



**REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –  
28 AUGUST 2018**

**REPORT ON: DUNDEE INTEGRATION JOINT BOARD 2018/19 BUDGET**

**REPORT BY: CHIEF FINANCE OFFICER**

**REPORT NO: DIJB30-2018**

**1.0 PURPOSE OF REPORT**

The purpose of this report is to present NHS Tayside’s formal budget offer to Dundee Integration Joint Board in relation to the delegated budget 2018/19.

**2.0 RECOMMENDATIONS**

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

- 2.1 Notes and adopts the formal delegated budget offer to Dundee Health and Social Care Partnership from NHS Tayside subject to the caveats noted in sections 4.3.1 – 4.3.4
- 2.2 Notes the Dundee share of additional Scottish Government funding for Mental Health and Primary Care Transformation Funding as set out in section 4.6;
- 2.3 Notes the total value of Dundee Integration Joint Board’s delegated budget for 2018/19 as set out in Table 3 of this report.

**3.0 FINANCIAL IMPLICATIONS**

The proposals outlined in this report set out an overall budget for 2018/19 for Dundee Health and Social Care Partnership of £227.5m as noted in Table 4 of this report.

**4.0 MAIN TEXT**

**4.1 Background**

- 4.1.1 Dundee IJB considered report number DIJB17-2018 (Dundee Integration Joint Board Budget 2018/19) at a special meeting of Dundee IJB held on 30th March 2018. This report set out to the IJB the formal budget offer from Dundee City Council and indicative budget from NHS Tayside given the NHS Tayside budget process was at that time still ongoing. The IJB subsequently approved a list of interventions in order to balance the various cost pressures and financial challenges based on the level of resources anticipated as a result of these budget considerations.
- 4.1.2 A significant issue to note for the delegated budget for 2018/19 is a change in the risk sharing agreement as outlined in the Integration Scheme whereby at the end of the first two years of the integrated budget, any residual financial risks are shared proportionately between Dundee City Council and NHS Tayside rather than these being picked up by the party from which the overspend is generated.

**4.2 Proposed NHS Tayside Delegated Budget**

- 4.2.1 NHS Tayside’s Financial Plan 2018/19 was considered and approved by Tayside NHS Board at its meeting on 28<sup>th</sup> June 2018. NHS Tayside continues to be faced with unprecedented financial challenges with significant cost pressures and the need to identify substantial

financial savings. A range of savings to the value of £29.4m have been identified to close the projected gap of £48.1m however, a balance of £18.7m is still required to be found. These figures include savings required within each of the Integration Joint Boards, with financial risks remaining within prescribing and Mental Health and Learning Disability Services. One of the key assumptions made in relation to NHS Tayside's Financial Plan is that the IJBs manage any further cost pressures within available resources, particularly given the changes to the risk sharing arrangement effective from 2018/19.

4.2.2 In relation to the delegated budget, funding to support pay increases will be provided from a general inflationary uplift of 1.5% with further funding from the Scottish Government for pay awards above 1% for Agenda for Change staff (now confirmed as a 3% uplift for staff), and a 1.5% uplift applied to other costs including an uplift to the prescribing budget. Therefore it is anticipated that these uplifts will fully fund general increases in expenditure in 2018/19 with the exception of prescribing. The formal budget offer is consistent with the indicative budget presented to the IJB in March 2018. The interventions agreed by the IJB in March 2018 are required to address a range of legacy funding issues within the delegated budget and through the impact of hosted services, particularly the need to shift historical savings from a non-recurring to a recurring basis and the prescribing budget shortfall.

4.2.3 As part of the NHS Tayside Financial Plan 2018/19, the NHS Board has agreed to devolve all pre 2018/19 reserves relating to primary and community care to the IJBs to the total value of £6.1m. This funding is largely due to unspent, but forward committed resources from a range of historical change funds, including primary care, mental health and reshaping care for older people. The Dundee share of this is £1.971m. The balance will be set within the IJB's reserves for future consideration by the IJB.

### **4.3 Prescribing**

4.3.1 The current year's projected financial position in relation to the prescribing budget was presented to the IJB at its meeting on 27<sup>th</sup> June 2018 (Report DIJB41-2018 – Dundee Prescribing Management Position). This report set out the anticipated factors likely to impact on the prescribing expenditure position and the corresponding Prescribing Management Group's savings plan developed to mitigate where possible the financial shortfalls and risks within the prescribing budget. The financial position shows a projected shortfall of just over £400k assuming all factors impact as anticipated however this rises to over £700k following a risk assessment of the scale and pace of the interventions. The updated position remains the same.

4.3.2 The IJB previously accepted the indicative level of prescribing budget from NHS Tayside with a range of caveats

- the final GP prescribing budget delegated by NHS Tayside is set at a minimum budget level which includes an additional £800k to reflect NHS Tayside's benefit of additional funding through the NHS Scotland Resource Allocation Committee (NRAC) funding formula (giving a total prescribing budget of £34,117k);
- the IJB will not be held responsible for any overspends incurred on account of the Prescribing Management Group (PMG) actions not being delivered at the scale and pace set out in the associated cost reduction plan;
- the IJB will not be responsible for significant changes in price increases (drug tariffs) against those estimated in the prescribing plan.

4.3.3 The IJB would take responsibility for the level of volume growth and the impact of the local interventions as part of the Dundee Medicines Management Plan.

4.3.4 It is proposed that the IJB maintains this position and that any significant variances as a result of the above being incurred will be brought to the attention of the IJB once known.

### **4.4 Impact of Hosted Services – Mental Health Inpatient Services**

4.4.1 Perth & Kinross IJB continues to work in partnership with Dundee, Angus and NHS Tayside, to reduce the cost pressures associated with the Mental Health Inpatient Service and General Adult Psychiatry which has had a considerable funding gap over the last two years, partly met through non-recurring funding from NHS Tayside. Reducing this gap is associated with the major service redesign programme which the IJB supported in December 2017

(Report DIJB49-2017, Mental Health & Learning Disability Redesign Transformation Programme – Consultation Feedback Report) however this will take time to implement.

4.4.2 There are a range of further operational interventions identified to address these cost pressures however a projected deficit of around £1.3m overall remains projected for 2018/19.

4.4.3 The impact to Dundee of any residual overspend for these services is around 40% of the total Tayside figure, resulting in an unbudgeted financial pressure of approximately £520k. This presents a significant risk to the IJB in being able to achieve a balanced budget in 2018/19 and this position will be monitored closely throughout the remainder of the financial year with mitigating actions identified and reported back to the IJB within future revenue monitoring reports.

#### 4.5 Large Hospital Set Aside

4.5.1 An indicative figure for the Large Hospital Set Aside provided by NHS Tayside was included within the IJB’s 2017/18 annual accounts based on a combination of activity information and direct costs of the specialties included within the large hospital set aside following Scottish Government correspondence. It was acknowledged that the methodology used for 2017/18 needs to be developed further during 2018/19 in order to provide a better insight into the local populations’ consumption of the specialties within the Large Hospital Set Aside. This work continues to be taken forward at both a local and national level.

#### 4.6 Impact of Additional National Funding

4.6.1 The local allocation of additional funding being provided nationally in Primary Care and Mental Health Services is noted below. The local figures for Alcohol and Drug Partnerships is yet to be determined by the Scottish Government and the impact of this on the delegated budget will be highlighted to the IJB once known. Proposals for the investment of this funding through the various governance groups and in line with the Scottish Government’s policy aims will be placed before the IJB once developed. The high level Primary Care Improvement Plan has already been approved by the IJB at its meeting of 27<sup>th</sup> June 2018 (Report No DIJB26-2018 – Tayside Primary Care Improvement Plan). The additional national and local resources are shown below for information:

**Table 1**

Fund	Dundee Share £m
Primary Care Transformation	1.356
Mental Health	0.326
Alcohol and Drug Partnerships (additional £20m nationally)	Tbc

#### 4.7 Reserves Position

4.7.1 As reported in the budget paper (Report No DIJB17-2018 – Dundee Integration Joint Board Budget 2018-2019) presented to the IJB in March 2018, at the end of the IJB’s first year of operation (2016/17), the IJB created a reserve of approximately £5m, primarily as a result of a carry forward of historical Change Funding (£4m) to support transformational change and an underspend of around £1m in its social care budget. It was acknowledged that a further £1m of resources sat within NHS Tayside as historical legacy funding, which with further underspends in specific funds at the end of 2017/18, is now identified as £1.9m in total as set out in 4.2.3. The IJB’s draft unaudited accounts for 2017/18 indicates a net reserves position of £4.560m (excluding the additional NHS transfer to the IJB during 2018/19 as noted above) and this position will be confirmed once the audited accounts are available at the end of September 2018. The IJB committed a further use of reserves in order to support the overall budget position at its meeting in March 2018 in addition to the reserves already committed to support transformational change. The flexibility available to the IJB during

2018/19 to meet unexpected pressures or further transformational change is provisionally as follows:

**Table 2 – Provisional IJB Reserves Position (as at 31 March 2018)**

	£000
Value of Reserves per unaudited accounts	4,560
Legacy Resources from NHS Tayside	1,971
Less: Already Committed	(5,705)
Balance Remaining	826

#### 4.8 Proposed Dundee IJB Delegated Budget 2018/19

Factoring all of the above against the delegated budget results in a proposed position for 2018/19 as noted in Table 3 below:

**Table 3 – Dundee Health & Social Care Partnership Proposed Delegated Budget 2018/19**

	Dundee Council	City	NHS Tayside	Total Proposed Budget 2018/19
	£m		£m	£m
<b>2018/19 Budget</b>				
Hospital & Community Based Services	73.5		77.3	150.8
Family Health Services Prescribing			34.1	34.1
General Medical Services			40.9	40.9
Large Hospital Set Aside (value tbc)			tbc	tbc
<b>Total Baseline Budget</b>	<b>73.5</b>		<b>152.3</b>	<b>225.8</b>
Primary Care/ Mental Health Innovation Funding			1.7	1.7
ADP Additional Funding			tbc	tbc
<b>Total Proposed Budget 2018/19</b>	<b>73.5</b>		<b>154</b>	<b>227.5</b>
Note:*				
Net Effect of Hosted Services			4.8	4.8

#### 5.0 POLICY IMPLICATIONS

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

## 6.0 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that the IJB will not be able to balance its resources and achieve its strategic objectives should the combination of the level of funding provided through the delegated budget and the impact of the IJB's Transformation Efficiency Programme be insufficient.
<b>Risk Category</b>	Financial
<b>Inherent Risk Level</b>	Likelihood 4 x Impact 4 = 16 (Extreme)
<b>Mitigating Actions</b> (including timescales and resources )	Developing a robust and deliverable Transformation Programme. Negotiations with Dundee City Council and NHS Tayside to agree the most advantageous funding package as part of the development of the IJB's delegated budget.
<b>Residual Risk Level</b>	Likelihood 3 x Impact 4 = 12 (High)
<b>Planned Risk Level</b>	Likelihood 3 x Impact 4 = 12 (High)
<b>Approval recommendation</b>	Although the risk levels remain high, the range of interventions identified generally have a medium to low risk of delivery in 2018/19 therefore the risks should be accepted. Risks around the Prescribing budget will be continually monitored and reported to the IJB throughout the year.

## 7.0 CONSULTATIONS

The Chief Officer, Executive Director of Corporate Services - Dundee City Council, Deputy Director of Finance - 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:	
	1. No Direction Required	
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	✓

## 9.0 BACKGROUND PAPERS

None.





## DIRECTION FROM DUNDEE CITY INTEGRATION JOINT BOARD

1	Reference	DIJB30-2018
2	Date Direction issued by Integration Joint Board	28 <sup>th</sup> August 2018
3	Date from which direction takes effect	28 <sup>th</sup> August 2018
4	Direction to:	NHS Tayside & Dundee City Council
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	Yes
6	Functions covered by direction	All delegated services.
7	Full text of direction	Dundee Integration Joint Board directs Dundee City Council and NHS Tayside to provide health and social care services as commissioned by Dundee Integration Joint Board within the resources allocated as set out in this report, subject to formal notification from NHS Tayside as to the level of budget offer. Further Directions will be issued by Dundee Integration Joint Board during 2018/19 as to the future provision of these services.
8	Budget allocated by Integration Joint Board to carry out direction	Dundee City Council – £73.5m NHS Tayside - £154m
9	Performance monitoring arrangements	Through regular financial monitoring reports to Dundee Integration Joint Board.
10	Date direction will be reviewed	N/A

