and set-aside budgets at 30 June 2017, identifying key areas of financial pressure and proposals for their mitigation.

Overview of Monitoring Position at 30 June 2017

Delegated Budget

Healthcare Functions

- 3.1 As in 2016/17, delegated healthcare functions are experiencing considerable financial pressure this financial year. Currently, an adverse outturn projection of almost £3.8m is forecast, representing 4.0% of the overall budget. The prime service area where this pressure is being experienced is Generic Services within which a range of miscellaneous functions such as community hospitals, dental, pharmacy and nursing, prescribing and general medical services and primary staffing and management are managed. Generic Services is also where any unallocated savings target planned by NHS Borders is held currently.
- 3.2 Within Generic Services, significant overspends relate to 4 key factors:
- There is a pressure of £400k projected in relation to Nursing within Community Hospitals. This is primarily driven by the requirement to incur agency spend in order to cover vacant posts and sickness absence within the units and most significantly high levels of patient dependency requiring additional ad-hoc support based on clinical assessment.
 - The 3 other factors largely relate to a shortfall or non-delivery of planned efficiency and savings targets with no alternative mitigating proposals having yet been identified. These include:
 - £1.5m related to shortfall on projected savings target in prescribing – a considerable savings target (£3.2m) was applied at the start of the financial year and currently, £1.7m of schemes have been identified
 - £358k related to further slippage in the delivery of savings (both prior year and current year) within the Allied Health Professional service
 - £1,222k of £1,922k recurring savings that were carried forward from 2016/17 that will not be delivered in year and no mitigating action has been identified.
- 3.3 A key factor in the above is the carrying forward of prior-year savings targets to 2017/18 and the ongoing impact of their non-delivery previously only being addressed temporarily by non-recurring savings. Clearly a more sustainable approach to financial planning and management, in line with the IJB's approved Financial Strategy, is required going forward. Recovery of this position is critical and within the context of ongoing financial pressure, NHS Borders is currently working to develop and implement a recovery plan aimed at mitigating the reported pressure. This is explained more fully in section 4.

Social Care Functions

- 3.4 Social care functions are currently projecting an adverse variance of £1.455m which requires mitigating action. There are 3 main drivers of this currently projected pressure.
- 3.5 8 young people have transitioned from Children's Services into Adult Services over the last 12 months including 2 with significantly complex needs. Whilst complexity of need varies across clients within the Joint Learning Disability Service, it is forecast that overall, additional funding of £200k to meet the net increased demand for social care and support this financial year.
- 3.6 For a prolonged period now, the demand/need for residential care home placements for Older People has far exceeded the level provided for within the budget. Currently, 23 additional beds above budgeted levels require to be commissioned, at a total additional cost (net of client contributions) of £407k. A total of 706 short and long-stay beds are currently commissioned from SB Cares (149) and other external providers (557).
- 3.7 In addition to residential care, Adult Services have also been required to increase the block of Housing with Care placements commissioned from external RSLs on a permanent basis due to increased need. This additional demand has resulted in an additional £100k of costs per annum.
- 3.8 Slippage in the delivery of additional revenue savings from commissioned services, targeted in the 2017/18 Financial Plan, has resulted in a projected pressure £463k.
- 3.9 The Borders Ability and Equipment Service (BAES) equipment budget remains under projected pressure. IJB members will recall that during 2016/17, £295k of social care funding was specifically directed to BAES to sustain ongoing demand. Whilst the service has been reviewed and a range of management actions implemented, pressure on the budget has been projected to continue and currently, a shortfall on the budget of £285k is forecast for the year. At the current time however, it is not proposed to recommend direction of social care funding to the BAES until IJB members have had the opportunity to consider a wider report on the service following review by NHS NSS, at its next meeting in September.
- 3.10 In terms of mitigation, Scottish Borders Council has identified a range of management actions to deliver savings across services out-with the delegated budget in order to offset the shortfall in contribution from SB Cares.

Proposed Direction of Social Care Funding

- 3.11 In terms of sustaining the levels of need for Learning Disability Support Plans, Older People Residential Care and Equipment, it is proposed that the IJB further direct a proportion of its Scottish Government social care funding allocation for 2017/18 on a permanently recurring basis (£707k). Use of the fund in this way is entirely in line with the expressed intentions of the Scottish Government in the indicative conditions accompanying the allocations in 2016/17 and this financial year. Whilst the IJB may have a range of priorities it could direct investment to, ensuring the

existing financial plan is affordable and service delivery is sustainable is of paramount importance.

3.12 In June, the IJB previously agreed to direct **£1.090m** of funding to meet the costs of implementing the increase to the Living Wage to £8.45 and the agreed COSLA contract uplift of 2.8%. Further approval to meet the costs outlined above will leave **£662k** remaining uncommitted on a recurring basis, including £179k uncommitted carried forward from 2016/17. Direction of this additional funding as proposed will restore delegated social care functions' projected financial position to breakeven, with the exception of the BAES, which IJB members will have opportunity to consider in September.

3.13 How the Partnership has used its social care funding allocation to date is detailed below:

Pressure:	2016/17			2017/18		
	Temporary £'000	Permanent £'000	Total £'000	Temporary £'000	Permanent £'000	Total £'000
<u>Directed during 2016/17:</u>						
Living Wage £8.25		813	813		1,626	1,626
Social Care Demographic/Demand	220	2,508	2,728		2,508	2,508
Night Support Sleep Ins			0		750	750
Community Mental Health Worker		25	25		50	50
Charging Threshold		154	154		154	154
Surge Beds	500		500			0
Prescribing	677		677			0
BAES Equipment	295		295			0
Night Support Review	75		75			0
<u>Directed during 2017/18 to date:</u>						
COSLA Uplift					261	261
Living Wage £8.45					829	829
<u>Proposed for Further Direction:</u>						
Residential Care					407	407
Housing With care					100	100
Adults with Learning Disabilities					200	200
	1,767	3,500	5,267	0	6,885	6,885
	Fully Utilised Allocation £5,267k			Total Allocation £7,547k		
				Remaining Resources £662k		

3.14 This direction of funding largely fulfils all Scottish Government conditions for the use of social care funding. The main area remaining outstanding relates to the addressing the financial impact of the application of the Living Wage to Night Support Sleep-in staff. In October 2016, the IJB directed £750k to help address this. Progress in developing this agenda has been slow nationally and although no confirmation has been received, it may be 2018/19 before this comes into effect. If this is the case, the 2017/18 allocation will not be required and will also be available to the IJB to redirect on a non-recurring basis to ascertained priorities or assist

temporarily in planning and delivering financial recovery. It should be noted however, that when fully in effect, the likely cost is expected to be much higher than the amount already provided for and may require further recurring funding to be directed in future years.

Large Hospital Budget Set-Aside

- 3.15 The largest element of the projected overspend relates to the Medicine and Long Term Conditions directorate (£2.4m). Nursing cost are currently forecast to be almost £1m over by the end of the financial year - the most significant element relating to the impact of delayed discharges requiring the continued use of additional bed or surge capacity (£800k). Pressures have also been experienced in Medical Staffing budgets associated with the use of agency staff to fill vacant posts (£300k), albeit this is expected to reduce as issues are addressed. There is a forecast shortfall on savings targets of £800k, in part linked to pressures in Drugs (£400k) and in part to a shortfall on delegated savings targets of £400k.
- 3.16 Medicine of the Elderly are forecasting an overspend of £1.171m at the year end, largely attributable to Medical agency costs (£425k) associated with long term vacancies that the Management team are working to address and nursing pressures associated with additional costs of managing patient dependency issues. A new model of care is being introduced that will aim to reduce the overall additional cost of looking after these vulnerable patients going forward. Non delivery of delegated savings contributes £300k to the forecast deficit.
- 3.17 Accident & Emergency are forecasting an adverse variance of £585k associated with both Nursing and Medical costs. Additional costs are in the main related to increased levels of staffing associated with increased activity and the management of clinical risks and clinical supervision particularly into the late-evening and overnight periods. Recruitment issues have also increased costs. The Management Team are reviewing the current model of care and considering how issues noted above can be addressed longer term.
- 3.18 These issues result in a projected adverse variance across set-aside budgets of £4.2m in total based on current projects and mitigating action taken to date.
- 3.19 In addition to NHS Borders' recovery planning, the IJB is working to mitigate the pressures above. A key objective of the integrated transformation and redesign programme underway is to address and minimise the impact of delayed discharge. Secondly, there may be opportunity to direct additional funding on a non-recurring basis from the remaining social care allocation, if there is slippage in the night support sleep-in living wage implementation, should the IJB consider such use appropriate against other priorities.

Recovery Planning and Delivery

- 4.1 Section 3 above clearly outlines significant financial pressures across healthcare and social care budgets. At this point in the financial year, it is imperative that a recovery plan is put in place to deliver financial balance at outturn. For social care functions a combination of Scottish Borders Council-wide mitigating actions and the recommended direction of social care funding will address the forecast pressures currently identified.

4.2 For healthcare and IJB delegated functions, whilst the forecast outturn position represents an improving position based on actions taken at the end of last year and subsequently, this has included:

- Under the direction of the Medical Director, tighter control in respect of all medical agency requests and associated risk assessment – this has included work aimed at changing models of care where recruitment issues are persistent or expected to be longer-term
- The development of stronger operational control and flexibility in relation to nurse staffing, again including a review of current arrangement for accessing supplementary staffing and associated models of care for at-risk patient groups
- Ongoing review of all drug and prescribing costs to ensure we are aware of opportunities as they arise and are following best prescribing practice.
- A review of and delay in all non-essential expenditure to support the outturn position
- The ongoing support of the Better Borders teams in delivery against savings proposals and the Clinical Efficiency programme in support service efficiency and best value.

4.3 However it is also clear that additional and significant further action is required. Discussions are also taking place with the Scottish Government around how the NHS Borders-wide position will be mitigated. It is critical that the IJB participate fully in the development of further actions particularly in respect of the financial impact of delays across the health and social system and the delivery issues noted against the overall savings requirement. As soon as is practicably possible therefore, once agreed, a recovery plan specific to the IJB's delegated functions and the large hospital functions retained and set-aside by NHS Borders will be presented to the IJB along with an associated impact assessment. On review of the recovery plan, the IJB may issue direction to NHS Borders and, if required, Scottish Borders Council, in order to ensure delivery of appropriate remedial actions to support the achievement financial balance.

4.4 It should be noted that in addition to recovery, there is the requirement to deliver £2.6m of efficiency savings from the Integrated Transformation Programme. This will ensure that the flat-cash budget delegated in respect of healthcare functions is affordable. Given the timescale, alternative temporary mitigations may be required this year also in addition to the above. These are currently being developed.

4.5 Plans to develop and implement the Partnership's Integrated Transformation Programme are progressing well, but it is likely that alternative temporary mitigation will be required as a significant element of this programme may slip to 2018/19.

Risk

5.1 A number of risks associated with the reporting of the IJB's monitoring position were consistently reported to the IJB during 2016/17. These risks included the extent of recovery required, the challenge over ensuring its delivery and the assumption of price/demand stability between now and the end of the financial year. Clearly these risks remain prevalent in 2017/18 also. The most significant strategic risk however which arises as a result of the mitigating actions in place relates to the medium-term

and the significant level of non-recurring efficiency and savings actions on which the partnership's budget remains predicated. Whilst the Chief Officer together with EMT are working to develop and implement a large-scale strategic transformation programme for the medium-term this will require to be targeted at not only addressing permanently the recurring impact of pressures met in 2017/18 temporarily, but also in enabling the partnership to fund any forecast 2017/18 financial planning pressures, particularly those arising from slippage in the transformation programme which will require mitigation through temporary management actions.

- 5.2 Any adverse variance at the end of the financial year will, as per the partnership's Integration Scheme, be met from managed underspends elsewhere across partner organisations.

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 30th June 2017.

The Health & Social Care Integration Joint Board is asked to **approve** recommendations for further direction of social care funding (specifically £407k Older People Residential Care, £100k Housing with Care, £200k Adults with Learning Disabilities).

The Health & Social Care Integration Joint Board **asks** the Chief Officer to bring forward a plan to the next meeting of the IJB for delivery of remedial savings to address the shortfall attributable to the part-year only impact of the Integrated Transformation Programme in 2017/18.

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. A Recovery Plan will be presented to the next meeting of the IJB. The remedial actions it contains in order to address financial pressures across health and social care budgets may impact on the ability to deliver the partnership's strategic an commissioning plans
Consultation	The report has been reviewed by the Chief Officer and approved by NHS Borders' Director of Finance and Scottish Borders Council's Chief Financial Officer for factual accuracy. Both partner organisations' Finance functions 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. A Recovery Plan will be brought forward to the next meeting of the IJB in September.

Approved by

Name	Designation	Name	Designation
Elaine Torrance	Chief Officer		

Author(s)

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