



**REPORT TO:** HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –  
31 OCTOBER 2017

**REPORT ON:** FINANCIAL MONITORING POSITION AS AT SEPTEMBER 2017

**REPORT BY:** CHIEF FINANCE OFFICER

**REPORT NO:** DIJB40-2017

**1.0 PURPOSE OF REPORT**

1.1 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 2017/18.

**2.0 RECOMMENDATIONS**

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

2.1 Notes the overall projected financial position for delegated services to the 2017/18 financial year end as at 30 September 2017 and associated risk assessment as outlined in the report and set out in the attached appendices.

**3.0 FINANCIAL IMPLICATIONS**

3.1 The financial monitoring position for Dundee Health and Social Care Partnership based on expenditure to 30 September 2017 shows a net projected overspend position of £1,813k which is an improvement on the previously reported figures based on the June expenditure position of a £2,209k overspend. The overspend is primarily as a result of overspends in GP prescribing (£2,065k) partly offset by underspends in adult social care provision. The prescribing overspend is subject to the risk sharing arrangement outlined in the Integration Scheme whereby responsibility for meeting the shortfall in resources remains with NHS Tayside.

3.2 The current year projected overspend position is significantly less than the final outturn for delegated NHS services to Dundee IJB in 2016/17 where an overspend of £3,462k was incurred.

**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 confirmed the overall budgeted resources for delegated services at its meeting in June 2017 following receipt of confirmation of the NHS delegated budget having already accepted Dundee City Council's budget at its meeting in March 2017. Members of the IJB will recall that risks around the prescribing budget and within services hosted by Angus and Perth & Kinross IJBs were identified. This financial monitoring position reflects the status of these risks as they display within cost centre budgets.

- 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.

## **4.2 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 Members will recall from the budget paper presented to the IJB in June that there were a number of significant risks and challenges highlighted within delegated budgets from NHS Tayside. This included a testing savings target across services as a reflection of the overall financial challenges facing NHS Tayside. The IJB has moved to deliver more savings on a recurring basis for 2017/18 with over £1.1m of efficiencies factored in to the staff costs budget to reflect turnover and vacancy management. NHS Tayside continues to develop its comprehensive Transformation Programme to deliver service efficiencies and improvement. A number of the workstreams within this programme have been applied to delegated services, which combined with local service delivery efficiencies, constitutes Dundee Health and Social Care Partnership's Transformation Programme. These efficiencies have been incorporated into service budgets where identifiable and the financial projections take into account the anticipated achievement of a number of these savings.
- 4.3.2 The financial projection for services delegated from NHS Tayside to the IJB indicates a projected overspend of around £2,042k by the end of the financial year.
- 4.3.3 A number of service underspends are noted within Mental Health and Allied Health Professionals (AHP) primarily as a result of staff vacancies. This is additional to the staff efficiency savings incorporated into the base budget for these services and therefore provides a further contribution to achieving the overall savings target.
- 4.3.4 Staff cost pressures exist in a number of other services such as the Medicine for the Elderly budget and Palliative Care. The Medicine for the Elderly Budget transferred mid-year in 2016/17 and was highlighted as a financial risk given the significant overspend associated with it. Over the last year however, this overspend has been managed downwards following reshaping of the wards at Royal Victoria Hospital and subsequent efficiencies.
- 4.3.5 It is anticipated that with further reshaping of services and emergence of efficiencies through NHS Tayside's Transformation Programme that overall services directly managed by Dundee Health and Social Care Partnership will balance by the end of the financial year.
- 4.3.6 The Family Health Services prescribing budget currently projects a shortfall totalling £2,065k. This reflects an increase of £937k from that reported to the August IJB, based on the June 2017 expenditure to date (previously £1,128k projected overspend).
- 4.3.7 The main component of this increase relates the costs associated with prescribing Pregabalin. This contributes £600k to the increase in outturn. The increase in relation to Pregabalin is as a result of anticipated price reductions to be achieved during the year across Scotland being at a far lower level than expected. The assumptions of the reduction in savings associated with Pregabalin for 2017/18 have now been reduced from £885k to £285k. The balance of the increase in prescribing spend of £337k relates to a number of smaller increases in prices and demand across the prescribing budget. The forecast assumes that all other anticipated savings will be delivered. Some of these may be high risk however there is a programme of further savings being pursued not yet included in the plan.

- 4.3.8 A number of initiatives continue to be developed through NHS Tayside's Transformation Programme supported by the Prescribing Management Group (PMG). The PMG function as a collaborative with delegated authority from the three Tayside IJBs and NHS Tayside Board, to allocate, monitor and agree actions to make optimal use of the prescribing budget. The PMG will deliver a whole system approach to developing prescribing action plans, implementation of prescribing projects and monitoring, identification and management of financial risks within prescribing. Dundee HSCP contributes to the PMG and will continue to explore innovative ways of safely delivering services in a more cost effective manner. Members will recall that the IJB agreed to invoke the risk sharing arrangement with NHS Tayside in relation to this budget whereby the leadership of delivery of efficiency savings within this budget remains the responsibility of NHS Tayside.
- 4.3.7 Members of the IJB will also be aware that Angus and Perth & 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. The net impact to Dundee IJB of hosted services is a further projected overspend of £89k which is a significant reduction in the previous projected outturn of £956k.
- 4.3.8 As outlined in Report DIJB27-2017 regarding Hosted Services Arrangements (June 2017), the financial position continues to be impacted on by the significant overspend in the Mental Health Inpatient service hosted by Perth & Kinross IJB. However, through the release of cost pressures funding and other interventions, the net share to Dundee is reduced from a previously reported figure of £500k based on the June figures to an overspend of approximately £230k. Other hosted services previously highlighted as areas of financial risk such as the Out of Hours & Forensic services hosted by Angus have also seen reductions in the projected overspend for the year through a range of interventions. These will continue to be monitored closely and reported more fully to the IJB over the course of the financial year.
- 4.3.9 NHS Tayside has recently indicated its intent to request the IJB to implement a recovery plan in line with the terms of the Integration Scheme for the net overspend currently projected. Clarity is being sought on a number of issues relating to this request and the IJB will be advised of any subsequent actions and decisions required in due course should this progress.

#### **4.4 Services Delegated from Dundee City Council**

- 4.4.1 Due to the nature of the local government budget process, an efficiency savings plan for services delegated by Dundee City Council was in place prior to services becoming delegated to Dundee Integration Joint Board. These efficiencies are embedded within service budgets and the financial monitoring reflects performance in achieving these.
- 4.4.2 The financial projection for services delegated from Dundee City Council to the IJB notes a net underspend primarily within Physical Disabilities, Mental Health and Substance Misuse services. This is mainly due to the timing of the completion of developments for accommodation based care and the original recurring revenue investment programme no longer in alignment for 2017/18. Within this overall position, a number of pressure areas continue to emerge which have been primarily met through funding for demographic pressures as part of additional social care investment, particularly for Older People's services. The financial position continues to reflect the impact of responding to the challenge of reducing delayed discharges through investment in additional capacity for care at home services and care home placements.

#### **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**

6.1 In preparing the Dundee City Integration Joint Board's 2017/18 revenue monitoring (to August 2017), the Chief Finance Officer considered the key strategic, operational and financial risks faced by the IJB for the 2017/18 financial year. In order to alleviate the impact these risks may have, should they occur, a number of general risk mitigation factors are utilised by the Integration Joint Board. These include the:-

- identified current integration funding set aside to meet any unforeseen expenditure
- system of perpetual detailed monthly monitoring enabling early identification of budget pressures and subsequent remedial work where required
- level of general fund balances available to meet unforeseen expenditure
- level of specific reserves (Integration and Transformation) to meet any unforeseen expenditure
- possibility of identifying further budget savings and efficiencies during the year
- specific underwriting of constituent bodies where overspends occur. The Integration Scheme outlines specific risk sharing arrangements whereby responsibility for meeting any shortfall lies with one of the constituent bodies.

6.2 The risks in 2017/18 revenue monitoring have now been assessed both in terms of the probability of whether they will occur and the severity of their impact on the Integration Joint Board should they indeed occur. These risks have been ranked as either zero, low, medium or high. Details of the risk assessment, together with other relevant information including any proposed actions taken by the Integration Joint Board to mitigate these risks, are included in Appendix 3 to this report. Given the actions identified to mitigate these risks these are deemed to be manageable.

## **7.0 CONSULTATIONS**

The Chief Officer and the Clerk were consulted in the preparation of this report.

## **8.0 BACKGROUND PAPERS**

None.

Dave Berry  
Chief Finance Officer

**DATE:** 6 October 2017

|   | Dundee City Council<br>Delegated Services           |             | NHST<br>Dundee Delegated Services                   |              | Partnership Total                                   |              |
|---|---|-------------|---|--------------|---|--------------|
|   | Projected<br>Overspend /<br>Net Budget (Underspend) |             | Projected<br>Overspend /<br>Net Budget (Underspend) |              | Projected<br>Overspend /<br>Net Budget (Underspend) |              |
|   | £,000   | £,000       | £,000   | £,000        | £,000   | £,000        |
| Older Peoples Services                          | 37,892  | 728         | 14,458  | -150         | 52,350  | 578          |
| Mental Health                                   | 4,489   | -292        | 3,386   | -50          | 7,875   | -342         |
| Learning Disability                             | 22,310  | 383         | 1,224   | -28          | 23,534  | 355          |
| Physical Disabilities                           | 6,684   | -797        | 0   | 0            | 6,684   | -797         |
| Substance Misuse                                | 801   | -143        | 2,405   | -145         | 3,206   | -288         |
| Community Nurse Services / AHP / Other Adult    | 421   | 58          | 11,485  | -221         | 11,906  | -163         |
| Hosted Services                                 | 0   | 0           | 17,907  | -282         | 17,907  | -282         |
| Other Dundee Services / Support / Mgmt          | 639   | -166        | 25,991  | -257         | 26,630  | -422         |
| Centrally Managed Budgets                       |   |             | -1,383  | 1,132        | -1,383  | 1,132        |
| <b>Total Health and Community Care Services</b> | <b>73,236</b>                                       | <b>-229</b> | <b>75,474</b>                                       | <b>0</b>     | <b>148,710</b>                                      | <b>-229</b>  |
| Prescribing (FHS)                               | 0   | 0           | 32,212  | 2,065        | 32,212  | 2,065        |
| Other FHS Prescribing                           | 0   | 0           | 707   | -84          | 707   | -84          |
| General Medical Services                        | 0   | 0           | 24,248  | -39          | 24,248  | -39          |
| FHS - Cash Limited & Non Cash Limited           | 0   | 0           | 17,120  | 11           | 17,120  | 11           |
| <b>Grand Total</b>                              | <b>73,236</b>                                       | <b>-229</b> | <b>149,761</b>                                      | <b>1,953</b> | <b>222,997</b>                                      | <b>1,724</b> |
| Hosted Services*                                |   |             | 5,480   | 89           | 5,480   | 89           |
| <b>Grand Total</b>                              | <b>73,236</b>                                       | <b>-229</b> | <b>155,241</b>                                      | <b>2,042</b> | <b>228,477</b>                                      | <b>1,813</b> |

\*Hosted Services - Net Impact of Risk Sharing  
Adjustment

## Dundee City Integration Joint Board – Health &amp; Social Care Partnership – Finance Report

|  | Dundee City Council<br>Delegated Services |                                | NHST Dundee<br>Delegated Services |                                | Partnership Total |                             |
|--|---|--------------------------------|-----------------------------------|--------------------------------|-------------------|-----------------------------|
|  | Annual<br>Budget                          | Projected<br>Over /<br>(Under) | Annual<br>Budget                  | Projected<br>Over /<br>(Under) | Annual<br>Budget  | Projected<br>Over / (Under) |
|  | £,000                                     | £,000                          | £,000                             | £,000                          | £,000             | £,000                       |
| Psychiatry Of Old Age (POA) (In Patient) |   |                                | 4,594                             | 135                            | 4,594             | 135                         |
| Older Peoples Services -Community        |   |                                | 501                               | (20)                           | 501               | (20)                        |
| Continuing Care                          |   |                                | 2,500                             | (425)                          | 2,500             | (425)                       |
| Medicine for the Elderly                 |   |                                | 3,625                             | 250                            | 3,625             | 250                         |
| Medical ( POA)                           |   |                                | 634                               | 20                             | 634               | 20                          |
| Psychiatry Of Old Age (POA) - Community  |   |                                | 1,660                             | (175)                          | 1,660             | (175)                       |
| Intermediate Care                        |   |                                | 944                               | 65                             | 944               | 65                          |
| Older People Services                    | 37,892                                    | 728                            |                                   |                                | 37,892            | 728                         |
| <b>Older Peoples Services</b>            | 37,892                                    | 728                            | 14,458                            | (150)                          | 52,350            | 578                         |
| General Adult Psychiatry                 |   |                                | 3,386                             | (50)                           | 3,386             | (50)                        |
| Mental Health Services                   | 4,489                                     | (292)                          |                                   |                                | 4,489             | (292)                       |
| <b>Mental Health</b>                     | 4,489                                     | (292)                          | 3,386                             | (50)                           | 7,875             | (342)                       |
| Learning Disability (Dundee)             | 22,310                                    | 383                            | 1,224                             | (28)                           | 23,534            | 355                         |
| <b>Learning Disability</b>               | 22,310                                    | 383                            | 1,224                             | (28)                           | 23,534            | 355                         |

|   | Dundee City Council<br>Delegated Services |                                | NHST Dundee<br>Delegated Services |                                | Partnership Total |                             |
|---|---|--------------------------------|-----------------------------------|--------------------------------|-------------------|-----------------------------|
|   | Annual<br>Budget                          | Projected<br>Over /<br>(Under) | Annual<br>Budget                  | Projected<br>Over /<br>(Under) | Annual<br>Budget  | Projected<br>Over / (Under) |
|   | £,000                                     | £,000                          | £,000                             | £,000                          | £,000             | £,000                       |
| Physical Disabilities   | 6,684                                     | (797)                          |                                   |                                | 6,684             | (797)                       |
| <b>Physical Disabilities</b>  | 6,684                                     | (797)                          | 0                                 | 0                              | 6,684             | (797)                       |
| Alcohol Problems Services   |   |                                | 483                               | (35)                           | 483               | (35)                        |
| Drug Problems Services  |   |                                | 1,922                             | (110)                          | 1,922             | (110)                       |
| Substance Misuse  | 801                                       | (143)                          |                                   |                                | 801               | (143)                       |
| <b>Substance Misuse</b>   | 801                                       | (143)                          | 2,405                             | (145)                          | 3,206             | (288)                       |
| A.H.P. Admin  |   |                                | 363                               | (24)                           | 363               | (24)                        |
| Physiotherapy   |   |                                | 3,265                             | (65)                           | 3,265             | (65)                        |
| Occupational Therapy  |   |                                | 1,378                             | (48)                           | 1,378             | (48)                        |
| Nursing Services (Adult)  |   |                                | 5,339                             | (80)                           | 5,339             | (80)                        |
| Community Supplies - Adult  |   |                                | 135                               | 10                             | 135               | 10                          |
| Anticoagulation   |   |                                | 368                               | (15)                           | 368               | (15)                        |
| Joint Community Loan Store  |   |                                | 371                               | 0                              | 371               | 0                           |
| Intake/Other Adult Services   | 421                                       | 58                             |                                   |                                | 421               | 58                          |
| <b>Community Nurse Services / AHP / Intake / Other<br/>Adult Services</b> | 421                                       | 58                             | 11,485                            | (221)                          | 11,906            | (163)                       |

|   | 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                    |
| Palliative Care – Dundee                      |  |                          | 2,481                          | 105                      | 2,481             | 105                      |
| Palliative Care – Medical                     |  |                          | 1,008                          | (17)                     | 1,008             | (17)                     |
| Palliative Care – Angus                       |  |                          | 315                            | 3                        | 315               | 3                        |
| Palliative Care – Perth                       |  |                          | 1,567                          | 105                      | 1,567             | 105                      |
| Brain Injury                                  |  |                          | 1,552                          | 84                       | 1,552             | 84                       |
| Dietetics (Tayside)                           |  |                          | 2,523                          | (113)                    | 2,523             | (113)                    |
| Sexual & Reproductive Health                  |  |                          | 1,991                          | 75                       | 1,991             | 75                       |
| Medical Advisory Service                      |  |                          | 151                            | (45)                     | 151               | (45)                     |
| Homeopathy                                    |  |                          | 26                             | 2                        | 26                | 2                        |
| Tayside Health Arts Trust                     |  |                          | 57                             | 0                        | 57                | 0                        |
| Psychology                                    |  |                          | 4,427                          | (473)                    | 4,427             | (473)                    |
| Eating Disorders                              |  |                          | 288                            | (3)                      | 288               | (3)                      |
| Psychotherapy (Tayside)                       |  |                          | 790                            | 30                       | 790               | 30                       |
| Learning Disability (Tayside AHP)             |  |                          | 732                            | (35)                     | 732               | (35)                     |
| <b>Hosted Services</b>                        | 0                                      | 0                        | 17,907                         | (282)                    | 17,907            | (282)                    |
| Working Health Services                       |  |                          | 0                              | 0                        | 0                 | 0                        |
| The Corner                                    |  |                          | 394                            | 3                        | 394               | 3                        |
| Resource Transfer                             |  |                          | 8,570                          | 0                        | 8,570             | 0                        |
| Grants Voluntary Bodies Dundee                |  |                          | 176                            | (20)                     | 176               | (20)                     |
| IJB Management                                |  |                          | 748                            | (13)                     | 748               | (13)                     |
| Partnership Funding                           |  |                          | 14,523                         | 0                        | 14,523            | 0                        |
| Carers Strategy                               |  |                          | 143                            | 0                        | 143               | 0                        |
| Public Health                                 |  |                          | 473                            | 16                       | 473               | 16                       |
| Keep Well                                     |  |                          | 425                            | (130)                    | 425               | (130)                    |
| Primary Care                                  |  |                          | 540                            | (113)                    | 540               | (113)                    |
| Support Services/Management Costs             | 639                                    | (166)                    |                                |                          | 639               | (166)                    |
| <b>Other Dundee Services / Support / Mgmt</b> | 639                                    | (166)                    | 25,991                         | (257)                    | 26,630            | (422)                    |
| Centrally Managed Budgets                     |  |                          | (1,383)                        | 1,132                    | (1,383)           | 1,132                    |



|  | <b>Dundee City Council<br/>Delegated Services</b> |   | <b>NHST Dundee<br/>Delegated Services</b> |   | <b>Partnership Total</b> |                                     |
|--|---|---|---|---|--------------------------|-------------------------------------|
|  | <b>Annual<br/>Budget</b>                          | <b>Projected<br/>Over /<br/>(Under)</b> | <b>Annual<br/>Budget</b>                  | <b>Projected<br/>Over /<br/>(Under)</b> | <b>Annual<br/>Budget</b> | <b>Projected<br/>Over / (Under)</b> |
|  | <b>£,000</b>                                      | <b>£,000</b>                            | <b>£,000</b>                              | <b>£,000</b>                            | <b>£,000</b>             | <b>£,000</b>                        |
| <b>Total Health and Community Care Services</b>                    | <b>73,236</b>                                     | <b>(229)</b>                            | <b>75,474</b>                             | <b>0</b>                                | <b>148,710</b>           | <b>(229)</b>                        |
| <b>Other Contractors</b>   |   |   |   |   |                          |                                     |
| Prescribing (FHS)  |   |   | 32,212                                    | 2,065                                   | 32,212                   | 2,065                               |
| Other FHS Prescribing  |   |   | 707                                       | (84)                                    | 707                      | (84)                                |
| General Medical Services   |   |   | 24,248                                    | (39)                                    | 24,248                   | (39)                                |
| FHS - Cash Limited & Non Cash Limited                              |   |   | 17,120                                    | 11                                      | 17,120                   | 11                                  |
| <b>Grand Total H&amp;SCP</b>                                       | <b>73,236</b>                                     | <b>(229)</b>                            | <b>149,761</b>                            | <b>1,953</b>                            | <b>222,997</b>           | <b>1,724</b>                        |
| Hosted Recharges Out   |   |   | (10,489)                                  | (192)                                   | (10,489)                 | (192)                               |
| Hosted Recharges In  |   |   | 15,969                                    | 281                                     | 15,969                   | 281                                 |
| <b>Hosted Services - Net Impact of Risk Sharing<br/>Adjustment</b> |   |   | <b>5,480</b>                              | <b>89</b>                               | <b>5,480</b>             | <b>89</b>                           |
| <b>Large Hospital Set Aside</b>                                    |   |   | <b>21,000</b>                             | <b>0</b>                                | <b>21,000</b>            | <b>0</b>                            |

## Risk Assessment

| Risks – Revenue Monitoring  | Assessment* |         | Risk Management / Comment   |
|---|-------------|---------|---|
|   | Original    | Revised |   |
| <b>General Inflation</b> – General price inflation may be greater than anticipated  | (3/2)       | (3/2)   | Procurement strategy in place, including access to nationally tendered contracts for goods and services. In addition, fixed price contracts agreed for major commodities i.e. gas and electricity.  |
| <b>Savings</b> – Failure to achieve agreed level of savings and efficiencies  | (2/2)       | (2/2)   | General risk mitigation factors (reference section 6) in particular, regular monitoring will ensure savings targets are met.  |
| <b>Emerging Cost Pressures</b> – The possibility of new cost pressures or responsibilities emerging during the course of the financial year.  | (2/2)       | (2/2)   | General risk mitigation factors (reference section 6) in particular, regular monitoring to ensure shortfalls are identified as early as possible and corrective action can be taken as necessary.   |
| <b>Chargeable Income</b> – The uncertainty that the level of chargeable income budgeted will be received.   | (3/3)       | (3/3)   | General risk mitigation factors (reference section 6) in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary.                              |
| <b>Demographic Changes</b> – This can lead to increased demand both in a client sense and in the contents of clients' packages. This is particularly relevant in cases where needs lead to expensive packages.      | (3/2)       | (3/2)   | General risk mitigation factors (reference section 6), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary.                             |
| <b>Specific Pressures</b> – These include specific areas where overspends are expected. GP Prescribing; net impact of hosted services; and Family Health Services have indicated an overspend position for 2017/18. | (4/4)       | (4/4)   | These overspends are subject to the risk sharing arrangement outlined in the Integration Scheme whereby responsibility for meeting the shortfall in resources remains with NHS Tayside as noted in Dundee IJB's Budget Report agreed in June 2017 |

\*Scoring recorded (Impact/Likelihood)