

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Director of Community Health and Care Partnership

Community Health and Care Partnership Committee: 22 August 2012

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**Subject: Financial and Capital Works Report for the period ended 30 June 2012 (NHS Only)**

### **1. Purpose**

The purpose of this report is to inform the committee on the CHCP expenditure for the first quarter of the financial year and provide information on the NHS Board's financial position.

### **2. Recommendations**

The Committee is asked to note the content of the Financial and Capital Works Report for the period ended 30 June 2012.

### **3. Background:**

The report provides an update of the overall revenue position of the CHCP and of the CHCP's Capital Programme for 2012/13 year to date (NHS only).

### **4. Main Issues:**

#### **4.1 Board Financial Planning for 2012/13**

The Board's Financial Plan is attached as Appendix I to this report. It was approved at the NHS Board meeting on 26 June 2012.

The Plan identifies a 'financial challenge' of £59m, being the gap between the funding uplift of £49m and the estimated cost pressures and new service commitments of £108m. It is highlighted that, of the headline funding uplift of £49m (2.4%), £27m relates to additional commitments, such as the new healthcare responsibility transferred from the Scottish Prison Service and earmarked Access Support and so the discretionary uplift is only £19m (1%). The financial challenge of £59m represents an overall 3% savings target.

Key factors within the cost pressures (other than those associated with additional earmarked funding) are pay growth (£15m) and prescribing cost growth (£30m). Prescribing budgets is a complicated area in that prescribing costs are also a major feature of the Board's savings plan. The growth figure is a gross pressure, before the deduction of savings, and is discussed further below. Pay growth takes account of the pay freeze for all those earning in

excess of £21,000 announced in the 2011 Scottish Spending Review, and the additional £250 for all those earning less. Although pay rates are frozen, staff on AfC grades are still eligible for incremental progression. Together with an amendment to National Insurance (additional £1m), this adds an estimated £15m to pay costs.

Estimated Prescribing cost growth is £30m and is informed by the best available information from the Board's Prescribing Advisers. This includes the likely cost increases resulting from new drugs (£7m) and from volume and price increases (£23m). The split of the £30m is £14m for Acute and £16m for Partnerships. However, as noted below, there are costs savings plans for Prescribing costs amounting to £16.5m. These initiatives feature only within Partnerships and include the impact of existing proprietary drugs coming off patent.

Across the NHS Board, savings plans have been developed and, following presentation to and discussion amongst NHS Board members, modified to reflect their feedback. These plans now total the £59m required and, therefore, the Board is planning recurring financial balance by the end of 2012/13.

Including the savings target noted above for Prescribing of £16.5m, the total level of savings being contributed by Partnerships amounts to £27.3m. The Acute sector is contributing £30m and Corporate and Health IT, £1.7m. Details of the allocation of savings across Directorate/Division/Area and the number of initiatives are noted below.

At the Partnerships level, our strategy has been to look at the likely savings requirement for the coming four years and to consider our budgets, service by service, assess the redesign programmes and plans currently in place and what savings we might expect from these. This strategy sees a shift in emphasis from achieving savings locally at a CHP level to achieving savings at a system-wide level. This matches the changes in the management of a number of services, particularly within AHPs, and will allow better continuity for services and equity across the system.

At Partnership level, we have contributed to these system-wide savings. However, an overall shortfall in these savings plans has resulted in the balance being allocated across the Partnerships on a pro-rata basis. West Dunbartonshire CHCP was allocated a target of £262,000 and has submitted plans totalling that amount.

	<b>Total £'000</b>	<b>Total £'000</b>	<b>Number</b>
<b>Acute Division</b>			
Surgery & Anaesthetics	4,450		
Emergency Care & Medicine	4,592		
Rehabilitation & Assessment	3,196		
Diagnostics	2,668		
Regional Services	2,003		
Women's & Children's Services	1,468		
Facilities	4,078		
Corporate	7,545		
<b>Acute Total</b>		<b>30,000</b>	<b>152</b>
<b>Partnerships</b>			
Glasgow City CHP	1,600		
East Dunbartonshire CHP	210		
West Dunbartonshire CHP	262		
East Renfrewshire CHCP	117		
Renfrewshire CHP	357		
Inverclyde CHCP	249		
Partnerships – Care Group	7,785		
Partnership – Central	236		
<b>Partnerships Total</b>		<b>10,816</b>	<b>96</b>
Prescribing – Central Initiatives		16,500	3
Health Information & Technology		744	7
Corporate Services		989	5
<b>TOTAL</b>		<b>59,049</b>	<b>263</b>

In addition to the £262,000 savings allocated to West Dunbartonshire CHCP above, the CHP receives an allocation of the £7.8m 'Partnerships – Care Group' savings target, amounting to £126,000. This is in relation to allocations from the system-wide initiatives, such as Physio and Speech & Language Therapy.

The CHCP opening budget following adjustments for uplifts and savings totals £72.3m and is analysed in annex I.

The NHS Board's Financial Plan goes on to look at the potential financial challenge in 2013/14 and beyond. It indicates that while funding uplifts are likely to be higher than experienced in 2012/13, perhaps 2.7%, it is unlikely that there will be a pay freeze as we have in recent years. In addition, there will be a significant impact from the transitional and double running costs of the new South Glasgow Hospitals. It is, therefore, likely that the financial challenge will be similar to that of 2012/13.

## 4.2 Revenue Position 2012/13

West Dunbartonshire CH(C)P's (NHS-only) revenue position reported for the period ended 30 June 2012 was breakeven. All savings noted above have been removed from budgets.

Overspending on the specialist care package for which the CHCP took responsibility in 2010/11 and on community equipment and continence expenditure have been offset by underspending within Planning & Health Improvement expenditure and within Adult Mental Health Community Services

The summary position is reported in the table below with further comments on the significant variances highlighted in section 3.3 of this report. An additional detailed breakdown of individual costs at care group level is reported in Annexe 1 of this report.

The CHCP is forecasting a breakeven position for the full year.

	<b>Annual Budget £000</b>	<b>Year to Date Budget £000</b>	<b>Year to Date Actual £000</b>	<b>Variance £000</b>
Pays	23779	5943	5882	61
Non Pays	53,573	13,351	13,412	( 61)
	77,352	19,294	19,294	0
Less Income	(5,003)	(1,369)	(1,369)	0
Net Expenditure	<b>72,349</b>	<b>17,925</b>	<b>17,925</b>	<b>0</b>

## 4.3 Significant Variances

Comments on significant issues are noted below:

- **Mental Health – Adult Community Services** recorded an underspend of £22,000. This occurs as a result of a non-recurring credit within management pays and within the Community Mental Health Team.
- **Mental Health – Elderly Services** reported an overspend of £14,000. This occurs mainly within Psychology, together with medical and OT pay and OT pay.
- **Learning Disabilities** reported an underspend of £10,000. This is largely within nursing and admin pays partly as a result of staff in post being on lower increments than allowed for within the budgets.
- **Health & Community Care** reported an overspend of £48,000. As noted above in section 3.2, this has occurred within a number of different areas: the CHCP's share of a specialist care package commenced last financial year has contributed £17,000 to this overspend year to date. In addition, there are cost pressures within Community Equipment and Continence expenditure.

- **Planning and Health Improvement** reported an underspend of £13,000. This is a result of the secondment of the Health Improvement manager.
- **Hosted Services** reported an underspend of £22,000, where both Retinal Screening and the Integrated Eye Service continue to underspend.

#### 4.4 Capital Programme 2012/13

- Formula Capital

The draft Partnerships Formula Capital Allocation report suggests capital funding for the CHP of £124,000. The CHP Capital & Premises Planning Group will look to prioritise projects for 2012-13 and will report back to the Committee on its capital programme. This compares with an allocation of £64,000 in 2011-12.

### 5 **People Implications**

- 5.1 There are no people implications arising from this report.

### 6 **Financial Implications**

- 6.1 Other than the financial position noted above, there are no financial implications of the budgetary control report.

### 7 **Risk Analysis**

- 7.1 The main financial risks to the ongoing financial position relate to currently unforeseen issues arising between now and the financial year-end. Any significant issues will be reported to future Committee meetings.

### 8 **Equalities Impact Assessment (EIA)**

- 8.1 No significant issues were identified in a screening for potential equality impact of this report.

### 9 **Consultation**

- 9.1 This report is for information only and relates only to the NHS element of the CHCP, with no requirement for consultation.

### 9 **Strategic Assessment**

- 9.1 This report provides an update on the CHCP's revenue and capital position (NHS only) and does not affect the Council's main strategic priorities.

Keith Redpath  
Director  
30 July 2012

**Person to Contact:** Jonathan Bryden, Head of Finance - Clyde CHPs (0141 842 6230)

**Appendix :** Financial Statement 1 April to 30 June 2012

**Background Paper:** None

**Wards Affected:** All

**Annex 1**  
**West Dunbartonshire Community Health Partnership**  
**Financial Year 1 April 2011 to 30 June 2012**

	<b>Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to date Actual</b>	<b>Year to date Variance</b>	<b>% Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Expenditure</b>					
Mental Health (Adult Community)	4,404	1,092	1,070	22	2.01%
Mental Health (EMI)	3,011	776	790	( 14)	(1.80%)
Addictions	1,938	478	480	( 2)	(0.42%)
Learning Disabilities	580	134	124	10	7.46%
Health & Community Care	9,111	2,311	2,359	( 48)	(2.08%)
Children & Families	4,600	1,094	1,087	7	0.64%
Planning & Health Improvement	1,120	232	219	13	5.60%
Family Health Services (FHS)	23,870	5,962	5,962	0	0.00%
Prescribing	16,985	4,284	4,287	( 3)	(0.07%)
Executive & Admin, Accommodation costs & Other	1,886	473	480	( 7)	(1.48%)
Resource Transfer	7,371	1,884	1,884	0	0.00%
Hosted Services	1,094	244	222	22	9.02%
Change Fund	1,382	330	330	0	0.00%
	77,352	19,294	19,294	0	0.00%
<b>Income</b>	<b>(5,003)</b>	<b>(1,369)</b>	<b>(1,369)</b>	0	0.00%
<b>Net Expenditure</b>	<b>72,349</b>	<b>17,925</b>	<b>17,925</b>	0	<b>0.00%</b>

*Members should note that NHS GG&C financial convention of reporting underspends as positive variances (+) and overspends as negative variances (-) has been adopted for all financial tables within the report.*

Annex 2  
Greater Glasgow & Clyde NHS Board  
2012/13 Financial Plan