

REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
26 FEBRUARY 2019

REPORT ON: FINANCIAL MONITORING POSITION AS AT DECEMBER 2018

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB7-2019

1.0 PURPOSE OF REPORT

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 2018/19.

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 to the 2018/19 financial year end as at 31 December 2018 as outlined in Appendices 1 and 2 of this report.
- 2.2 Approves the use of historical legacy funding as a key element of the IJB's financial recovery plan as set out in section 4.1.5 of this report in order to deliver the net projected financial position reflected in the report

3.0 FINANCIAL IMPLICATIONS

- 3.1 The financial monitoring position for Dundee Health and Social Care Partnership based on expenditure to 31 Dec 2018 shows a net projected overspend position of £166k after implementing a financial recovery plan through the use of legacy funding and through effecting the planned draw down of reserves to support the 2018/19 financial position as agreed by the IJB as part of the budget setting process. This position is an improvement from the previously reported overspend of £1,681k. Despite the reduction in the net projected overspend, a number of financial pressure areas remain, primarily in relation to GP prescribing (+£504k) and the net impact of hosted services (+£714k).

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 set out its final budget for delegated services at its meeting of the 28 August 2018 following receipt of confirmation of NHS Tayside's budget (Article XIII of the minute refers). Within this report, the risks around the prescribing budget were reiterated after being formally noted in the initial budget report presented to a special meeting of the IJB held on 30 March 2018 (Article V of the minute refers) in addition to Report DIJB41-2018 (Dundee Prescribing Management Position) considered by the IJB at its meeting held on 27 June 2018 (Article X of the minute refers).

- 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.
- 4.1.4 Under the terms of the Integration Scheme, the risk sharing arrangements in relation to any residual overspends incurred by the end of the financial year will be met proportionately by the Council and NHS Tayside. Both parties have been advised of the partnership's financial position throughout the financial year and given the scale of previous months projected overspends, the parties have requested a financial recovery plan.
- 4.1.5 In response to the request to the financial recovery plan, officers from the partnership have continued to exercise scrutiny over expenditure areas, including a risk based approach to vacancy management which has reduced particular pressure areas. In addition, NHS Tayside passed over a range of historical legacy funds during the financial year which had been held on behalf of the IJB. These included historic change funding streams and while some of this funding came with in-year commitments, including decisions the IJB had previously made, much of the funding remains uncommitted. It is recommended that the IJB agrees to the use of these remaining resources of £1,018k to contribute to the associated overspend areas within the 2018/19 revenue budget. The funding streams and commitments are set out below:

LEGACY FUNDING	Funding Value £	Already Committed £	Residual Value £
Change Funding	1,062,000	(462,000)	600,000
ADP Funding	378,000	(255,000)	123,000
Mental Health Innovation Funding	158,000	(124,000)	34,000
Primary Care Transformation Funding	395,000	(133,900)	261,100
Palliative Care Funding	44,000	(44,000)	0
Trauma Improvement Funding	111,000	(111,000)	0
Total	2,148,000	(1,129,900)	1,018,100

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 The financial projection for services delegated from NHS Tayside to the IJB indicates a projected overspend of around £166k by the end of the financial year after the applying the unspent legacy funding as set out in section 4.1.5 above. Of the overspend £714k relates to the net effect of hosted services risk sharing arrangements with a further £1k in relation to General Medical /Family Health services. GP prescribing is £504k overspent while community based health services managed directly by Dundee Health and Social Care Partnership is projected to be underspend by approximately £2k.
- 4.3.2 Service underspends are reported within Allied Health Professionals (£389k), Community Mental Health (£90k), Keep Well (£160k) and hosted services such as Psychology (£536k) and Dietetics (£215k) mainly as a result of staff vacancies.

- 4.3.3 Staff cost pressures continue to exist in a number of other services such as the Medicine for the Elderly (+£655k), Palliative Care (+£164k) and Community Nursing Services (+95k). Additional staffing pressures have contributed to the adverse position within these services through ensuring safe staffing levels in accordance with the National Nursing and Midwifery workload tools requirements.
- 4.3.4 The Family Health Services prescribing budget currently projects a shortfall totalling £504k based on the expenditure trends to date and the impact of a range of interventions as part of the Tayside wide Prescribing Management Group's action plan as noted in the Dundee Prescribing Management Position report presented to the June 2018 IJB meeting (Report DIJB41-2018). This is a significantly improved position from the previous financial monitoring report of October 2018 where an overspend of £914k was anticipated.
- 4.3.5 Members of the IJB will also be aware that Angus and Perth and 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. More detail of the recharges from Angus and Perth and Kinross IJBs to Dundee IJB are noted in Appendix 3. This shows net overspends to the value of £803k being recharged with the net impact of hosted services to Dundee being an overspend of £714k.
- 4.3.6 As with 2017/18, the financial position of Dundee City IJB continues to be impacted upon by the significant overspend in the Mental Health Inpatient service which is hosted by Perth & Kinross IJB. Perth and Kinross IJB has continued to utilise cost pressure funding and apply other interventions to reduce the overspend position in respect of this service provision. However the latest projection from Perth and Kinross shows Dundee's share of this overspend increased slightly from the £576k previously reported to £618k. This position is driven by undelivered savings carried forward from previous years, medical locum costs and nursing costs in General Adult Psychiatry. Plans to reduce and offset costs are not yet impacting on the financial position as anticipated. This includes savings anticipated from Mental Health, Learning Difficulties, Inpatient, Transformation Programme against which slippage is now anticipated. Furthermore, the Out of Hours service hosted by Angus IJB continues to present a financial risk with a projected overspend of £122k.
- 4.3.7 The Chief Finance Officer formally wrote to the Chief Finance Officers of Angus and Perth and Kinross IJB's in November 2018 on behalf of Dundee Integration Joint Board to request information on the reasons for the scale of the overspends and details of the recovery plan they are working to in order to deliver a reduction or removal of the overspend position. In relation to In Patient Mental Health Services, and in addition to the issues set out in section 4.3.6 above, a number of other pressures such as loss of assumed income from other areas due to changes in accommodation and availability of beds have been incurred. These have been partly offset by decreases in nursing and locum costs. A new leadership team is in place which is working through a significant programme of work to move the service towards financial balance, albeit this plan will cover a three year period. Discussions with NHS Tayside continue around temporary financial support. The Out of Hours Service has now undertaken a comprehensive financial analysis of its service. This does create challenges in terms of delivering the required level of care within historic budgets. Angus HSCP are considering options to remodel staffing in the longer term and may look at other funding options.

4.4 Services Delegated from Dundee City Council

- 4.4.1 The financial projection for services delegated from Dundee City Council to the IJB shows a balanced budget position at this stage of the financial year after application of £1,983k of reserve balances as agreed by the IJB as part of the 2018/19 budget setting process. This net position however consists of a range of overspending and underspending areas noted below.

- 4.4.2 A significant financial challenge facing the IJB's delegated budget continues to be the provision of home based social care with a projected overspend of £223k anticipated, mainly as a result of increased demand due to demographic factors with the underlying cost of service provision also increasing. In addition, expenditure on respite care is higher than budget by around £259k again mainly due to high levels of demand. In line with the IJB's strategic vision, the range of service developments around multi-disciplinary models of care primarily through the Enhanced Community Support Acute Model have started to impact positively through a reduction in care home placements with an underspend of around £707k anticipated in the current financial year for older people care home placements. The resultant underspend however will be required to support the Enhanced Community Support Acute Model on a permanent basis as set out within the Proposed Model of Care for Older People Report agreed by the IJB at its meeting of 31 October 2017 (Article VII of the minute refers).
- 4.4.3 A range of underspends within Substance Misuse and Management and Support functions mainly arising from staff turnover as well as slippage in the development of new services are currently projected to balance these budget pressure areas.

4.5 Primary Care Improvement Funding and Mental Health Action 15 Funding

- 4.5.1 The above funding streams have been provided by the Scottish Government from this financial year onwards and have been subject to separate reporting to the IJB with plans set out at the IJB's meeting of 28 August 2018 (Articles IX and XII of the minute refer). Given the timescales for developing, submitting and approving expenditure plans associated with these funding streams it was always anticipated that significant expenditure slippage would occur. Indeed the Scottish Government withheld 30% of funding to partnerships unless they could demonstrate full commitment of expenditure during the year, with this balance being released in the following financial year. Dundee's anticipated expenditure profile for this year is set out below. It should be noted that any underspends in relation to these funds have not been included in the delegated budgets overall financial position as the Scottish Government is clear they should be spent on primary care improvement and in relation to the Mental Health Action 15 priorities.

18/19 Financial Position	Primary Care £	Mental Health £	Total £
2018/19 Funding:			
2018/19 Allocation Received (70%)	789,777	228,135	1,017,912
2018/19 Allocation Retained by SG for use in future years (30%)*	338,476	97,772	436,248
Pharmacotherapy Initial Allocation	227,223		
Transfers from Angus and Perth	66,091		
Total Funding Available	1,421,567	325,907	1,454,160
Current Forecast Expenditure as at Jan 2019	447,220	181,000	628,200
Forecast Slippage to be Carried Forward to 2019/20	974,347	144,907	1,119,254

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 significant risk that the IJB is unable to deliver a balanced budget over the financial year.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 5 = Risk Scoring 20 (which is Extreme Risk Level)
Mitigating Actions (including timescales and resources)	The IJB has agreed a range of efficiency savings and other interventions including the use of reserves to balance expenditure. A range of service redesign options through the Transformation Programme will offer opportunities to further control expenditure. Regular financial monitoring reports to the IJB will highlight issues raised.
Residual Risk Level	Likelihood 3 x Impact 4 = Risk Scoring 12 (which is a High Risk Level)
Planned Risk Level	Likelihood 3 x Impact 4 = Risk Scoring 12 (which is a High Risk Level)
Approval recommendation	While the inherent risk levels are extreme, the impact of the planned actions reduce the risk and therefor the risk should be accepted.

7.0 CONSULTATIONS

The Chief Officer, Executive Director of Corporate Services (Dundee City Council), Director of Finance of 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.

Dave Berry
Chief Finance Officer

DATE: 8 February 2019

DUNDEE INTEGRATED JOINT BOARD - HEALTH & SOCIAL CARE PARTNERSHIP - FINANCE REPORT 2018/19

Dec-18

	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	38,530	(246)	15,982	219	54,512	(27)
Mental Health	4,358	(21)	3,345	(100)	7,703	(121)
Learning Disability	22,753	243	1,279	(30)	24,032	213
Physical Disabilities	6,485	79	0	0	6,485	79
Substance Misuse	959	(182)	2,671	40	3,630	(142)
Adult	351	198	11,296	(294)	11,647	(96)
Hosted Services	0	0	18,877	(451)	18,877	(451)
Other Dundee Services / Support / Mgmt	257	(72)	25,878	(340)	26,135	(412)
Centrally Managed Budgets	0	1,983	2,393	(64)	2,393	1,919
Total Health and Community Care Services	73,694	1,983	81,721	(1,020)	155,415	963
Prescribing (FHS)	0	0	32,738	504	32,738	504
Other FHS Prescribing	0	0	811	(33)	811	(33)
General Medical Services	0	0	25,036	34	25,036	34
FHS - Cash Limited & Non Cash Limited	0	0	18,072	(33)	18,072	(33)
Grand Total	73,694	1,983	158,378	(548)	232,072	1,435
Net Effect of Hosted Services*			5,481	714	5,481	714
Grand Total	73,694	1,983	163,859	166	237,553	2,149
Less: Planned Draw Down From Reserve Balances		(1,983)				(1,983)
Grand Total	73,694	(0)	163,859	166	237,553	166
*Hosted Services - Net Impact of Risk Sharing Adjustment						

Dundee City Integration Joint Board – Health and Social Care Partnership – Finance Report Dec 2018

	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
Psychiatry Of Old Age (POA) (In Patient)			4,594	66	4,594	66
Older People Serv. – Ecs			0	(500)	0	(500)
Older Peoples Services -Community			310	0	310	0
Continuing Care			1,338	0	1,338	0
Medicine for the Elderly			4,871	655	4,871	655
Medical (POA)			641	(5)	641	(5)
Psychiatry Of Old Age (POA) - Community			1,859	(125)	1,859	(125)
Intermediate Care			865	93	865	93
Dundee- Supp People At Home			0	0	0	0
Medical (MFE)			1,504	35	1,504	35
Older People Services	38,530	(246)			38,530	(246)
Older Peoples Services	38,530	(246)	15,982	219	54,512	(27)
General Adult Psychiatry			3,345	(100)	3,345	(100)
Mental Health Services	4,358	(21)			4,358	(21)
Mental Health	4,358	(21)	3,345	(100)	7,703	(121)
Learning Disability (Dundee)	22,753	243	1,279	(30)	24,032	213
Learning Disability	22,753	243	1,279	(30)	24,032	213

		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
Physical Disabilities		6,485	79			6,485	79
	Physical Disabilities	6,485	79	0	0	6,485	79
Drug Problems Services				2,671	40	2,671	40
Substance Misuse		959	(182)			959	(182)
	Substance Misuse	959	(182)	2,671	40	3,630	(142)
A.H.P. Admin				374	1	374	1
Physiotherapy				3,478	(260)	3,478	(260)
Occupational Therapy				1,309	(130)	1,309	(130)
Nursing Services (Adult)				5,606	150	5,606	150
Community Supplies - Adult				155	(25)	155	(25)
Anticoagulation				374	(30)	374	(30)
Joint Community Loan Store				0	0	0	0
Intake/Other Adult Services		351	198			351	198
	Community Nurse Services / AHP / Intake / Other Adult Services	351	198	11,296	(294)	11,647	(96)

	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			2,587	78	2,587	78
Palliative Care – Medical			1,105	(6)	1,105	(6)
Palliative Care – Angus			324	12	324	12
Palliative Care – Perth			1,609	80	1,609	80
Brain Injury			1,613	105	1,613	105
Dietetics (Tayside)			2,766	(215)	2,766	(215)
Sexual and Reproductive Health			2,065	(20)	2,065	(20)
Medical Advisory Service			154	(48)	154	(48)
Homeopathy			27	4	27	4
Tayside Health Arts Trust			58	0	58	0
Psychology			4,906	(536)	4,906	(536)
Eating Disorders			0	0	0	0
Psychotherapy (Tayside)			894	170	894	170
Learning Disability (Tayside AHP)			769	(75)	769	(75)
Hosted Services	0	0	18,877	(451)	18,877	(451)
Working Health Services			0	0	0	0
The Corner			407	25	407	25
Resource Transfer			0	0	0	0
Grants Voluntary Bodies Dundee			46	0	46	0
IJB Management			804	(65)	804	(65)
Partnership Funding			23,068	0	23,068	0
Carers Strategy			0	0	0	0
Public Health			450	(80)	450	(80)
Keep Well			590	(160)	590	(160)
Primary Care			514	(60)	514	(60)
Support Services/Management Costs	257	(72)			257	(72)
Other Dundee Services / Support / Mgmt	257	(72)	25,878	(340)	26,135	(412)

	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
Centrally Managed Budgets	0	1,983	2,383	(64)	2,393	1,919
Total Health and Community Care Services	73,694	1,983	81,721	(1,020)	155,415	963
Other Contractors						
Prescribing (FHS)			32,738	504	32,738	504
Other FHS Prescribing			811	(33)	811	(33)
General Medical Services			25,036	34	25,036	34
FHS - Cash Limited and Non Cash Limited			18,072	(33)	18,072	(33)
Grand Total HSCP	73,694	1,983	158,378	(548)	232,072	1,435
Hosted Recharges Out			(11,077)	(89)	(11,077)	(89)
Hosted Recharges In			16,558	803	16,558	803
Hosted Services - Net Impact of Risk Sharing Adjustment			5,481	714	5,481	714
Less: Planned Draw Down from Reserves		(1,983)				(1,983)
NET POSITION	73,694	0	163,859	166	237,553	166

**NHS Tayside - Services Hosted by Integrated Joint Boards - Charge to Dundee IJB
Risk Sharing Agreement - Dec 2018**

Services Hosted in Angus	Annual Budget	Forecast Over (Underspend)	Dundee Allocation
Forensic Service	914,533	(35,000)	(13,790)
Out of Hours	7,431,950	310,000	122,140
Tayside Continence Service	1,430,626	(90,000)	(35,460)
Ang-loc Pharmacy	1,200,000	0	0
Speech Therapy (Tayside)	982,650	(1,500)	(591)
Hosted Services	11,959,759	183,500	72,299
Balance of Savings Target	(122,365)	122,400	48,226
Grand Total Hosted Services	11,837,394	305,900	120,525

Services Hosted in Perth			
Angus Gap Inpatients	2,204,370	340,000	133,960
Dundee Gap Inpatients	5,486,710	425,000	167,450
Dundee Gap Snr Medical	1,950,746	412,500	162,525
P+K Gap Inpatients	5,417,211	265,000	104,410
Learning Disability (Tayside)	6,009,500	125,000	49,250
T.A.P.S.	653,265	(45,000)	(17,730)
Tayside Drug Problem Services	823,652	(135,000)	(53,190)
Prison Health Services	3,239,317	0	0
Public Dental Service	2,006,586	10,000	3,940
Podiatry (Tayside)	2,833,180	(103,000)	(40,582)
Hosted Services	30,624,537	1,294,500	510,033
Balance of Savings Target	(99,507)	99,507	39,206
Balance of Savings Target - IPMH	(337,546)	337,546	132,993
Grand Total Hosted Services	30,187,484	1,731,553	682,232

Total Hosted Services	42,024,878	2,037,453	802,756
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