



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 30 AUGUST 2017
FINANCE MONITORING REPORT
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report provides an update to the Angus Integration Joint Board (Angus IJB) regarding the financial performance of Angus IJB.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) note the overall financial position of Angus IJB at the end of July 2017 including the projected year end position; and
- (ii) note the content of the report including the risks documented in the Financial Risk Assessment.

2. BACKGROUND

This report is the first Finance Monitoring report of 2017/18, the second year of the IJB having formal responsibility for the management of devolved services.

This report is structured in the following way:-

- a) Update re budget settlement.
- b) NHS devolved budgets.
- c) Angus Council devolved budgets.
- d) Partnership Funds
- e) Financial Risk Assessment
- f) Budget virements greater than £500k.

The Board will recall that the Angus IJB Integration Scheme set out that for 2016/17 and 2017/18, should the IJB ultimately overspend then that overspend would be attributed back to the Partner organisation in which the overspend was incurred. The implications of this agreement will be considered early in 2017/18 in advance of financial year 2018/19.

The IJB's detailed forecast financial position for 2017/18 is set out in Appendix 1.

3. CURRENT POSITION

3.1 UPDATE RE BUDGET SETTLEMENT

While this matter is considered within the separate Budget Settlement paper, it is important to note that Budget Settlement issues do have an impact on financial reporting. While the IJB is now in the position of having a series of agreed working budgets for 2017/18, subject to a

number of final issues being resolved, there remain a number of detailed budget settlement issues that could continue to effect financial reporting.

3.2 NHS DEVOLVED BUDGETS

Budgets devolved from NHS Tayside are described in a series of components as follows:-

- Local Hospital and Community Services
- Service Hosted in Angus on behalf of Tayside IJBs
- Services Hosted Elsewhere on Behalf of Angus IJB
- GP Prescribing
- General Medical Services and Family Health Services
- Large Hospital Services
- Overall Summary.

Local Hospital and Community Health Services

For 2017/18 a number of recurring savings proposals have been approved and implemented by the IJB. Other proposals are still work in progress – the detail is covered in the Budget Settlement paper. These savings plans, together with a series of other non-recurring underspends on a range of services, have contributed to the overall financial position of Local Hospital and Community Health Services. The overall budget is forecast to be c£773k underspent this year as per Appendix 1. However within that there remain some areas of particular concern as follows:-

- Psychiatry of Old Age – While this overall service is underspent (c£114k) there are material pressures resulting within In Patients services, partly related to the ongoing needs of service users but also reflecting the configuration of services at Stracathro.
- Community Nursing – This service has had long term overspends. This partly relates to underlying activity levels but also the lack of progress with, for example the introduction of changes associated with Medication Administration. Reflecting these overspends (projected year end £215k), this service is subject to an ongoing review including a review of Medicines Administration.
- Montrose – Recent Nursing Directorate recommendations have required an increase in staffing at Montrose beyond the historic and funded staffing levels. This has been provisionally estimated at a cumulative impact of c£100k per annum.
- General – The IJB need to remain aware of the potential impact of any recruitment issues that may start to have an impact on supplementary staffing costs (see risk register).
- General - There remain a number of other vacancy related underspends that contribute to the IJB's overall financial position.

Generally through Executive Management Team and Service Management, the IJB will compile an action plan to address each of the above areas of known overspend. This will be monitored through future reporting.

Service Hosted in Angus on Behalf of Tayside IJBs

Due to some of the pressures that remain within these services, particularly Out of Hours and Forensic Medical Services, progress with delivery of savings proposals has been small so far this year. On that basis there remains a savings shortfall of over £200k per annum. Pressures that were evident in 2016/17 continue albeit to a significantly reduced extent.

The main points to note regarding budgets for services hosted in Angus is as follows:-

- Tayside Forensic Medical Services – Medical staffing risks continue however the forecast overspend is much reduced from 2016/17 (17/18 forecast is for an overspend of £88k against a 2016/17 overspend of c£700k). The services continue to actively manage the risks regarding medical staffing.
- Tayside Out of Hours Services – Cost pressures started to materialise with Out of Hours during 2016/17 reflecting factors including the number of shifts filled and the balance of salaried and sessionally engaged doctors changing (with a view to increasing the stability of the service). While these factors are still subject to continued review by Service

Management and NHS Tayside Finance Department, it is likely that for early 2017/18 pressures will continue until further interventions are agreed.

Services Hosted Elsewhere on Behalf of Angus IJB

As the Board will be aware a number of devolved services are managed by other IJBs on behalf of Angus IJB. The year-end forecast for these services is an overspend of c£543k. Further financial information regarding this set of budgets will be provided in future reports once a more complete picture of the likely 2017/18 position is clearer. Issues such as the outcome of Mental Health Service reviews will be reflected in this set of information during 2017/18.

GP Prescribing

Considerable work continues at both a Tayside and local level regarding Prescribing. This is the subject of a separate report to the August IJB meeting. Currently the IJB is monitoring progress against both individual initiatives and against the overall Prescribing position. Despite the work undertaken to date, much of it built on developing long term clinical buy-in for changing the way we prescribe, costs in Angus remain an outlier in both Tayside and Scotland. Consequently, against the current working budget, the financial picture remains one of significant overspend.

Forecasts at this stage in the year are reasonably difficult to compile due to the limited nature of information available. However an over spend of c£1.899m is included in the IJB's July accounts and therefore Prescribing remains a major risk for the IJB.

General Medical Services and Family Health Services

GMS are currently forecast to overspend this year (£47k). This is partly attributable to the additional costs being incurred, above Scottish Government funding levels, to support arrangements such as those in place at Brechin Health Centre and other similar Practices where NHS Tayside is directly managing GMS services. Otherwise ongoing marginal growth on costs associated with Enhanced Services and Premises continues to be an issue. Longer term risks re further growth in these costs, the general uncertainties re General Practitioner recruitment and the uncertainty that is prevailing in the period prior to the introduction of a new GP contract from 2018 all remain.

As host Partnership for Primary Care Services, Angus IJB will require to ensure that robust financial planning is embedded within General Medical Services and Family Health Services.

Budgets associated with other Family Health Services (FHS) are also forecast to marginally overspend.

Large Hospital Services

The Board will recall this is a budget that is devolved to the Partnership for Strategic Planning purposes but is operationally managed by the Acute Sector of NHS Tayside. In line with 2016/17, this budget is currently presented as breaking even in advance of further development of associated financial reporting and reflecting the Integration Scheme risk sharing agreement for 2017/18.

As noted previously the Scottish Government are very keen that the Large Hospital Services issue is further developed. While this presents opportunities to the IJB in terms of developing the overall strategic direction regards Large Hospital Services, there are also risks associated with regards to the provision of Acute Sector capacity. As this agenda develops further updates will be provided to future Board meetings through Budget Settlement papers.

Overall Position Regarding NHS Devolved Resources

The overall position is that at July 2017, for financial year 2017/18, NHS devolved services are projecting an overspend of c£1.9m. The offsetting variances, including large overspends re Prescribing, are described above. The IJB Executive Management Team and Senior Leadership Team continue to look for opportunities to improve both the in year position (e.g. with respect to Prescribing) and the longer term financial sustainability of the IJB.

Board members will be aware that the Integration Scheme contains a financial risk sharing agreement which means that for 2017/18, should the IJB ultimately overspend, then that overspend would revert to NHS Tayside. Any overspend would be addressed by NHS Tayside making an additional funding contribution to the IJB at the financial year end. This is the final year of that particular arrangement and from 2018/19, as per the Angus Integration Scheme, it is due to be replaced by a more general agreement between Angus Council and NHS Tayside regarding financial risk sharing.

3.3 ANGUS COUNCIL DEVOLVED BUDGETS (Adult Services)

The financial position to 31st July for Angus Council's devolved budgets shows a projected overspend of c£760k, which the IJB will seek to manage down throughout the financial year.

The breakdown of the financial position, by service area, is included at Appendix 1. It should be noted that work to reconfigure the budget subheadings and to improve the quality of the report is still ongoing and therefore Appendix 1 is reported at service level rather than in more detail. While the work to develop the more robust budgetary framework that will facilitate future financial planning (e.g. longer term financial planning) is nearing completion, it will continue to evolve and may require some further stepped changes to the IJB's forecast position.

The ongoing work to deliver sustainable savings continues with the Help to Live at Home (HTLH) programme. HTLH is changing the delivery model of care at home and intended to achieve savings in both 2016/17 and 2017/18 which are reflected in the budget settlement between Angus Integration Joint Board and Angus Council. The costs and financial benefits of the implementation of HTLH will be monitored closely in financial reporting. The one off costs of implementing Help to Live at Home, as reported to the last IJB meeting, are reflected in these figures.

As detailed in report 31/17 the Change and Improvement Programme is now in progress. The aim of this programme is to deliver further savings across Adult Services in particular and wider IJB services as a whole.

3.4 PARTNERSHIP FUNDS

A separate report was provided to the Board in June 2017 regarding Partnership Funds. The recommendations of that paper are reflected in 2017/18 reporting.

3.5 FINANCIAL RISK ASSESSMENT

Appendix 2 sets out ongoing or emerging financial risks for the IJB. This risk register includes more detail than is held at an IJB level for Angus IJB's financial risks. Many of the risks are IJB-wide risks including examples such as future funding levels and the risks regarding delivery of savings. At this stage of the year, aside from important issues such as Prescribing, the final clarification of 2017/18 budgets with Partners remains a risk.

Angus IJB formally monitors its corporate risks through the Angus Clinical, Care and Professional Governance R2 forum that submits a summarised risk register quarterly to the main IJB. The financial risk is described as "Effective Financial Management". The risk measure is recorded routinely and the summarised performance is shown below.

RISK REF	RISK TITLE	RISK OWNER	BASELINE RISK EXPOSURE	16 Jan 2017	12 April 2017	25 May 2017	16 August 2017
3	Effective Financial Management	Chief Officer	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	

The Finance support structure has previously been noted as a risk. This remains the case and, while the Chief Finance Officer has previously written to both Angus Council and NHS Tayside regarding this, much progress still needs to be made in terms of continuity and quality of that support. As previously reported, a 2016/17 Internal Audit highlighted the historic weaknesses associate with the Financial Management of Adult Services within Angus IJB. The Chief Finance Officer will work with the Finance support function provided by Angus

Council to progress the Audit Recommendations and will report progress on this back through the Audit Committee during 2017/18.

3.6 BUDGET VIREMENTS GREATER THAN £500k

The December 2016 Board meeting agreed the granting of flexibility to the Chief Finance Officer to approve, in consultation with the Chief Officer, virements without further reference to the Board; noting any virements made above £500,000 would be in consultation with the Chair and Vice Chair and reported back to the next Board in future finance papers.

Virements Since the Last Board Meeting

The process of refreshing the Adult Service's budgetary framework is still work in progress. While some of the revisions are now reflected in the budgetary framework used for July accounts, the final revision has still to be completed. The IJB will be asked to approve the revised budgetary framework as part of the next Finance Monitoring report provided to the Board.

4. SUMMARY

The main financial implications of this report are set out in the body of the report at section 3. The overall projected financial position for 2017/18 of c£2.6m reflects an overspend for Adult Services – heavily related to the one off costs of Help to Live at Home – and in year underspends on local Hospital and Community Health Services offset by overspends on hosted services and, in particular, prescribing.

The overall financial position of the IJB does have a material impact on the way Angus IJB provides services in future. By making ongoing progress with delivery of efficiencies and cost reduction programmes alongside service redesign and modernisation, the IJB will be most able to deliver the services it requires to deliver to the local population on a sustainable basis.

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August 2017

List of Appendices:

Appendix 1: Angus Health and Social Care Partnership Financial Monitoring Report 2016/17

Appendix 2: Angus Health and Social Care Partnership Financial Risk Register

Appendix 1

Angus Health & Social Care Partnership - Financial Monitoring Report 2017-18						
	Adult Services		Angus NHS		Partnership Accounting	
	Annual Budget	Projected Over / (Under)	Annual Budget	Projected Over / (Under)	Projected Over / (Under)	
	£,000	£,000	£,000	£,000	£,000	
Older Peoples Services						
Psychiatry Of Old Age			4,953	-114	4,953	-114
Medicine For The Elderly			2,644	-81	2,644	-81
Community Hospitals			4,062	88	4,062	88
Minor Injuries / O.O.H			1,897	-4	1,897	-4
Community Nursing			3,657	216	3,657	216
Enhanced Community Support			763	-64	763	-64
Older People	35,753	-65				
Older Peoples Service	35,753	-65	17,977	41	53,730	-24
Mental Health	2,585	-189	2,248	-20	4,833	-209
Learning Disabilities	13,870	72	479	-65	14,349	7
Physical Disabilities	2,643	-63	0	0	2,643	-63
Substance Misuse	406	-8	828	-44	1,234	-52
Community Services						
Physiotherapy			1,337	-34	1,337	-34
Occupational Therapy			665	-56	665	-56
Anti-Coagulation			294	-36	294	-36
Primary Care			527	-71	527	-71
Health Improvement			0	0	0	0
Carers Strategy			0	0	0	0
Complex Care			0	0	0	0
Homelessness	735	18	0	0	735	18
Joint Community Loan Store			0	-5	0	-5
Grants Voluntary Bodies Angus			69	0	69	0
Locality Funding			20	0		
Tayside Primary Care Services			-6	0	-6	0
Community Services	735	18	2,907	-201	3,621	-183
Planning / Management Support						
Centrally Managed Budget	-12,558	916	1,075	-392	-11,483	524
Improvement & Development	1,111	82				
Management / Strategy / Support Services			913	-92	913	-92
Planning / Management Support	-11,447	998	1,987	-484	-10,571	432
Local Hospital and Community Health Services			26,427	-773		
Services Hosted in Angus on Behalf of Tayside IJBs						
Forensic Service			747	88	747	88
Out of Hours			6,767	300	6,767	300
Speech Therapy (Tayside)			964	-18	964	-18
Locality Pharmacy			0	0	0	0
Tayside Continence Service			1,424	-25	1,424	-25
Unresolved Savings Associated with Hosted Services			-202	202	-202	202
Hosted Services Recharges to Other IJBs			-7,089	-380	-7,089	-380
Services Hosted in Angus on Behalf of Tayside IJBs	0	0	2,611	167	2,611	167
Services Hosted Elsewhere on Behalf of Angus IJB			12,823	543	12,823	543
GP Prescribing			21,299	1,899	21,299	1,899
General Medical Services			16,513	47	16,513	47
Family Health Services			11,601	10	11,601	10
Large Hospital Set Aside			0	0	0	0
Grand Total	44,545	763	91,273	1,893	134,687	2,574

APPENDIX 2 – ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP FINANCIAL RISK REGISTER

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Savings Targets			
Progress to identify and deliver balance of 2016/17 recurring NHS savings target (Hosted Services), additional 2017/18 NHS targets and to release funding to support overspends elsewhere.	High	£1493k (2017/18)	IJB pursuing: - actions documented in Budget Settlement papers.
Progress to deliver 2017/18 and beyond GP Prescribing Cost reductions	High	c£2m (2017/18)	Progress being taken forward through combination of local working and the NHST-wide Prescribing Management Group. See report to August 2017 Board meeting.
Progress to deliver 2016/17 agreed Adult Services savings and additional 2017/18 requirements in context of overall financial position of Angus Council.	Medium	c£400k (Unmet 2016/17)	The IJB Senior Leadership Team continue to monitor delivery of 2016/17 planned savings and alternative measures described in February IJB papers.
	High	c£356k (2017/18)	Further savings and cost containment required beyond that already identified or to be delivered through Transforming Angus.
	Medium	c£820k (2017/18)	Require Help to Live at Home Savings – delays on timing of savings possible.
Cost Pressures			
Review of Nurse Staffing Levels by NHST Nursing Directorate may recommend increased staffing with consequent exposure to increased costs on basis of existing service configuration.	High	£100k Plus	Previous reviews from Nursing Directorate have stated that Nurse Staffing levels need to increase in some instances. This has not been matched by any funding commitment from NHS Tayside. This is having a direct effect on some services within the IJB.
IJB is exposed to ongoing NHS overspends regarding Community Nursing, Forensic Medical Services (FMS) and Out of Hours.	High	c£0.6m (2017/18)	Comm. Nursing and OOH are continuing to review service delivery models. It is now expected that Forensic Medical Services overspends will be lower in 17/18 than 16/7.
The IJB is already experiencing an increased reliance on (NHS) supplementary staffing. Initially this type of cost is contained within budgets.	Increasing	Not quantified	An initial reliance on additional hours and bank staff can generally be contained within budgets. If that develops into a need to utilise agency or overtime staffing then there is a material additional cost impact.
For 2017/18 IJB's Large Hospital Resources will initially be reported at breakeven. In the longer term this will be an increasing financial risk for the IJB.	Increasing	Not known	Potential risks from 2017/18 or 2018/19 noting Scottish Government intentions.
The IJB's Adult Services are likely to see significant underlying growth in demand and consequent cost in 2017/18. This is mainly as a result of demographic pressures but may also reflect legislative changes such as the introduction of the Carers Act.	High	c£1000k (Estimated Recurring)	The IJB continues to explore permanent resolution to underlying overspends. The IJB will consider the costs of the implementation of the Carers Act.
The IJB's Adult Services are likely to see significant inflation-type pressures in 2017/18 and beyond reflecting both the ongoing impact of the Living Wage but also issues associated with the current National Care Home Contract.	High	From 2018/19 c£1m	The IJB will work at a local and national level to manage these pressures appropriately. Where necessary mitigating action may be required.
The IJB has a number of significant impending (2017/18) cost pressures that did not feature as part of budget settlement discussions with Angus Council.	Low	c£0.5m	Rated low due to the outcome of the budget settlement discussion with Angus Council and the likelihood of costs being incurred.
Other (including Funding)			
Impact of NHS Tayside overall financial position.	High	Not known	Scottish Government have introduced certain stipulations regarding the 2017/18 budget that limit the overall budgetary exposure. However risks remain regarding Prescribing and issues such as Complex care.
Resolution of Devolved Budgets to the IJB (current or emerging issues)	Medium	Not known (2017/18)	Some issues remain unresolved. NHS Tayside may consider the devolution of NHS funding to support Complex Care to IJBs. Angus currently consumes a high proportion of the Tayside funding for Complex Care.
Finance Support Structure	High	N/A	CFO continues to work with both Angus Council and NHS Tayside to ensure required support in place but currently there are areas of risk.