



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
21 AUGUST 2024

REPORT ON: DUNDEE IJB RESERVES INVESTMENT STRATEGY

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB45-2024

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update to the Reserves Investment Strategy for Dundee Integration Joint Board to ensure the IJB is in a position to utilise all available resources it has to maximum effect to support the delivery of the strategic priorities set out within the Strategic and Commissioning Plan.

2.0 RECOMMENDATIONS

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

- 2.1 Notes the update regarding the IJB Reserves Investment Strategy as set out in this report.
- 2.2 Approves the proposed realignment of £2m from General Reserves to Transformation Funding Reserve, as set out in section 4.1.8.

3.0 FINANCIAL IMPLICATIONS

3.1 The financial implications of this strategy are set out within the main body of the report.

4.0 MAIN TEXT

4.1 Background

4.1.1 The IJB approved its original reserves strategy back in 2017 (Article VIII of the minute of the 25th April 2017 refers) as part of the early governance framework being put in place and prior to any real understanding of how reserves would be generated and utilised given the infancy of health and social care integration at that time. The reserves strategy states that the IJB should aspire to hold reserves to the value of around 2% of its annual operating budget to provide flexibility and support financial sustainability. Since then, the IJB has been in a position of holding reserves at around the 2% value in the early years of integration before seeing reserves depleted due to various financial challenges prior to the Covid19 pandemic.

4.1.2 An updated Reserves Strategy report was approved by the IJB in 2022 (Article XIV of the minute of 14th December 2022). This report highlighted the fluctuating Reserves position held by the IJB during the intervening years as well as agreeing to adopt a Reserves Investment Strategy to ensure the IJB is in a position to utilise all available resources it has to maximum effect to support the delivery of the strategic priorities.

4.1.3 A summary of the current Reserves balances, as at 31st March 2024, is noted in Table 1, along with the comparable balances held in previous years.

Table 1

Reserve Purpose	Closing Reserves @ 31/3/20	Closing Reserves @ 31/3/21	Closing Reserves @ 31/3/22 (restated)	Closing Reserves @ 31/3/23	Closing Reserves @ 31/3/24
	£k	£k	£k	£k	£k
Mental Health	36	527	1,825	635	1,036
Primary Care	176	2,424	5,277	1,535	1,859
Community Living Fund	0	613	613	613	0
NHST - Shifting Balance of Care	0	1,600	1,600	1,600	0
Drug & Alcohol	280	358	1,220	925	559
Covid-19	0	6,084	15,595	0	0
Strategic Developments	0	0	2,500	2,500	1,756
Revenue Budget Support	0	0	3,000	3,000	4,000
Interim Care	0	0	893	0	0
Service Specific	0	129	2,823	1,995	1,452
Other Staffing	0	0	394	377	362
Total committed	492	11,735	35,740	13,179	11,024
General	0	2,094	3,258	10,789	6,789
TOTAL RESERVES	492	13,829	38,998	23,968	17,813

4.1.4 Given the level of reserves held by IJB's for specific government initiatives, the Scottish Government has continued to take an approach in each financial year to ensure these are utilised by IJB's before drawing down the further in-year funding allocations for these purposes. This will have the effect of the majority of the Scottish Government element of reserves for Mental Health, Primary Care and ADP being reduced significantly by the end of the 2034/24 financial year.

4.1.5 The Integration Joint Board's Integration Scheme outlines the financial arrangements agreed by Dundee City Council and NHS Tayside should the occasion arise that an overspend is projected within the IJB's delegated budget during the financial year. The arrangements are as follows:

9.18 *Where an unplanned year end overspend in the Integration Joint Board's budget is projected in respect of the Integrated Services for which the Chief Officer has Operational Management responsibility, the Chief Officer and the Chief Finance Officer must present a recovery plan to the Integration Joint Board and the Parties to address in year overspends and any recurring overspends for future financial years. If a projected overspend relates to Integrated Services operationally managed by the Chief Officer Acute Services or the Executive Lead for Mental Health and Learning Disability then they must present a recovery plan to the Integration Joint Board to address in year overspends and any recurring overspends in future years.*

9.19 *In the event that the recovery plan is unsuccessful, and an overspend is evident at the year end, uncommitted reserves held by the Integration Joint Board would firstly be used to address any overspend. If, after the application of reserves, there remains a forecast overspend, a revised Strategic Plan must be developed to enable the overspend to be managed in subsequent years.*

9.20 *In the event that an overspend is evident following the application of a recovery plan, use of reserves or where the Strategic Plan cannot be adjusted, the overspend will be shared in proportion to the spending Direction for each Party for that financial year, adjusting these spending directions to ensure the Parties budgets are on a like for like basis. Where the parties make additional payments to cover an overspend then the Parties will discuss whether recovery*

of those additional payments in future years from the Integration Joint Board should be pursued. In the event that the Parties agree that the recovery of additional payments is to be pursued this will be over a maximum period of 3 years on a basis and repayment profile to be agreed between the Parties, in consultation with the Integration Joint Board. Consideration of whether to recover additional payments made by the Parties will be informed by an assessment of the reasons for these payments and the implications for the Parties and Integration Joint Board of doing so.

The inclusion of a potential recovery of additional payments made by the partner bodies to the Integration Joint Board is a new provision in the revised scheme.

- 4.1.6 Given the current significant financial challenges and demand pressures facing IJB's (and the wider public sector), it is imperative that the IJB ensures it continues to hold a sustainable level of reserves to manage unexpected demands but also has the opportunity to consider utilising Reserves in a planned way to support transformation and strategic developments.
- 4.1.7 A Transformation Funding reserve of £1m was previously created within the Committed Reserves balances to support services to identify, develop and implement transformational change. To date a proposal to utilise £92k of this has been approved (DIJB23-2024, Strategic Shift to Advanced Nurse Practitioner Led Frailty Pathway). Further requests are being considered during the August IJB meeting, with other proposals under development and expected to be presented to future meetings.
- 4.1.8 To allow sufficient flexibility and capacity within the IJB's Transformation Funding Reserve, it is proposed that a further £2m be realigned from General Reserves to this Committed Reserve.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that the IJB is unable to utilise its reserves effectively and for the full benefit of meeting the IJB's Strategic Priorities.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 4 = 16 (Extreme)
Mitigating Actions (including timescales and resources)	Development of reserve strategy Development of transformation programmes to ensure future financial sustainability of the IJB
Residual Risk Level	Likelihood 2 x Impact 4 = 8 (High)
Planned Risk Level	Likelihood 2 x Impact 4 = 8 (High)
Approval recommendation	Although the risk levels remain high, given the range of interventions identified the risk is manageable

7.0 CONSULTATIONS

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

8.0 DIRECTIONS

- 8.1 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

9.1 None.

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DATE: 25 July 2024