ITEM No ...9......



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD -

23 APRIL 2019

REPORT ON: FINANCIAL MONITORING POSITION AS AT FEBRUARY 2019

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB20-2019

#### 1.0 PURPOSE OF REPORT

The purpose of this report is to provide the Integration Joint Board with an update of the projected financial monitoring position for delegated health and social care services for 2018/19.

#### 2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

2.1 Notes the content of this report including the overall projected financial position for delegated services to the 2018/19 financial year end as at 28 February 2019 as outlined in Appendices 1, 2 and 3 of this report.

#### 3.0 FINANCIAL IMPLICATIONS

3.1 The financial monitoring position for Dundee Health and Social Care Partnership based on expenditure to 28 Feb 2019 shows a net projected underspend position of £171k after implementing a financial recovery plan through the use of legacy funding and through effecting the planned draw down of reserves to support the 2018/19 financial position as agreed by the IJB as part of the budget setting process. This position is an improvement from the previously reported overspend of £166k. Despite the improvement in the financial projections, a number of financial pressure areas remain, primarily in relation to GP prescribing £388k and the net impact of hosted services £549k.

#### 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 set out its final budget for delegated services at its meeting of the 28 August 2018 following receipt of confirmation of NHS Tayside's budget (Article XIII of the minute refers). Within this report, the risks around the prescribing budget were reiterated after being formally noted in the initial budget report presented to a special meeting of the IJB held on 30 March 2018 (Article V of the minute refers) in addition to Report DIJB41-2018 (Dundee Prescribing Management Position) considered by the IJB at its meeting held on 27 June 2018 (Article X of the minute refers).

- 4.1.3 The financial information presented has been provided by the finance functions of NHS Tayside and Dundee City Council as set out within the Integration Scheme.
- 4.1.4 Under the terms of the Integration Scheme, the risk sharing arrangements in relation to any residual overspends incurred by the end of the financial year will be met proportionately by the Council and NHS Tayside. Both parties have been advised of the partnership's financial position throughout the financial year and given the scale of previous months projected overspends, the parties have requested a financial recovery plan, which was presented to the IJB meeting of 26<sup>th</sup> February 2019 (Report DIJB7-2019).
- 4.1.5 In response to the request to the financial recovery plan, officers from the partnership have continued to exercise scrutiny over expenditure areas, including a risk based approach to vacancy management which has reduced particular pressure areas. In addition, NHS Tayside passed over a range of historical legacy funds during the financial year which had been held on behalf of the IJB. These included historic change funding streams and while some of this funding came with in-year commitments, including decisions the IJB had previously made, much of the funding remains uncommitted. The use of these remaining resources of £1,018k has supported the current projected underspend position. The funding streams and commitments are set out below:

LEGACY FUNDING	Funding Value £	Already Committed £	Residual Value £
Change Funding	1,062,000	(462,000)	600,000
ADP Funding	378,000	(255,000)	123,000
Mental Health	158,000	(124,000)	34,000
Innovation Funding			
Primary Care	395,000	(133,900)	261,100
Transformation			
Funding			
Palliative Care	44,000	(44,000)	0
Funding			
Trauma Improvement	111,000	(111,000)	0
Funding			
Total	2,148,000	(1,129,900)	1,018,100

## 4.2 Projected Outturn Position – Key Areas

4.2.1 The following sets out the main areas of note from the financial information contained within Appendices 1 (Summary Position) and 2 (More Detailed Position) and provides commentary on the reasons for significant variances, actions being taken to manage these and outlines the key elements of risk which may remain.

#### 4.3 Services Delegated from NHS Tayside

- 4.3.1 The financial projection for services delegated from NHS Tayside to the IJB indicates a projected underspend of around (£171k) by the end of the financial year after the application of the unspent legacy funding as set out in section 4.1.5 above. The community based health services managed directly by Dundee Health and Social Care Partnership is projected to be underspend by approximately (£1,080k), while GP prescribing is projected to be overspent by £388k. A further underspend of (£28k) relates to General Medical /Family Health services with an overspend of £549k as a result of the net effect of hosted services risk sharing.
- 4.3.2 Service underspends are reported within Allied Health Professionals (£427k), Community Mental Health (£20k), Keep Well (£165k) and hosted services such as Psychology (£523k) and Dietetics (£185k) mainly as a result of staff vacancies.

- 4.3.3 Staff cost pressures continue to exist in a number of other services such as the Medicine for the Elderly (+£675k), Palliative Care (+£69k) and Community Nursing Services (+£160k). Additional staffing pressures have contributed to the adverse position within these services through ensuring safe staffing levels in accordance with the National Nursing and Midwifery workload tools requirements.
- 4.3.4 The Family Health Services prescribing budget currently projects a shortfall totalling £398k based on the expenditure trends to date and the impact of a range of interventions as part of the Tayside wide Prescribing Management Group's action plan as noted in the Dundee Prescribing Management Position report presented to the IJB meeting of the 27<sup>th</sup> June 2018 (Report DIJB41-2018).
- 4.3.5 Members of the IJB will also be aware that Angus and Perth and Kinross IJBs host delegated services on behalf of Dundee IJB and a number of services are hosted by Dundee on behalf of Angus and Perth and Kinross. These are subject to a risk sharing agreement whereby any over or underspends are reallocated across the three Tayside IJBs at the end of the financial year. The financial monitoring position of these services in their totality are reflected in each of the IJB's financial monitoring reports and for information purposes the projected net impact of these services on each IJB's budgeted bottom line figure is noted. More detail of the recharges from Angus and Perth and Kinross IJBs to Dundee IJB are noted in Appendix 3. This shows net overspends to the value of £605k being recharged with the net impact of hosted services to Dundee being an overspend of £549k.
- 4.3.6 The financial position of Dundee City IJB continues to be impacted upon by the significant overspend in the Mental Health Inpatient service which is hosted by Perth & Kinross IJB. Perth and Kinross IJB has continued to utilise cost pressure funding and apply other interventions to reduce the overspend position in respect of this service provision. However the latest projection from Perth and Kinross shows Dundee's share of this overspend decreased from the £618k previously reported to £490k. This position is driven by undelivered savings carried forward from previous years, medical locum costs and nursing costs in General Adult Psychiatry. Plans to reduce and offset costs are not yet impacting on the financial position as anticipated. This includes savings anticipated from Mental Health, Learning Difficulties, Inpatient, Transformation Programme against which slippage is now anticipated. Furthermore, the Out of Hours service hosted by Angus IJB continues to present a financial risk with a projected overspend of £81k.
- 4.3.7 The Chief Finance Officer formally wrote to the Chief Finance Officers of Angus and Perth and Kinross IJB's in November 2018 on behalf of Dundee Integration Joint Board to request information on the reasons for the scale of the overspends and details of the recovery plan they are working to in order to deliver a reduction or removal of the overspend position. In relation to In Patient Mental Health Services, and in addition to the issues set out in section 4.3.6 above, a number of other pressures such as loss of assumed income from other areas due to changes in accommodation and availability of beds have been incurred. These have been partly offset by decreases in nursing and locum costs. A new leadership team is in place which is working through a significant programme of work to move the service towards financial balance, albeit this plan will cover a three year period. Discussions with NHS Tayside continue around temporary financial support. The Out of Hours Service has now undertaken a comprehensive financial analysis of its service. This does create challenges in terms of delivering the required level of care within historic budgets. Angus HSCP are considering options to remodel staffing in the longer term and may look at other funding options.

#### 4.4 Services Delegated from Dundee City Council

4.4.1 The financial projection for services delegated from Dundee City Council to the IJB shows a balanced budget position at this stage of the financial year after application of £1,983k of reserve balances as agreed by the IJB as part of the 2018/19 budget setting process. This net position however consists of a range of overspending and underspending areas noted below.

- 4.4.2 A significant financial challenge facing the IJB's delegated budget continues to be the provision of home based social care with a projected overspend of £392k anticipated, mainly as a result of increased demand due to demographic factors with the underlying cost of service provision also increasing. In addition, expenditure on respite care is higher than budget by around £257k again mainly due to high levels of demand. In line with the IJB's strategic vision, the range of service developments around multi-disciplinary models of care primarily through the Enhanced Community Support Acute Model have started to impact positively through a reduction in care home placements with an underspend of around £569k anticipated in the current financial year for older people care home placements.
- 4.4.3 A range of underspends within Substance Misuse and Management and Support functions mainly arising from staff turnover as well as slippage in the development of new services are currently projected to balance these budget pressure areas.

#### 4.5 Primary Care Improvement Funding and Mental Health Action 15 Funding

4.5.1 The above funding streams have been provided by the Scottish Government from this financial year onwards and have been subject to separate reporting to the IJB with plans set out at the IJB's meeting of 28 August 2018 (Articles IX and XII of the minute refer). Given the timescales for developing, submitting and approving expenditure plans associated with these funding streams it was always anticipated that significant expenditure slippage would occur. Indeed the Scottish Government withheld 30% of funding to partnerships unless they could demonstrate full commitment of expenditure during the year, with this balance being released in the following financial year. Dundee's anticipated expenditure profile for this year is set out below. It should be noted that any underspends in relation to these funds have not been included in the delegated budgets overall financial position as the Scottish Government is clear they should be spent on primary care improvement and in relation to the Mental Health Action 15 priorities.

18/19 Financial Position	Primary Care £	Mental Health £	Total £
2018/19 Funding:			
2018/19 Allocation Received (70%)	789,777	228,135	1,017,912
2018/19 Allocation Retained by SG for use in future years (30%)*	338,476	97,772	436,248
Pharmacotherapy Initial Allocation	227,223		227,223
Transfers from Angus and Perth	66,091		66,091
Total Funding Available	1,421,567	325,907	1,747,474
Current Forecast Expenditure as at Jan 2019	447,220	181,000	628,220
Forecast Slippage to be Carried Forward to 2019/20	974,347	144,907	1,119,254

## 5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

#### 6.0 RISK ASSESSMENT

Risk 1 Description	There is a significant risk that the IJB is unable to deliver a balanced budget over the financial year.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 5 = Risk Scoring 20 (which is Extreme Risk Level)
Mitigating Actions (including timescales and resources)	The IJB has agreed a range of efficiency savings and other interventions including the use of reserves to balance expenditure.  A range of service redesign options through the Transformation Programme will offer opportunities to further control expenditure.  Regular financial monitoring reports to the IJB will highlight issues raised.
Residual Risk Level	Likelihood 3 x Impact 4 = Risk Scoring 12 (which is a High Risk Level)
Planned Risk Level	Likelihood 3 x Impact 4 = Risk Scoring 12 (which is a High Risk Level)
Assessment of Risk Level	While the inherent risk levels are extreme, the impact of the planned actions reduce the risk and therefore the risk should be accepted.

#### 7.0 CONSULTATIONS

The Chief Officer, Executive Director of Corporate Services (Dundee City Council), Director of Finance of NHS Tayside and the Clerk were consulted in the preparation of this report.

## 8.0 DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working)(Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to:	
	No Direction Required	<b>√</b>
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	

### 9.0 BACKGROUND PAPERS

None.

Dave Berry Chief Finance Officer

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**DATE**: 29 March 2019

	Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partnership Total	
	Net Budget £,000	Projected Overspend / (Underspend) £,000	Net Budget £,000	Projected Overspend / (Underspend) £,000	Net Budget £,000	Projected Overspend / (Underspend) £,000
Older Peoples Services	38,557	(1,405)	16,243	201	54,800	(1,205)
Mental Health	4,361	132	3,362	(75)	7,722	57
Learning Disability	22,759	1,205	1,279	(20)	24,038	1,185
Physical Disabilities	6,474	142	0	0	6,474	142
Substance Misuse	1,005	(168)	2,752	75	3,757	(93)
Community Nurse Services/AHP/Other Adult	495	200	11,316	(332)	11,812	(132)
Hosted Services	0	0	19,224	(505)	19,224	(505)
Other Dundee Services / Support / Mgmt	166	(106)	27,436	(354)	27,602	(460)
Centrally Managed Budgets	0	1,983	1,050	(69)	1,050	1,914
Total Health and Community Care Services	73,816	1,983	82,662	(1,080)	156,479	903
Prescribing (FHS) Other FHS Prescribing General Medical Services FHS - Cash Limited & Non Cash Limited	0 0 0 0	0 0 0	32,738 867 25,036 17,997	398 (10) 6 (34)	867	398 (10) 6 (34)
Grand Total	73,816	1,983	159,300	(720)	233,117	1,263
Net Effect of Hosted Services*			5,271	549	5,271	549
Grand Total	73,816	1,983	164,571	(171)	238,388	1,812
Less: Planned Draw Down From Reserve Balances		(1,983)				(1,983)
Grand Total	73,816	0	164,571	(171)	238,388	(171)

<sup>\*</sup>Hosted Services - Net Impact of Risk Sharing Adjustment

## Dundee City Integration Joint Board – Health and Social Care Partnership – Finance Report Feb 2019

	Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partners	hip Total
	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)
	£,000	£,000	£,000	£,000	£,000	£,000
Psychiatry Of Old Age (POA) (In Patient)			4,773	98	4,773	98
Older People Serv. – Ecs			35	(500)	35	(500)
Older Peoples Services -Community			310	(13)	310	(13)
Continuing Care			1,338	0	1,338	0
Medicine for the Elderly			4,871	675	4,871	675
Medical ( POA)			641	(2)	641	(2)
Psychiatry Of Old Age (POA) - Community			1,859	(135)	1,859	(135)
Intermediate Care			865	88	865	88
Dundee- Supp People At Home			0	0 (40)	0	0
Medical (MFE) Older People Services	38,557	(1,405)	1,552	(10)	1,552 38,557	(10)
Older People Services	36,337	(1,405)			30,337	(1,405)
Older Peoples Services	38,557	(1,405)	16,243	201	54,800	(1,205)
General Adult Psychiatry			3,362	(75)	3,362	(75)
Mental Health Services	4,361	132			4,361	132
Mental Health	4,361	132	3,362	(75)	7,722	57
Learning Disability (Dundee)	22,759	1,205	1,279	(20)	24,038	1,185
Learning Disability	22,759	1,205	1,279	(20)	24,038	1,185

		Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partnership Total	
		Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)
		£,000	£,000	£,000	£,000	£,000	£,000
Physical Disabilities		6,474	142			6,474	142
	Physical Disabilities	6,474	142	0	0	6,474	142
Drug Problems Services Substance Misuse	Substance Misuse	1,005	(168)	2,752	75 75	2,752 1,005	75 (168)
	Substance wisuse	1,005	(100)	2,752	75	3,757	(93)
A.H.P. Admin Physiotherapy Occupational Therapy Nursing Services (Adult) Community Supplies - Adult Anticoagulation Joint Community Loan Store Intake/Other Adult Services		495	200	374 3,488 1,319 5,606 155 374	(18) (237) (172) 160 (23) (43)	374 3,488 1,319 5,606 155 374 0 495	(18) (237) (172) 160 (23) (43) 0 200
Community Nurse Services	/ AHP / Intake / Other Adult Services	495	200	11,316	(332)	11,812	(132)

		Dundee City Council Delegated Services		NHST Dundee Delegated Services		hip Total
	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)
	£,000	£,000	£,000	£,000	£,000	£,000
Palliative Care – Dundee			2,587	69	2,587	69
Palliative Care – Medical			1,122	(19)	1,122	(19)
Palliative Care – Angus			324	16	324	16
Palliative Care – Perth			1,609	70	1,609	70
Brain Injury			1,596	90	1,596	90
Dietetics (Tayside)			3,109	(185)	3,109	(185)
Sexual and Reproductive Health			2,069	(38)	2,065	(38)
Medical Advisory Service			154	(58)	154	(58)
Homeopathy			27	4	27	4
Tayside Health Arts Trust			58	0	58	0
Psychology			4,906	(523)	4,906	(523)
Eating Disorders			0	0	0	0
Psychotherapy (Tayside)			894	141	894	141
Learning Disability (Tayside AHP)			769	(73)	769	(73)
Hosted Service	es 0	0	19,224	(505)	19,224	(505)
Working Health Services			0	0	0	0
The Corner			407	21	407	21
Resource Transfer			0	0	0	0
Grants Voluntary Bodies Dundee			46	0	46	0
IJB Management			804	(70)	804	(70)
Partnership Funding			24,626	Ò	24,626	Ó
Urgent Care			450	(70)	450	(70)
Public Health			0	0	0	, o
Keep Well			590	(165)	590	(160)
Primary Care			514	(70)	514	(70)
Support Services/Management Costs	166	(106)			166	(106)
Other Dundee Services / Support / Mgr	nt 166	(106)	27,436	(354)	27,602	(460)

	Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partnership Total	
	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)
	£,000	£,000	£,000	£,000	£,000	£,000
Centrally Managed Budgets	0	1,983	1,050	(69)	1,050	1,914
Total Health and Community Care Services	73,816	1,983	82,662	(1,080)	156,479	903
Other Contractors Prescribing (FHS) Other FHS Prescribing General Medical Services FHS - Cash Limited and Non Cash Limited Grand Total HSCP	73,816	1,983	32,738 867 25,036 17,997 <b>159,300</b>	398 (10) 6 (34) (720)	32,738 867 25,036 17,997 <b>233,117</b>	398 (10) 6 (34) 1,263
Hosted Recharges Out Hosted Recharges In  Hosted Services - Net Impact of Risk Sharing			(11,287) 16,558	(56) 605	(11,077) 16,558	(56) 605
Adjustment  Less: Planned Draw Down from Reserves		(1,983)	5,271	549	5,271	(1,983)
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NET POSITION	73,816	0	164,571	(171)	239,388	(171)

# NHS Tayside - Services Hosted by Integrated Joint Boards - Charge to Dundee IJB Risk Sharing Agreement - Feb 2019

Annual Budget	Forecast Over (Underspend)	Dundee Allocation
934,873	(102,500)	(40,385)
7,433,140	205,000	80,770
1,408,126	(39,000)	(15,366)
1,200,000	0	0
975,950	(5,100)	(2,009)
11,952,089	58,400	23,010
-113,308	113,308	44,643
11,838,781	171,708	67,653
2,196,513	330,000	130,020
5,488,044	(47,000)	(18,518)
1,950,746	475,000	187,150
5,425,676	285,000	112,290
6,010,834	200,000	78,800
653,265	(50,000)	(19,700)
801,977	(120,000)	(47,280)
3,244,677	5,000	1,970
2,004,382	(14,500)	(5,713)
2,833,180	(122,000)	(48,068)
30,609,294	941,500	370,951
(84,507)	84,507	33,296
(337,546)	337,546	132,993
30,187,484	1,363,553	537,240
42,026,265	1,535,261	604,893
	7,433,140 1,408,126 1,200,000 975,950 11,952,089 -113,308 11,838,781  2,196,513 5,488,044 1,950,746 5,425,676 6,010,834 653,265 801,977 3,244,677 2,004,382 2,833,180 30,609,294 (84,507) (337,546) 30,187,484	Annual Budget (Underspend) 934,873 (102,500) 7,433,140 205,000 1,408,126 (39,000) 1,200,000 0 975,950 (5,100) 11,952,089 58,400 -113,308 113,308 11,838,781 171,708  2,196,513 330,000 5,488,044 (47,000) 1,950,746 475,000 5,425,676 285,000 6,010,834 200,000 653,265 (50,000) 801,977 (120,000) 3,244,677 5,000 2,004,382 (14,500) 2,833,180 (122,000) 30,609,294 941,500 (84,507) 84,507 (337,546) 337,546 30,187,484 1,363,553