



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

REPORT ON: HOSTED SERVICES ARRANGEMENTS

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB27-2017

1.0 PURPOSE OF REPORT

The purpose of this report is to provide Dundee Integration Joint Board with an overview of the financial performance of Hosted Services across Tayside for 2016/17 and sets out the recovery plans being developed by Angus and Perth & Kinross IJB's for those services facing significant financial pressures.

2.0 RECOMMENDATIONS

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

- 2.1 Notes the financial performance of hosted services for 2016/17 and developing recovery plans for 2017/18 and beyond as noted in Appendix 1
- 2.2 Instructs the Chief Finance Officer to embed comprehensive financial monitoring information for services hosted by Angus and Perth & Kinross IJB's and the implications for Dundee within the regular financial monitoring reports provided to Dundee IJB

3.0 FINANCIAL IMPLICATIONS

The net impact of the overall financial position of hosted services across Tayside for 2016/17 led to an overspend of £1.396m being allocated to Dundee IJB. Each of the IJB'S continues to develop recovery plans in order to reduce the impact of financial pressures faced by these services throughout 2017/18 and beyond.

4.0 MAIN TEXT

4.1 Background

- 4.1.1 As part of the integrated arrangements across Tayside, Dundee, Angus and Perth & Kinross IJB's are each responsible for the strategic planning and delivery of a range of delegated services on behalf of the other IJB's. These arrangements are described in each of the three Integration Schemes and supported by a high level memorandum of understanding between the IJB's.
- 4.1.2 The financial management responsibility of hosted services sits with the hosting organisation and currently, in order to support this arrangement, each IJB's notional share of the overall resource is allocated to that hosting body and included as part of their delegated budget. A risk sharing arrangement is in place to ensure the financial burden of the hosted service does not all sit with the hosting body. Therefore for financial reporting purposes, a charge "back" to the other two IJB's is made, currently based on the following agreed percentages, derived from proportions of Scottish Government funding allocations:

- Angus IJB - 27.3%,
- Dundee IJB - 39.0%

- Perth & Kinross IJB – 33.6%.

- 4.1.3 Throughout 2016/17, Dundee IJB's financial monitoring reports noted the net effect of the hosting arrangements against the IJB's overall financial position as an adjustment to the bottom line outturn figure. As the financial year progressed, a range of pressures emerged within services hosted by Angus and Perth & Kinross IJB's which had a significant adverse effect on the overall Dundee IJB financial position. The implications of the risk sharing arrangement resulted in a net overspend of £1.396m across Tayside hosted services being charged to Dundee IJB for the financial year 2016/17.
- 4.1.4 Due to the wider risk sharing arrangements in place for the first two years following the IJBs taking on operational responsibility for delegated services (whereby these overspends are in effect funded by NHS Tayside) this has not resulted in a significant financial issue for Dundee IJB. However, there remains a significant risk that should these financial pressures continue without intervention from the host body, the IJB's financial position could be adversely affected.
- 4.1.5 As part of their respective budget preparations, Angus and Perth & Kinross IJBs have, like Dundee, developed a range of service redesign and other interventions under their transformation programmes to reduce the financial risks associated with their delegated budgets, including hosted services.
- 4.1.6 The financial impact of these services and recovery plans (where developed) are shown in Appendix 1 alongside the potential residual overall financial risk. Given the level of this risk, financial monitoring reports presented to the IJB during 2017/18 will include a more detailed overview of the extent to which these financial pressures are being managed, including details of any new cost pressures being faced by hosted services and any additional efficiency savings programmes.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. In relation to Equalities, there are no major issues. In relation to risk, the impact of the financial position of services hosted elsewhere will be included as part of the financial risks in the high level risk register and 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

Hosted Services – Dundee, Angus and Perth & Kinross IJB – 2017/18

Hosted Area	Service	2016/17 Position		2017/18 Financial Plan			Issues/Plans
		Year End Budget £000	Year End Over/ (-) Underspend £000	Cost Pressures/ Unmet Savings c/f £000	Savings Plan/Income £000	Residual Net Cost Pressures £000	
Angus IJB	Forensic Medical Service	741	698	150	0	150	Residual workforce/funding pressure and risk. Regional working options under consideration to assist with service stability.
	GP Out of Hours	6,722	174	225	0	225	Residual pressure and risk remain exacerbated by recruitment issues and impact of IR35 (tax changes). Options to explore overlap of MIU/OOH working being looked at in Perth and Angus. Support arrangements now under consideration.
	Locality Pharmacy	1,200	0	0	0	0	During 2016/17 this budget was held as a national budget reflecting the overall co-ordination of Pharmacy resources across Tayside. Plans to move from notional budget to actual budget in 2017/18.
	Speech Therapy (Tayside)	1,056	(40)	0	0	0	Significant changes in management structures managed in 2016/17.
	Tayside Continence Service	1,473	(33)	0	0	0	Significant supplies savings made with switch to new product supplier. Reviews of new continence products now being undertaken.
	Inflationary Shortfall	0	0	87	0	87	Additional pressure due to net inflation being greater than budget uplift.
	Balance of Savings	(267)	267	153	(112)	41	All services seeking to confirm 1% 'managerial efficiency' by June 2017
Angus IJB	TOTAL	10,925	1,066	615	(112)	503	

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Dundee IJB	Palliative Care	5,314	137	210	(99)	111	The overspend in 2016/17 was mainly due to supplementary staffing required to cover staffing levels as a result of recruitment issues and absence levels and drug costs within the service. A review of nursing workforce levels is underway in addition to a review of patient flow to the service. Only part savings will be achievable within 2017/18. The continued development of Palliative and End of Life Care networks across specialist and community services will support a more efficient model of care.
	Brain Injury	1,592	37	22	(22)	0	Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Dietetics (Tayside)	2,841	(154)	36	(36)	0	Underspend partly due to vacancies and delays in filling posts. Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Sexual & Reproductive Health	1,962	(70)	65	(65)	0	Underspend mainly due to vacancies. Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Medical Advisory Service	150	(31)	0	0	0	
	Homeopathy	26	2	0	0	0	
	Tayside Health Arts Trust	57	0	0	0	0	
	Psychology	4,492	(578)	214	(214)	0	Underspends partly due to number of vacancies and impact of additional Scottish Government funding. Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Eating Disorders	287	(23)	4	(4)	0	Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Psychotherapy (Tayside)	940	(22)	14	(14)	0	Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Learning Disability (Tayside AHP)	767	(49)	10	(10)	0	Underspend mainly due to vacancies. Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.

	Keep Well	435	(77)	30	(30)	0	Underspend mainly due to vacancies. Permanent reduction in staff costs budget agreed by IJB as part of 2017/18 budget process.
	Balance of Savings	(594)	594	199	(51)	148	Dundee IJB approved an additional £1.1m of recurring savings to be applied against the delegated budget for staff costs in 2017/18 of which 50% is set directly against hosted budgets as noted above. A balance of savings will be attributed to the impact of the IJB's overall Transformation Programme through the adoption of NHS Tayside wide initiatives.
Dundee IJB	TOTAL	18,269	(234)	804	(545)	259	

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Perth & Kinross IJB	Prisoner Healthcare	3,701	241	21	0	21	The significant overspend in 16/17 has been driven by higher than planned medicines costs. An improvement plan was implemented during 16/17 which sought to reduce medicines spend through investment in pharmacy and other staffing. However delay in recruitment has meant that the planned implementation of improvement plans including pharmacy led medicines review has been delayed. This is however now on track and significant reduction in spend is planned in 17/18. With overall break even forecast and further recurring savings anticipated in 18/19.
	Podiatry	2,897	(97)	176	76	100	The under-spend in 16/17 relates most significantly to a benefit from vacancies. A 5% recurring savings target was set in 16/17 however plans around the move to single use items and work force redesign have not been delivered and therefore the savings target has been carried forward. Discussions are now at a critical stage with NHST colleagues to 'unblock' discussions to agree the appropriate reduction in charge from CSSU which should result from a stepped reduction in sterilisation activity. The podiatry service has been asked to review options for workforce redesign and to report back to EMT.
	Public/Community Dental Service	1,996	(23)	147	5	142	The service have recorded a small under spend. Against the savings target set, savings of only 65% were delivered of which 41% is recurring. The balance of undelivered savings has been carried forward to 17/18 and is fully expected to be delivered, although part may again be on a non-recurring basis.
	Inpatient MH Services	22,094	1,113	2,555	1,997	558	An overall baseline overspend of £1,113k was recorded across IP Mental Health Services. In addition recurring savings of only £309k were delivered against the £969k target. The baseline overspend was significantly driven by medical locum costs across GAP and LD. These result from a national shortage in

							<p>consultant staff. In addition, significant supplementary nursing staff costs were incurred across LD Services driven by sickness. The medical locum cost pressure is recognised as a recurring cost pressure in the 17/18 Financial Recovery Plan. However there has been significant ongoing work to reduce sickness levels in LD in 16/17 and any pressure in 17/18 will be managed within overall budget.</p> <p>Further non-recurring pressures are however anticipated in 17/18 in relation to the contingency arrangements in place. The Financial Recovery Plan assumes that additional non-recurring income will be allocated by NHST to cover both the contingency costs and medical locum costs. This is based on agreement with the NHST DOF.</p> <p>A level of efficiency savings has been identify however overall an in-year gap of £558k remains (£658k on a recurring basis). The Mental Health Option Review which sets out a preferred option for the future configuration of IP GAP and LD beds indicates that significant savings may be achievable.</p> <p>It is important that the first call on recurring savings will be to offset the significant savings target that has been carried forward and to ensure that medical locum costs can be covered in the medium term whilst alternative workforce solutions are identified for this national problem.</p>
Perth & Kinross IJB	TOTAL	30,688	1,234	2,899	2,078	821	

