



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
27 JUNE 2017

REPORT ON: CONFIRMATION OF DUNDEE INTEGRATION JOINT BOARD 2017/18
BUDGET

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB26-2017

1.0 PURPOSE OF REPORT

The purpose of this report is to advise Dundee Integration Joint Board that confirmation has been received from Tayside NHS Board of the proposed delegated budget for 2017/18 and seeks approval for acceptance of this budget subject to the risk sharing agreement being applied as set out within the Integration Scheme.

2.0 RECOMMENDATIONS

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

- 2.1 Notes the proposed delegated budget from Tayside NHS Board for 2017/18.
- 2.2 Notes that the proposed delegated budget from Tayside NHS Board for 2017/18 is consistent with the Scottish Government's guidance that the delegated budget must be maintained at least at 2016/17 levels.
- 2.3 Approves the delegated budget proposed by Tayside NHS Board for 2017/18 subject to the adoption of the risk sharing arrangement for Prescribing as outlined in section 4.3 of this report.
- 2.6 Notes that work continues locally and nationally to establish an appropriate value of the Large Hospital Set Aside and instructs the Chief Finance Officer to bring a report to the IJB on this issue at the earliest opportunity.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The value of the proposed delegated budget from NHS Tayside is £148.6m with a further £21.1m in relation to the Large Hospital Set Aside. In addition and in line with Scottish Government directives, a further £5m of funding will flow from NHS Tayside to the IJB in respect of additional Scottish Government investment in Social Care, War Pensions Disregard for Charging, Carers Act Pre-Implementation funding and the transfer of Alcohol & Drug Partnership funding. This provides a total baseline budget of £174.7m for services overseen by Dundee IJB.
- 3.2 The net effect of hosted arrangements across Tayside will see a further £4.7m of budget noted against Dundee IJB.
- 3.3 When combined with Dundee City Council's delegated budget of £73.7m, the overall budget for 2017/18 for Dundee Health and Social Care Partnership equates to £248.4m (plus a further £4.7m hosted services adjustment).

4.0 MAIN TEXT

4.1 Background

4.1.1 At its meeting on 27th March 2017, Dundee IJB considered Report DIJB9-2017 which outlined a proposed delegated budget from Dundee City Council and an indicative delegated budget from Tayside NHS Board. The IJB approved the adoption of the Dundee City Council budget however given Tayside NHS Board was meeting that same day to approve the NHS Tayside annual budget for 2017/18, no formal proposed budget could be presented to the IJB.

4.1.2 Tayside NHS Board agreed their budget on 27th March 2017 and have confirmed the indicative delegated budget previously presented is now to be considered as the proposed delegated budget.

4.2 Proposed NHS Tayside Delegated Budget

4.2.1 The confirmed value of the delegated budget from NHS Tayside alongside the previously agreed Dundee City Council value is set out in Table 1 below:

Table 1 – Dundee Health & Social Care Partnership Proposed Delegated Budget 2017/18

| | Dundee City Council | NHS Tayside | Partnership Direct Funding | Total Proposed Budget 2017/18 |
|---|---------------------|--------------|----------------------------|-------------------------------|
| | £m | £m | £m | £m |
| 2016/17 Baseline Budget | | | | |
| Hospital & Community Based Services | 75.6 | 70.7 | | 146.3 |
| Family Health Services Prescribing | | 33.3 | | 33.3 |
| General Medical Services | | 44.2 | | 44.2 |
| Large Hospital Set Aside (value tbc) | | 21.1 | | 21.1 |
| Total Baseline Budget | 75.6 | 169.3 | | 244.9 |
| Less: Council Funding Reduction | -2.4 | | | -2.4 |
| Add: | | | | |
| Inflationary Uplifts | 0.5 | 0.4 | | 0.9 |
| Investment in Social Care | | | 3.1 | 3.1 |
| War Pensions/ Carers Act | | | 0.2 | 0.2 |
| Alcohol & Drug Partnership (Provisional allocation) | | | 1.7 | 1.7 |
| Primary Care/ Mental Health Innovation Funding | | tbc | | tbc |
| Total Proposed Budget 2017/18 | 73.7 | 169.7 | 5.0 | 248.4 |

| | | | | |
|--------------------------------|--|-------|--|-------|
| | | | | |
| Note: | | | | |
| Hosted Services Transfer Out | | -10.8 | | -10.8 |
| Hosted Services Transfer In | | 15.5 | | 15.5 |
| Net Hosted Services Adjustment | | 4.7 | | 4.7 |

4.2.3 The Scottish Government set out a number of parameters in relation to the establishment of delegated budgets from local authorities and NHS Boards to Health and Social Care Partnerships for 2017/18. In relation to NHS Boards, they must maintain the value of the delegated budget at least at the 2016/17 recurring “cash” level (budgeted level). The proposed delegated budget from NHS Tayside meets this obligation.

4.2.4 The Scottish Government set out an investment programme in both Primary Care and Mental Health as part of its NHS Budget announcement for 2017/18. Whilst the level of resource being allocated to NHS Tayside has not yet been confirmed, this resource will be directed through Health and Social Care Partnerships, with appropriate governance arrangements to be put in place. Once clarified, the IJB will be informed of the implications to Dundee of this funding.

4.2.5 Proposals have been submitted to NHS Tayside in relation to the provision for a range of cost pressures either highlighted previously through the Due Diligence process or pressures emerging throughout the financial year. This extends to services which are “hosted” by Angus and Perth & Kinross Health and Social Care Partnerships where cost pressures in these services have a direct impact on the financial position of DHSCP. This includes the significant financial challenges being faced within Inpatient Mental Health Services hosted by Perth & Kinross IJB and it should be noted that Perth and Kinross IJB has expressed its concern at the adequacy of this budget to enable the IJB to deliver the required services in 2017/18 and has requested that a three year financial sustainability plan is developed in partnership with NHS Tayside. Dundee Health and Social Care Partnership will work in partnership with P&K and NHS Tayside to support this process.

4.2.6 Work continues to be undertaken both locally and nationally in relation to the establishment of a Large Hospital Set Aside budget which is reflective of the operationally managed budget rather than the current notional value. While this work is underway, the budget will continue to show the notional value of £21.1m as calculated as part of the 2016/17 delegated budget.

4.2.7 The outcome of these issues will be reported back to the IJB through the financial monitoring process as soon as the position has been confirmed.

4.3 GP Prescribing Budget 2017/18

4.3.1 As noted within the budget report presented on the 27th March (DIJB9-2017), the Prescribing budget continues to be of great concern. The latest projected 2017/18 position for Dundee is described in Table 2 below:

Table 2 – Dundee GP Prescribing Budget Projections 2017/18

| | £000 |
|--|---------|
| Share of Prescribing Budget* | 32,878 |
| 2017/18 Anticipated Baseline Spend | 34,579 |
| 2017/18 Anticipated Growth (inc Price Increases) | 1,013 |
| Anticipated Spend 2017/18 | 35,592 |
| Less: | |
| Price Changes / Drugs Off Patent | (1,340) |
| Tayside Wide Active Interventions | (248) |
| Revised Anticipated Spend | 34,004 |

| | |
|-----------------------------|-------|
| Projected Funding Shortfall | 1,126 |
| * GP Prescribing only | |

4.3.2 While a number of local and Tayside wide interventions will continue to evolve over the course of the financial year which may reduce the level of funding shortfall, it is clear from the above that the financial position remains a high risk area. Dialogue between NHST and the three Tayside IJB's will continue to explore a strategy to manage the pressures around the prescribing budget over a 3 – 5 year period and associated risk sharing proposals. It is proposed that Dundee IJB continues to closely monitor the financial performance of the Prescribing budget throughout the year and applies as necessary the risk sharing arrangement as set out in the Integration Scheme for 2017/18 whereby the responsibility for meeting any Prescribing budgetary shortfall at the end of the financial year sits with NHS Tayside.

4.4 Alcohol & Drug Partnership Funding

4.4.1 Funding for Alcohol and Drug Partnerships (ADPs) will flow directly from NHS Boards budgets to Integration Authorities as part of the 2017/18 Scottish Government's Budget. National Funding for ADP's was reduced as part of the 2016/17 budget settlement however Health Boards were encouraged to re-direct funding to continue funding at the overall 2015/16 level. NHS Tayside did indeed reinstate a value of £1.2m across Tayside to cover this, albeit leaving a funding reduction of £300k across Tayside. NHS Tayside has indicated that this arrangement will continue in 2017/18 and discussions are ongoing in relation to the allocations to individual IJBs and ADPs, with a further savings requirement of £200k (£500k reduction in total). An indicative budget allocation of £1.7m has been set out by NHS Tayside for Dundee although the methodology for the actual allocation has yet to be agreed. The final position will be brought back to the IJB for consideration.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues at this stage however the financial position will continue to be monitored throughout the financial year.

6.0 CONSULTATIONS

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

7.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 2 June 2017