

REPORT TO: CITY GOVERNANCE COMMITTEE – 18 NOVEMBER 2024

REPORT ON: DUNDEE INTEGRATION JOINT BOARD – FINANCIAL RECOVERY PLAN 2024/25

REPORT BY: CHIEF OFFICER, DUNDEE INTEGRATION JOINT BOARD

REPORT NO: 334-2024

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to share Dundee Integration Joint Board's 2024/25 financial recovery plan with Dundee City Council.

2.0 RECOMMENDATIONS

It is recommended that Dundee City Council:

2.1 Notes Dundee Integration Joint Board's (IJB) financial recovery plan 2024/25 as approved by the IJB at its meeting of the 23rd October 2024.

3.0 FINANCIAL IMPLICATIONS

3.1 The latest financial position for Dundee Health and Social Care Partnership for the financial year to 31st March 2025 shows a projected operational overspend of £9,005k based on expenditure to 31 August 2024 of which £4,000k was anticipated as part of the IJB's 2024/25 financial plan however the additional £5,005k is as a result of unplanned and unanticipated cost pressures.

3.2 This overspend exceeds the parameters of the IJB's approved 2024/25 financial plan whereby up to £4m of IJB reserves has been identified to support the IJB's financial position at the year end. The content of this report highlights key reasons for the projected variance and ongoing actions by Officers and Senior Management to address these and improve the position.

4.0 MAIN TEXT

4.1 Background

4.1.1 As part of the IJB's financial governance arrangements, the Integration Scheme outlines that "The Chief Finance Officer will ensure routine financial reports are available to the Chief Officer and the Integration Joint Board on a timely basis and include, as a minimum, annual budget, full year outturn projection and commentary on material variances."

4.1.2 The IJB's final budget for delegated services was approved at the meeting of the IJB held on the 27 March 2024 (Article IV of the minute of the meeting of 27 March refers). This set out the cost pressures and funding available with a corresponding savings plan to ensure the IJB had a balanced budget position going into the 2024/25 financial year.

4.1.3 The principal reasons for the projected financial variance are detailed in the latest Financial Monitoring Report (DIJB41-2024 Article IV of the minute of meeting of 21st August 2024 refers)

4.1.4 The challenges faced by Dundee IJB are similar to those of other IJBs, as highlighted in the key messages of the Audit Scotland report on IJBs Finance and Performance 2024, published on 25 July 2024.

4.1.5 Under the IJB Scheme of Integration (DIJB88-2022, Article VI of the minute of meeting of 14 December 2022 refers), the Financial Recovery plan process is as follows –

- Where an unplanned year end overspend is projected, the Chief Officer and Chief Finance Officer to present a Recovery Plan to IJB and Partner Bodies to address the in-year overspend

- In the event the recovery plan is unsuccessful and an overspend is evident at year end, uncommitted reserves must firstly be used to address this
- If after the application of Reserves an overspend is still evident, a revised Strategic Plan must be developed to enable the overspend to be managed in subsequent years.
- Where an in-year overspend remains, this will be shared in proportion to the spending Direction for each Partner body for that financial year – these additional payments may be recoverable from the IJB over future years.

4.2 Actions to resolve Projected Financial Gap

4.2.1 With a projected unplanned overspend of £5.005m, the remaining General Reserves funding is insufficient to fully cover this.

4.2.2 A number of actions and options have been discussed at Senior and Extended Management meeting with actions being progressed to ensure both a robust understanding of financial drivers as well as implementing actions to improve the projected financial position and return this back towards Financial Plan. These actions include –

- Efficiencies in Care at Home spend to better manage and prioritise demand
- Enhanced process to maximise income recovery rates for chargeable social care services
- Specific plans from overspending services, with the aim of returning these to within budget where safe to do so
- Enhanced controls of ‘discretionary’ spend and supplementary staffing to minimise any non-essential or non-critical expenditure
- Adoption of Partner Body Financial Recovery tools and principles, including realistic medication and polypharmacy reviews to ensure efficient and cost-effective prescribing, and NHS Scotland’s 15 box grid self-assessment
- Continue progress to deliver current year agreed savings plans and transformation plans to deliver a sustainable annual financial position
- Ongoing review of earmarked Reserves and other non-recurring funding to maximise the benefit to the 2024/5 position

4.2.3 Spend on Care at Home has grown considerably in recent years with demand now exceeding available funding despite the IJB directing increased budgeted resources to these services. Underlying reasons include demographics due to the ageing population, system-wide pressures to ensure individuals return home from hospital as quickly as possible once clinically discharged (and minimise delayed discharge situations) or are appropriately supported at home to avoid unnecessary admissions, in addition to the national and local strategic shift to support people at home for as long as possible. Care at Home packages are provided via both in-house teams and externally commissioned services. Both service areas have been subject to review to ensure the spend is managed as effectively and efficiently as possible through, for example –

- Minimising downtime and maximising direct contact time with service users through efficient care run planning
- Considering adaptations or supporting equipment, especially where this might result in a single member of staff per visit rather than 2 staff being required
- Reviewing value for money, particularly for very small or very large packages, and whether an individual’s needs could be met in alternative ways
- Enhancing monitoring return information from external providers to ensure robust and timely information is available to support decision-making and financial monitoring
- Reviewing eligibility criteria to ensure placements are prioritised to those with greater assessed needs
- Considering limiting availability by placing a cap on total weekly hours

4.2.4 Income for chargeable services continues to be lower than projected. Income lowered during the pandemic when some services were unavailable and activity levels across a number of services have not fully returned to pre-pandemic levels. A robust end-to-end process review is ongoing to ensure that all chargeable services are billed accordingly and timeously and that bills

are affordable within an individual's eligible income where they have taken up the opportunity to complete a financial assessment.

- 4.2.5 Work is ongoing with all service areas across the health and social care partnership that are currently projecting an overspend to better understand the reasoning and support their return to spend being within budget. Service proposals along with analysis and risk implication reports have been submitted to senior management, with factors such as safety, demand, performance, strategic priority and whole system implications being considered before progressing the plans.
- 4.2.6 All budget holders have been directed to consider options and opportunities to minimise 'discretionary' spend on items such as supplies, travel, stationery, stock, etc. Similarly an ongoing review and management of recruitment requests continue to be undertaken to ensure only essential and critical posts are advertised and recruited to. Staff absence figures continue to be scrutinised with strategies and wellbeing supports in place to promote return to work. Where vacancies or absent posts are critical and need backfilled, managers are instructed to minimise the cost implication through avoiding expensive agency or locum costs as much as possible
- 4.2.7 Officers and senior management within Dundee HSCP continue to work with NHS Tayside and Dundee City Council colleagues to share best practice, enhance efficiencies and maximise capacity across the whole-system and pathways. This includes use of tools such as NHS Scotland's 15 box grid self-assessment questionnaire where many of the areas of focus are equally applicable to Health and Social Care Partnership teams, including Medicines of Low Clinical Value, Medicines Wastage, Polypharmacy Reviews, Nurse Agency and Medical Locum reduction, Sickness Absence Reduction, Outpatient Appointment efficiencies, Digital Letters and Benchmarking.
- 4.2.8 To support both the 2024/25 position and manage future year pressures, there is a continued focus to ensuring 24/25 recurring savings plans are delivered as anticipated, as well as progressing with Transformation projects and budget planning for 2025/26
- 4.2.9 Within Tayside-wide Lead Partner services, it is noted that GP Out of Hours service is projecting a significant overspend for 24/25. This service is operationally and strategically managed by Angus IJB. The financial implications of this overspend is resulting in an unexpected additional cost pressure of £848k for Dundee under the Risk Sharing Agreement. The service Financial Recovery Plan has been received from Angus Chief Finance Officer detailing the work undertaken to date and continuing to progress in terms of returning this service back to within budget. Discussions and monitoring with Angus HSCP colleagues will continue as the plan progresses.
- 4.2.10 Progress against these actions, along with any further evolving opportunities will be monitored and reported at future IJB meetings.

4.3 Actions to support future year sustainability

- 4.3.1 The majority of actions detailed in 4.2 are primarily aimed to support and resolve the in-year financial pressures during 2024/25 to return the projected year-end position to within financial plan.
- 4.3.2 Some of the above actions will have a recurring benefit into future years – the anticipated extent of this continues to be reviewed and will be incorporated into 2025/26 Financial Planning and Budget Setting process.
- 4.3.3 The 5-year Financial Outlook report (DIJB32-2024, Article V of the minute of meeting of 21 August 2024 refers), indicated an anticipated financial gap of £13,257k in 2025/26. As the current year projected financial position has deteriorated through unexpected cost pressures and additional demand, it is now likely the gap facing the IJB in 2025/26 will have increased. As a result of the current year projected overspend, the Reserves held by the IJB are likely to be significantly diminished and therefore will no longer be fully available to support the Budget Planning process for the next financial year.

4.3.4 It is clear that further significant changes and strategic shifts are required to address the anticipated financial gap in future years through prioritisation, maximising capacity and efficiency across the whole system. However it is also likely that difficult decisions will be required to be taken ensure the spend levels are maintained within the available financial resources. Options are being considered and developed by the Health and Social Care Partnership Management Team and will be presented to the IJB at a future meeting as part of the IJB's budget development.

4.4 Reserves Position

4.4.1 The IJB's reserves position was reduced at the year ended 31st March 2024 as a result of the operational overspend of £3,744k during 2023/24. This resulted in the IJB having total committed reserves of £11,024k and uncommitted reserves of £6,789k at the start of 2024/25 financial year. Following the IJB's approval to enhance Transformation Funding (report DIJB45-2024 Article VI of the minute of meeting of 21st August 2024 refers), the Reserves breakdown has been restated. The current reserves position is noted in Table 1 below:

Table 1

Reserve Purpose	Closing Reserves @ 31/3/24 (restated)
	£k
Mental Health	1,036
Primary Care	1,859
Drug & Alcohol	559
Strategic Developments	3,756
Revenue Budget Support	4,000
Service Specific	1,452
Other Staffing	362
Total committed	13,024
General	4,789
TOTAL RESERVES	17,813

4.4.2 Scottish Government funding in relation to Primary Care Improvement Fund, Mental Health Strategy Action 15 Workforce and Alcohol and Drugs Partnerships can only be spent on these areas and reserve balances have been taken into consideration for these funds by the Scottish Government when releasing further in-year funding.

4.4.3 The IJB's Reserves Policy seeks to retain Reserves of 2% of budget (approximately £6.4m) however it is recognised that this is particularly challenging to maintain within the current financial climate with many IJB's across the country having no reserves or below their respective reserves policies.

4.4.4 Ring-fenced Reserves balances continue to be reviewed with budget holders and officers to identify opportunities to ensure these continue to be used in-line with the original allocation letter but also to maximum benefit of the IJB's strategic and financial positions.

5.0 POLICY IMPLICATIONS

5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 CONSULTATIONS

6.1 The Chief Finance and the Clerk were consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

7.1 None.

Dave Berry
Acting Chief Officer

Date: 1 November 2024

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