

REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
25 JUNE 2019

REPORT ON: DUNDEE INTEGRATION JOINT BOARD FINAL 2019/20 BUDGET

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB31-2019

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 2019/20 and set out the implications of this and Dundee City Council's Budget offer on the IJB's final 2019/20 budget.

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 as set out in sections 4.2-4.6 of this report.
- 2.2 Instructs the Chief Officer and Chief Finance Officer to continue discussions with the Chief Executive and Director of Finance of NHS Tayside in relation to Dundee's prescribing budget allocation as set out in section 4.3 of this report.
- 2.3 Notes the total value of Dundee Integration Joint Board's delegated budget for 2019/20 as set out in Table 3 of this report.
- 2.4 Notes the Dundee share of additional Scottish Government funding for Mental Health and Primary Care Transformation Funding as set out in section 4.6;
- 2.5 Notes the level of unidentified savings within the delegated budget as an implication of the level of resources provided by NHS Tayside and Dundee City Council for 2019/20 set against anticipated financial pressures remains at £546k (as set out in section 4.1.1 of this report) and instructs the Chief Finance Officer to reflect the ongoing financial position through the financial monitoring reports presented to the IJB throughout the financial year
- 2.6 Instructs the Chief Finance Officer to inform Dundee City Council and NHS Tayside of the significant risk of the IJB being unable to deliver a balanced budget by the year ended 31st March 2020 (as set out in section 3.0 if this report).
- 2.7 Notes the Dundee share of additional Scottish Government funding for Mental Health and Primary Care Transformation Funding as set out in section 4.6;

3.0 FINANCIAL IMPLICATIONS

The proposals outlined in this report set out an overall budget for 2019/20 for Dundee Health and Social Care Partnership of £235.9m as noted in Table 4 of this report. As outlined in Report DIJB14-2019 presented to the IJB at its meeting of the 29th March 2019, there is a projected shortfall in the level of savings identified against the anticipated cost pressures within the delegated budget of £546k for 2019/20. The formal delegated budget offer from NHS Tayside as outlined in this report does not impact on this residual funding shortfall.

4.0 MAIN TEXT

4.1 Background

4.1.1 Dundee IJB considered report number DIJB14-2019 (Dundee Integration Joint Board 2019/20 Budget) at the meeting of Dundee IJB held on 29th March 2019 (Article VI of the minute refers). 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 to be provided by the statutory partners in 2019/20. This noted a shortfall in the level of savings required to deliver a balanced budget of £546k.

4.2 Proposed NHS Tayside Delegated Budget

4.2.1 NHS Tayside formally notified the Chief Officer and Chief Finance Officer of the health budget resource in respect of Dundee Integration Joint Board at the end of May 2019 following consideration at the Tayside NHS Board at its meeting on the 25 April 2019. This confirmed NHS Tayside's intention to pass on the full 2.6% uplift to the IJB's recurring budgets as per the overall funding uplift applied to NHS Tayside by the Scottish Government and in line with the Scottish Government's intentions. The uplift figures applied total £2.8m and are therefore consistent with the anticipated position set out in the March 2019 IJB Budget report.

4.2.2 In addition to the uplift, NHS Tayside has provided an additional £532k of recurring funding across Tayside to support increased demand within Prison Healthcare. This service is hosted by Perth and Kinross IJB and the funding will benefit all three Tayside IJB's through removing an emerging budget pressure.

4.2.3 Increases in pension contributions as anticipated to be funded in full by the Scottish Government. Once NHS Tayside has had confirmation of this allocation, a further transfer will be made to the IJB to reflect this additional cost pressure.

4.2.4 The expectation from Tayside NHS Board is that each of the IJB's bring their delegated budgets in to balance in 2019/20, thereby removing financial risk to NHS Tayside in 2019/20.

4.3 Prescribing

4.3.1 As reported during 2018/19 through the financial monitoring process, the prescribing budget continues to be one of the highest financial risk areas within the delegated budget, despite significant progress being made over the last two financial years to radically change the local approach to prescribing. This has been lead through the Tayside wide Prescribing Management Group (PMG) and locally through the Dundee Medicines Management Group, with a programme of cost reductions and service changes designed to restrict and reduce price and volume growth.

4.3.2 Prior to and including 2016/17, the first year of operation of the IJB, NHS Tayside allocated the prescribing budget to local areas based on NRAC (NHS Scotland Resource Allocation Committee) formulae. These are formulae developed through NHS Scotland, used to allocate NHS resources at Health Board level across Scotland. The formulae used for prescribing is available at GP practice level with these figures then being grossed up to an IJB level. The formulae are updated annually to reflect changes in practice populations however during 2017/18 the formulae was updated to include the use of new census data zones and to reflect reviews of components of the NRAC formulae, including the Morbidity and Life Circumstances component of the formulae (with significant impact on areas of both high deprivation and low deprivation.) The impact of applying this in Tayside would have seen Dundee's share of the Tayside prescribing budget increase from 41% of to 43% and would have resulted in a redistribution of £1.5m to the Dundee prescribing budget, to the detriment of Angus and Perth & Kinross.

- 4.3.3 As part of a move to achieve funding parity, the 2018/19 Dundee prescribing budget was enhanced by a sum of £800k by NHS Tayside on a non-recurring basis as a share of a Tayside wide benefit of an additional £1.2m of funding overall as a result of changes in the NRAC formula. A shared approach to the Tayside prescribing position was taken which saw all 3 Tayside IJB's benefit. For 2019/20 NHS Tayside has decided to allocate this £1.2m to the Tayside IJB's on a recurring basis using the NRAC shares formula which will result in Dundee receiving around £500k of additional funding rather than £800k received in 2018/19. This additional funding would have resulted in the budget shifting to be more reflective of the demands of the local population. The forecast position for the Dundee Prescribing Budget is set out in table 1 below. It should be noted that if Dundee had received the £800k of uplift, the projected deficit would have been around £300k for prescribing in 2019/20.

Table 1 – Dundee Prescribing Budget Projections 2019/20*

	£000
Share of Prescribing Budget	32,395
Add: Prescribing NRAC Share of £1.2m	465
Add: Prescribing Budget Uplift	811
Total Prescribing Budget 2019/20	33,693
Anticipated Spend 2019/20	34,316
Projected Funding Shortfall	623

* Includes Other prescribing

- 4.3.4 The prescribing budget shortfall presented in table 1 above had previously been built in to the assumptions around cost pressures for 2019/20 as set out in the budget report presented to the March IJB meeting therefore there is no requirement for the IJB to identify further savings to balance this funding as a result of the NRAC £1.2m allocation decision. However if Dundee IJB had received a share of the additional funding based on the needs of its population it would have reduced this funding shortfall and reduced the required level of savings. It is recommended that the IJB instructs the Chief Officer and Chief Finance Officer to continue dialogue with NHS Tayside on this issue.

4.4 Impact of Hosted Services – Mental Health Inpatient Services

- 4.4.1 Perth & Kinross IJB as host authority continues to work in partnership with Dundee, Angus and NHS Tayside, to reduce the significant cost pressures associated with the Inpatient Mental Health Service and General Adult Psychiatry. Reducing these pressures 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).
- 4.4.2 The three year financial plan for the Inpatient Mental Health Service is currently under development and this is anticipated to be presented to Perth and Kinross IJB by September 2019. The service incurred a deficit of around £1.3m in 2018/19 and it is currently anticipated that this position is likely to be repeated in 2019/20. 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 2019/20 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 2018/19 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 2018/19 needs to be developed further during 2019/20 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 Scottish Government National Funding Allocations

- 4.6.1 The local allocation of funding being provided nationally in Primary Care and Mental Health Services for 2019/20 is noted in table 2 below. Proposals for investment of these funds through the Primary Care Improvement Plan and Mental Health Action 15 plans will be presented to the IJB.

Table 2

Fund	Dundee Share £k
Primary Care Transformation	1,630
Mental Health	504

4.7 Dundee City Council Budget Allocation Update

At the time the Dundee City Council budget allocation was laid out to the IJB in March 2019, the Scottish Government's distribution of the £30m national funding to support the implementation of Free Personal Care for Under 65s had not been finalised. This allocation is now available and Dundee's share of the funding is £834k which has now been included in Dundee City Council's delegated budget on a recurring basis.

4.8 Reserves Position

- 4.8.1 The IJB's draft unaudited accounts for 2018/19 indicates a net reserves position of £2.766m and this position will be confirmed once the audited accounts are available at the end of September 2019. After consideration of ring fenced Scottish Government funding and funding already committed, there is little flexibility available to the IJB during 2019/20 to meet unexpected pressures or further transformational change as follows:

Table 2 – Provisional IJB Reserves Position (as at 31 March 2019)

	£000
Value of Reserves per unaudited accounts	2,766
Less: Ring Fenced Scottish Government Funding	(1,505)
Less: Already Committed	(700)
Balance Remaining	561

4.9 Dundee IJB Delegated Budgeted Resources 2019/20

Factoring all of the above results in a combined financial resource for the delegated budget for 2019/20 of £235.9m as noted in Table 3 below:

Table 3 – Dundee Health & Social Care Partnership Delegated Budget 2019/20

	Dundee City Council	NHS Tayside	Total Proposed Budget 2019/20
	£m	£m	£m
2019/20 Baseline Budget			
Hospital & Community Based Services	73.6	78.1	151.7
Family Health Services Prescribing*		32.4	32.4
General Medical Services*		43.0	43.0
Large Hospital Set Aside (value tbc)		Tbc	Tbc
Total Baseline Budget	73.6	153.5	227.1
Add:			
Inflationary Uplifts (less review of charging – council only)	1.9	2.8	4.7
Prescribing NRAC Share		0.5	0.5
Funding for Additional Posts	0.1		0.1
Investment in New Scottish Govt Legislation/National Policy (share of £160m)	4.4		4.4
Primary Care/ Mental Health Innovation Funding/ADP Funding		2.1	2.1
Less: Funding Reduction	-3.0		-3.0
Total Budgeted Resources 2019/20	77.0	158.9	235.9

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 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.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 4 = 16 (Extreme)
Mitigating Actions (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.
Residual Risk Level	Likelihood 3 x Impact 4 = 12 (High)
Planned Risk Level	Likelihood 3 x Impact 4 = 12 (High)
Approval recommendation	Although the risk levels remain high, the range of interventions identified generally have a medium to low risk of delivery in 2019/20 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.

DATE: 29 May 2019

Dave Berry
Chief Finance Officer

DIRECTION FROM DUNDEE CITY INTEGRATION JOINT BOARD

1	Reference	DIJB31-2019
2	Date Direction issued by Integration Joint Board	25 June 2019
3	Date from which direction takes effect	1 April 2019
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 2019/20 as to the future provision of these services.
8	Budget allocated by Integration Joint Board to carry out direction	Dundee City Council - £77m NHS Tayside - £158.9m
9	Performance monitoring arrangements	Through regular financial monitoring reports to Dundee Integration Joint Board.
10	Date direction will be reviewed	31 March 2020

