



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

REPORT ON: FINANCIAL MONITORING POSITION AS AT DECEMBER 2023

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB5-2024

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 year-end financial position for delegated health and social care services for 2023/24.

2.0 RECOMMENDATIONS

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

- 2.1 Notes the content of this report including the overall projected financial position for delegated services for the 2023/24 financial year end as at 31st December 2023 as outlined in Appendices 1, 2, and 3 of this report.
- 2.2 Notes steps continue to be taken by Officers to consider options and opportunities to improve the financial position during the remainder of 2023/24 as part of the Financial Recovery Plan process, as outlined in section 4.7 of this report.
- 2.3 Approves the release of earmarked reserves totalling £1.6m to support the overall financial position for In Patient Mental Health Services in Tayside as outlined in section 4.3.9 of this report.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The projected financial position for Dundee Health and Social Care Partnership for the financial year to 31st March 2024 shows a net operational overspend of £4,780k – an improvement from the previously reported position of projected operational overspend of £6,608k Article XIII of the minute of meeting of this Committee of 13th December 2023 refers (DIJB67-2023).
- 3.2 This projected overspend continues to exceeds the parameters of the IJB’s approved 2023/24 financial plan, whereby up to £3m of IJB reserves have been identified to support the IJB’s financial position at the year end. The projected position also recognises anticipated winter demand pressures, which should result in the ability to access up to £1m of reserves identified to support winter pressures.

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's final budget for delegated services was approved at the meeting of the IJB held on the 29th March 2023 (Article IV of the minute of the meeting of 29 March refers). This set out the cost pressures and funding available with a corresponding savings plan to ensure the IJB had a balanced budget position going into the 2023/24 financial year. An updated assessment of the status of the savings plan is set out in Appendix 4 of this report.

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 (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 The financial position for services delegated from NHS Tayside to the IJB details a projected underspend of (£1,660k) for the financial year.

4.3.2 Community-based health services managed directly by Dundee Health and Social Care Partnership are projected to underspend by (£1,304k) along with the additional cost of risk sharing adjustments for Lead Partner Service (formerly referred to as Hosted Services) projected to overspend of £501k. Prescribing is showing a projected underspend of (£904k) with other Primary Care services projected to be overspent by £47k.

4.3.3 Key drivers of underspends across various services continued to be staffing vacancies, with ongoing challenges of recruitment and retention of staff. This is similar across a number of medical, nursing, Allied Health Professionals (AHPs) and other staffing groups and across various bands and skills-mix.

4.3.4 Key drivers of overspends are mainly as a result of reliance on bank, agency or locum staff (with premium cost implications) to fill vacancies or cover due to staff sickness where patient acuity and / or safe-staffing levels necessitate the use of these additional staff (this is particularly noted in in-patient service areas, i.e. Psychiatry of Old Age, Medicine for the Elderly and Palliative Care), plus the increased cost of prescribed drug costs in drug and alcohol recovery services.

4.3.5 Supplementary spend during the first 9 months of 2023/24 totals £4.86m. This includes £539k on additional part-time hours and overtime, £674k on medical locums, £275k on agency nursing, £3,112k on bank nursing and £261k other. Absence rates for NHS employed staff within HSCP have averaged at 6.63% during the first 9 months of 23/24.

4.3.6 In recent years, GP and Other Family Health Services Prescribing had contributed an underspend to the overall financial position. The projected position for 2023/24 is now showing an overspend of £641k. The latest figures continue to be better than expected in the 2023/24 Financial Plan (as reported in the Budget Setting report of 29 March 2023 where a cost pressure of £1,545k is anticipated and acknowledged in the Plan) due to volume and pricing growth being lower than anticipated. Ongoing regular monitoring of the local and regional Prescribing financial position is undertaken within multi-disciplinary meetings. Nationally, it is recognised that prices have also been impacted by short supply for certain items with price premiums required to meet wholesale cost increases, and this continues to cause some fluctuations and uncertainty. The IJB should note that the data issues following the transition to a new national pharmacy payment system from which the local prescribing expenditure information is drawn is improving, with the figures now including 6 months of actual verified prescribing spend for 2023/24 available. It is normal for data to be received 2 months in arrears to allow for national review and verification, however the data received for 2023/24 is currently 3 months in arrears.

4.3.7 Other Primary Care Service projected overspend is mainly driven by the share of cost pressure relating to GP 2C practices.

- 4.3.8 Members of the IJB will be aware that Angus and Perth and Kinross IJBs provide Lead Partner (formerly referred to as Hosted Services) arrangements for some services on behalf of Dundee IJB and a number of services are led 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 Lead 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. More detail of the recharges from Angus and Perth and Kinross IJBs to Dundee IJB are noted in Appendix 3. This shows net impact of these adjustments to Dundee being an increased cost implication of £501k which mainly relates to a significantly higher spend within GP Out of Hours Medical Service led by Angus IJB. The Out of Hours overspend is as a direct result of changes to the patient pathway now embedded in the service model following Covid-19 pandemic. Work continues within the service to develop a financial recovery plan and future sustainable service delivery model.
- 4.3.9 Members will also be aware that In-Patient Mental Health services are also a delegated function to Tayside IJB's, having previously been hosted by Perth & Kinross IJB. In early 2020/21, the operational management of these services was returned to NHS Tayside, however under health and social care integration legislation the strategic planning of these services remains delegated to the 3 Tayside Integration Joint Boards. Currently, there is no budget delegated to the IJBs for 2023/24 and the service is projecting an overspend of around £5.6m across Tayside. However given the IJB's have strategic planning responsibility for the services, there is a requirement to show a delegated budget and spend position in the IJB's annual accounts. Given the unusual governance position around In-Patient Mental Health Services whereby there is a separation between strategic planning and operational delivery of the service, discussions have been ongoing to agree financial risk sharing arrangements amongst the 3 IJB's and NHS Tayside for the current financial year. Agreement has been reached by the 3 IJB Chief Officers, Chief Finance Officers, Chief Executives of the 3 local authorities and NHS Tayside and NHS Tayside's Director of Finance for a funding solution for 2023/24 resulting in a financial contribution being sought from the 3 IJB's and NHS Tayside. This would require the permission of the IJB to release funding held in reserves, originally provided by NHS Tayside to support shifting the balance of care, totalling £1.6m, to contribute to the overall service shortfall.
- 4.3.10 This funding will support the financial stabilisation of the service in 2023/24 as work progresses to develop a deliverable financial recovery plan and future financial framework over 2024/25 and beyond, reflecting a shift in the balance of care from in patient services to community based provision. A potential additional funding commitment of around £125k may also be required should In Patient Mental Health Services be unable to reduce spend over the remainder of the financial year. This will be reflected in the year end financial position.

4.4 Services Delegated from Dundee City Council

- 4.4.1 The projected financial outturn for services delegated from Dundee City Council to the IJB shows an overspend of £3,440k for the financial year.
- 4.4.2 A key driver of underspending areas continues to be from vacancies as a result of recruitment and retention challenges across various teams, professions and grades.
- 4.4.3 Key drivers of overspend include ongoing lower chargeable income levels and premium cost of sessional and agency staff to fill vacant posts where necessary. During the first 9 months of 23/24, sessional staffing costs of £823k and overtime payments of £360k have been incurred along with agency staffing costs of £941k
- 4.4.4 Following agreement on 23/24 Pay Award for Council-employed staff, an increased cost pressure of £1,072k was incorporated into projected spend reflecting the increase from original provision of 4% pay award to a weighted-average 6.8% pay award. It was also assumed this additional 2.8% is unfunded with the additional cost pressure required to be managed within existing IJB funding streams. However following discussions with Dundee City Council finance colleagues, a share of additional Scottish Government funding has been confirmed to mainly cover this increased cost resulting in the significant improvement in the latest financial projection.

4.4.5 The additional cost pressure has been previously noted within external Care at Home spend, principally due to managing the significant increased demand growth being experienced this year. This position continues to be closely monitored to ensure funding is utilised as efficiently and effectively as possible.

4.4.6 However it should be noted that as a result of managing this increased demand, there are benefits for patients and service users as well as the whole-system health and social care pathways through reduced hospital delayed discharges and reduced social care unmet need in the community.

4.5 Reserves funding to manage recognised gap

4.5.1 The 2023/24 Financial Plans and Budget setting report also includes utilisation of up to £3m of IJB Reserves to manage the gap within the integrated position. This means that the IJB's financial position was planned as an overspend of £3m for 2023/24. The current projected operational overspend is therefore higher than originally anticipated.

4.5.2 In addition, further £1m was set aside to support winter planning and pressures. The current projected position includes some additional costs to support winter preparations as well as assumptions that spend will be proportionately higher during the second half of the year, therefore it is likely that this Reserves funding will be utilised and drawn down to partially offset the projected overspend position.

4.5.3 The remaining projected overspend (£0.780m) is currently not earmarked against any identified Reserve and this shortfall would likely be covered from General Reserves at year end should further financial management interventions not successfully reduce the projected deficit.

4.6 Reserves Position

4.6.1 The IJB's reserves position significantly improved at the year ended 31st March 2023 as a result of the IJB generating an operational surplus of £7,531k during 2022/23. This resulted in the IJB having total committed reserves of £13,179k and uncommitted reserves of £10,789k at the start of 2023/24 financial year. This provided the IJB with more flexibility to respond to unexpected financial challenges and provides the opportunity for transition funding for transformation of services. The reserves position is noted in Table 2 below:

Table 2

Reserve Purpose	Closing Reserves @ 31/3/23	Indicative Year End 23/24 Reserves
	£k	£k
Mental Health	635	0
Primary Care	1,535	1,040
Community Living Fund	613	0
NHST - Shifting Balance of Care	1,600	1,600
Drug & Alcohol	925	350
Strategic Developments	2,500	1,500
Revenue Budget Support	3,000	0
Service Specific	1,995	1,246
Other Staffing	377	250
Total committed	13,179	5,986
General	10,789	10,009
TOTAL RESERVES	23,968	15,995

- 4.6.2 Scottish Government funding in relation to Primary Care Improvement Fund, Mental Health Strategy Action 15 Workforce and Alcohol and Drugs Partnerships can only be spent on these areas and reserve balances have been taken into consideration for these funds by the Scottish Government when releasing further in-year funding.
- 4.6.3 Based on spend patterns and known plans during 2023/24 and combined with in-year funding allocations, indicative year end reserves are also noted in Table 2. The projected figures include the expectation that £0.780m will require to be drawn from General Reserves along with £3.0m from Revenue Budget Support and £1.0m from Strategic Developments (Winter Planning support).
- 4.6.4 The IJB's Reserves Policy seeks to retain General Reserves of 2% of budget (approximately £6.2m)

4.7 Financial Recovery Plan

- 4.7.1 As noted in the previous Financial Monitoring Report (DIJB67-2023), a financial recovery plan was to be developed for consideration by the IJB. The latest monitoring shows a considerable improvement in the projected financial position, with the key reasons and movements outlined within this report. The current figures indicate the gap and therefore resulting reliance on general reserves is reduced to £0.78m. In terms of additional actions being undertaken for the remainder of the financial year, the following will continue to be applied to reduce spend.
 - Officers continue to review all areas of spend across the delegated budgets with the aim of minimising the overall projected overspend position.
 - Partnership organisations have recently introduced enhanced recruitment controls, and these processes will also be incorporated into internal Health and Social Care recruitment procedures where applicable.
 - Discretionary spend continues to be monitored and managed to ensure that only essential expenditure is incurred.

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 significant risk that the IJB is unable to deliver a balanced budget over the financial year.
Risk Category	Financial
Inherent Risk Level	Likelihood 2 x Impact 4 = Risk Scoring 8 (which is a High Risk Level)
Mitigating Actions (including timescales and resources)	Regular financial monitoring reports to the IJB will highlight issues raised.
Residual Risk Level	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
Planned Risk Level	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
Approval recommendation	While the inherent risk levels are high, the impact of the planned actions reduce the risk and therefore the risk should be accepted.

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.

Dave Berry
Chief Finance Officer

Date: 25th January 2024

Christine Jones
Partnership Finance Manager

DUNDEE INTEGRATED JOINT BOARD - HEALTH & SOCIAL CARE PARTNERSHIP - FINANCE REPORT 2023/24

Dec-23

	Dundee City Council Delegated Services		NHST Dundee Delegated		Partnership Total	
	Net Budget	Projected Overspend / (Underspend)	Net Budget	Projected Overspend / (Underspend)	Net Budget	Projected Overspend / (Underspend)
	£,000	£,000	£,000	£,000	£,000	£,000
Older Peoples Services	52,443	2,174	19,831	328	72,274	2,502
Mental Health	7,700	175	4,877	(225)	12,577	(50)
Learning Disability	32,474	1,022	1,628	(98)	34,102	925
Physical Disabilities	8,154	(157)	0	0	8,154	(157)
Drug and Alcohol Recovery Service	1,383	(60)	4,679	250	6,062	190
Community Nurse Services/AHP/Other Adult	-109	(130)	18,518	86	18,409	(44)
Lead Partner Services			26,276	(182)	26,276	(182)
Other Dundee Services / Support / Mgmt	4,313	415	32,570	(365)	36,884	50
Centrally Managed Budgets			1,833	(1,097)	1,833	(1,097)
Total Health and Community Care Services	106,359	3,440	110,212	(1,304)	216,570	2,136
Prescribing (FHS)			34,400	670	34,400	670
FHS Drugs Prescribing Cost Pressure Investment			1,545	(1,545)	1,545	(1,545)
Other FHS Prescribing			-856	(29)	(856)	(29)
General Medical Services			30,567	81	30,567	81
FHS - Cash Limited & Non Cash Limited			23,824	(34)	23,824	(34)
Large Hospital Set Aside			20,776	0	20,776	0
Total	106,359	3,440	220,468	(2,161)	326,827	1,279
Net Effect of Lead Partner Services*			(5,083)	501	(5,083)	501
Financial Plan Gap (integrated budget)					(3,000)	3,000
Grand Total	106,359	3,440	215,385	(1,660)	318,744	4,780

*Lead Partner Services (formerly known as 'Hosted Services') - Net Impact of Risk Sharing Adjustment

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DUNDEE INTEGRATED JOINT BOARD - HEALTH & SOCIAL CARE PARTNERSHIP - FINANCE REPORT 2023/24

Dec-23

	Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partnership Total	
	Annual Budget £,000	Projected Overspend / (Underspend) £,000	Annual Budget £,000	Projected Overspend / (Underspend) £,000	Annual Budget £,000	Projected Overspend / (Underspend) £,000
1						
Psych Of Old Age (In Pat)			5,523	145	5,523	145
Older People Serv. - Ecs			284	-30	284	-30
Older Peoples Serv. -Community			1,137	-153	1,137	-153
Ijb Medicine for Elderly			6,743	315	6,743	315
Medical (P.O.A)			821	325	821	325
Psy Of Old Age - Community			2,865	-160	2,865	-160
Medical (MFE)			2,459	-115	2,459	-115
Care at Home	24,172	3,677			24,172	3,677
Care Homes	29,619	-245			29,619	-245
Day Services	1,220	47			1,220	47
Respite	751	-255			751	-255
Accommodation with Support	1,125	-10			1,125	-10
Other	-4,444	-1,040			-4,444	-1,040
Older Peoples Services	52,443	2,174	19,831	328	72,274	2,502
2						
Community Mental Health Team			4,877	-225	4,877	-225
Care at Home	925	-223			925	-223
Care Homes	587	358			587	358
Day Services	65	-8			65	-8
Respite	-3	55			-3	55
Accommodation with Support	5,340	243			5,340	243
Other	787	-250			787	-250
Mental Health	7,700	175	4,877	-225	12,577	-50
3						
Learning Disability (Dundee)			1,628	-98	1,628	-98
Care at Home	-387	409			-387	409
Care Homes	3,074	116			3,074	116
Day Services	8,149	496			8,149	496
Respite	1,999	-53			1,999	-53
Accommodation with Support	22,289	-324			22,289	-324
Other	-2,649	377			-2,649	377
Learning Disability	32,474	1,022	1,628	-98	34,102	925
4						
Care at Home	733	-8			733	-8
Care Homes	2,119	-379			2,119	-379
Day Services	1,472	-79			1,472	-79
Respite	-30	-19			-30	-19
Accommodation with Support	767	177			767	177
Other	3,094	151			3,094	151
Physical Disabilities	8,154	-157	0	0	8,154	-157
5						
Dundee Drug Alcohol Recovery			4,679	250	4,679	250
Care at Home	0	0			0	0
Care Homes	277	235			277	235
Day Services	64	1			64	1
Respite	0	0			0	0
Accommodation with Support	401	-139			401	-139
Other	641	-157			641	-157
Drug and Alcohol Recovery Service	1,383	-60	4,679	250	6,062	190

	Dundee City Council Delegated Services		NHST Dundee Delegated Services		Partnership Total	
	Annual Budget £,000	Projected Overspend / (Underspend) £,000	Annual Budget £,000	Projected Overspend / (Underspend) £,000	Annual Budget £,000	Projected Overspend / (Underspend) £,000
6						
A.H.P.S Admin			524	1	524	1
Physio + Occupational Therapy			7,638	-115	7,638	-115
Nursing Services (Adult)			9,528	130	9,528	130
Community Supplies - Adult			344	60	344	60
Anticoagulation			483	10	483	10
Other Adult Services	-109	-130			-109	-130
Adult Services	-109	-130	18,518	86	18,409	-44
7						
Palliative Care - Dundee			3,637	218	3,637	218
Palliative Care - Medical			1,667	130	1,667	130
Palliative Care - Angus			444	4	444	4
Palliative Care - Perth			2,070	-45	2,070	-45
Brain Injury			2,048	75	2,048	75
Dietetics (Tayside)			4,013	110	4,013	110
Sexual & Reproductive Health			2,558	-120	2,558	-120
Medical Advisory Service			80	-10	80	-10
Homeopathy			39	11	39	11
Tayside Health Arts Trust			82	0	82	0
Psychological Therapies			6,826	-75	6,826	-75
Psychotherapy (Tayside)			1,302	-230	1,302	-230
Perinatal Infant Mental Health			576	0	576	0
Learning Disability (Tay Ahp)			933	-250	933	-250
Lead Partner Services	0	0	26,276	-182	26,276	-182
8						
Working Health Services			1	50	1	50
The Corner			657	-65	657	-65
Dundee 2c (gms) Services			482	280	482	280
Ijb Management			806	-85	806	-85
Partnership Funding			26,078	0	26,078	0
Urgent Care			2,033	-60	2,033	-60
Community Health Team			224	-55	224	-55
Health Inclusion			1,397	-385	1,397	-385
Primary Care			892	-45	892	-45
Support Services / Management Costs	4,313	415			4,313	415
Other Dundee Services / Support / Mgmt	4,313	415	32,570	-365	36,884	50
Centrally Managed Budget			1,833	-1,097	1,833	-1,097
Total Health and Community Care Services	106,359	3,440	110,212	-1,304	216,570	2,136
Other Contractors						
FHS Drugs Prescribing			34,400	670	34,400	670
FHS Drugs Prescribing Cost Pressure Investment			1,545	-1,545	1,545	-1,545
Other FHS Prescribing			-856	-29	-856	-29
General Medical Services			30,567	81	30,567	81
FHS - Cash Limited & Non Cash Limited			23,824	-34	23,824	-34
Large Hospital Set Aside			20,776	0	20,776	0
Grand H&SCP	106,359	3,440	220,468	-2,161	326,827	1,279
Lead Partner Services Recharges Out			-16,133	259	-16,133	259
Lead Partner Services Recharges In			10,950	342	10,950	342
Hosted Recharge Cost Pressure Investment			100	-100	100	-100
Adjustment			-5,083	501	-5,083	501
Financial Plan Gap (integrated budget)					-3,000	3,000
Grand Total	106,359	3,440	215,385	-1,660	318,744	4,780

NHS Tayside - Lead Partner Services Hosted by Integrated Joint Boards			Appendix 3
Recharge to Dundee IJB			
Risk Sharing Agreement - December 2023			
	Annual Budget £000s	Forecast Over / (Underspend) £000s	Dundee Share of Variance £000s
Lead Partner Services - Angus			
Forensic Service	1,160	129	51
Out of Hours	9,179	1,491	587
Tayside Continence Service	1,552	245	97
Locality Pharmacy	3,044	0	0
Speech Therapy (Tayside)	1,449	0	0
Sub-total	16,384	1,864	734
Apprenticeship Levy & Balance of Savings Target	107	(47)	(19)
Total Lead Partner Services - Angus	16,491	1,817	716
Lead Partner Services - Perth & Kinross			
Prison Health Services	4,888	(102)	(40)
Public Dental Service	2,671	(479)	(189)
Podiatry (Tayside)	3,695	(409)	(161)
Sub-total	11,254	(989)	(390)
Apprenticeship Levy & Balance of Savings Target	48	39	16
Total Lead Partner Services - Perth&Kinross	11,301	(950)	(374)
Total Lead Partner Services from Angus and P&K	10,950		342

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Dundee IJB - Budget Savings List 2023-24			Appendix 4
Agreed Savings Programme			
Savings / Initiative	2023/24 Value £000	Risk of non-delivery	
Recurring Proposals			
1)	Dundee City Council Review of Charges – Additional Income	287	Medium
2)	Remove 2022/23 Budget Contingency	300	Low
3)	Reduce Service Budgets for Supplies and Services and Transport Costs	300	Low
4)	Impact of National Insurance Increase Policy Change	550	Low
	Total Recurring Savings / Initiatives	1,437	
Non-Recurring Proposals			
5)	Utilisation of IJB Reserves – Previously Agreed by IJB	2,500	Low
6)	Proposed Further Utilisation of Reserves	500	Low
7)	Management of natural staff turnover	700	Low
	Total Non Recurring Savings / Initiatives	3,700	
	Total Savings / Initiatives	5,137	

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