



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 21 FEBRUARY 2018
FINANCE 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 position of Angus IJB. It combines financial monitoring information and budget settlement / planning updates.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) notes the overall financial position of Angus IJB at the end December 2018 including the projected year end position;
- (ii) approves the proposal that Angus Alcohol and Drug Partnership (Angus ADP) will have a remit across the full Alcohol and Drugs Service to facilitate a more integrated service; and
- (iii) notes the risks documented in the Financial Risk Assessment.

2. FINANCIAL MONITORING

The report describes the most recent financial monitoring information for Angus IJB. It is structured in the following way:-

- a) NHS devolved budgets (section 3).
- b) Angus Council devolved budgets (section 4).
- c) Partnership Funds (section 5)
- d) Financial Risk Assessment (section 6).

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. This agreement changes for 2018/19 with any overspend being shared in proportion to the spending directions to each party.

The Board were previously notified that due to the financial projections for Angus IJB (Health), NHS Tayside has, in line with the Integration Scheme, previously formally requested a recovery plan be submitted to them setting out plans for improving the overall financial position of Angus IJB (Health) in this financial year. This reflects the financial strain within NHS Tayside of which part is attributable to services delivered within Angus IJB. The IJB's financial position will require increasingly difficult decisions to be made to generate improvements in the projected financial position.

The IJB's detailed forecast financial position for 2017/18 is set out in Appendix 1. This shows that the overall position for Angus IJB at December is approximately breakeven. This is after material

Prescribing overspends have been offset by non-recurring health underspends and the under spends within Adult Services.

3. NHS DEVOLVED BUDGETS

3.1 CURRENT POSITION

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, while other proposals were considered at the January 2018 IJB meeting. 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£1.4k underspent this year as per Appendix 1. However within that there remain some noteworthy issues, many of which have been noted to the IJB previously, as follows:-

- Psychiatry of Old Age – While this service is forecast to be c£58k underspent this year, there are pressures within Inpatient services, partly related to the ongoing needs of service users but also reflecting the configuration of services at Stracathro. This issue will be resolved once the proposed Angus Care Model is implemented.
- Montrose – Previous 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. This issue will be resolved once the proposed Angus Care Model is implemented.
- Community Nursing – This service has had long term overspends. This partly relates to underlying activity levels but also the lack of early progress with, for example, the introduction of changes associated with Medication Administration. Reflecting these overspends (projected year end position now c£160k over, down from over c£200k over earlier in the year), this service is subject to ongoing review including a review of Medicines Administration.
- General - There remain a number of other vacancy related and one-off underspends that contribute to the IJB's overall financial position. In due course the IJB will seek to translate some of these temporary underspends into recurring savings.

A series of savings initiatives as most recently described in report IJB 6/18 are underway with regard to these budgets. These savings were always intended to deliver savings across local services that were more than was required to balance the local service budget in 2017/18. Consequently some initiatives can be rolled forward into next year but otherwise this particular part of the IJB plan will be considered complete. Progress with these is described below:-

Table 1

Proposal	Recurring target	Recurring Confirmed to Date	%of Recurring Target	Position re 2018/19
	£k	£k	£k	
Service & Travel Savings	268	219	82%	General Programme of service efficiencies to continue. Revised target from 2018/19.
Non GP Prescribing	13	0	0%	Limited progress in formalising savings - costs to be monitored via local PMG. No equivalent target in 2018/19
OT Integration	18	8	45%	Integration still not complete. Revised target for 2018/19 TBC.
Management Review	64	64	100%	Annual target to feature as part of overall financial plans.
A&C Review	50	0	0%	
Community Nursing (inc Meds Admin)	130	0	0%	Review not complete due to staff turnover. Revised target for 2018/19 TBC.
MIIU Review	180	0	0%	As per Angus Care Model - £300k of recurring savings proposed.
In Patient Care Review	100	0	0%	As per Angus Care Model - £450k of recurring savings proposed.
Total	821	291	35%	

The IJB have previously been asked to support work to translate in year non-recurring savings into permanent recurring savings in line with the requirements of the IJB's overall financial planning. These will feature as part of the 2018/19 savings plans.

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 limited so far this year. On that basis there remains a savings shortfall of over £190k 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 are as follows:-

- Tayside Forensic Medical Services –The services continue to actively manage the risks regarding medical staffing.
- Tayside Out of Hours Services –Recent exercises to consider shift patterns and available funding has allowed a review of the overall position of OOH budgets and resulted in an improved revised position as costs are more closely matched to available funding.
- Pharmacy Services – There have been underspends within the Tayside Pharmacy service reflecting slippage on recruitment to posts. This has led to an underspend now being forecast for 2017/18 on a non-recurring basis only. Plans are in process to ensure all funded posts are recruited to but, due to the national demand for Pharmacists, there can be delays in recruitment.

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£436k, after reliance on one-off funding. This reflects challenging positions within, in particular, inpatient Mental Health Services across Tayside. In addition there are overspends reported across a range of other services including Palliative Care and Brain Injury Services. Issues such as the outcome of Mental Health Service reviews will be reflected in this set of information in subsequent years.

Family Health Service (FHS) Prescribing

Considerable work continues at both a Tayside and local level regarding Prescribing. This was the subject of a separate report to the last IJB in January 2018. 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.

It is important to note that the overspending 2017/18 position is after non-recurring financial support of c£0.5 has already been applied to the budget thereby highlighting the level of underlying overspend.

When the collective effect of the above is factored into projections for Prescribing, it is now anticipated that the Angus Prescribing budget will be c£2.6m overspent in 2017/18.

Clearly Prescribing remains the major risk for Angus IJB in particular with the Angus cost per weighted patient continuing to run ahead of the national average by up to 13%. This is a significant percentage on a budget of just over c£21m.

General Medical Services and Family Health Services

GMS budgets are currently forecast to underspend this year by c£94k. This is after containing the costs of supporting 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 a risk. Longer term risks regarding 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 and funding clarification of the new GP contract from 2018 all remain.

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

Budgets associated with other Family Health Services (FHS) are 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 across Tayside 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 the provision of Acute Sector capacity. Currently discussions regarding developing the Large Hospital issue are being progressed through the Scotland-wide Chief Finance Officer network in conjunction with the Scottish Government.

Overall Position Regarding NHS Devolved Resources

The overall position is that currently, for financial year 2017/18, NHS devolved services are projecting an overspend of c£1.3m. This reflects a series of offsetting variances including continued overspends re Prescribing and services hosted elsewhere being partially offset by underspends locally. 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.

4. ANGUS COUNCIL DEVOLVED BUDGETS (Adult Services)

4.1 Current Position

The 2017/18 financial projection based on December information for Adult Services is a projected underspend of c£1.3m. This shows an improvement from the last reported figure of c£1.2m. The two main reasons for this movement in variance are:-

- Slight decrease in the projected cost of third party payments within the Disability teams however this will continue to be monitored closely as cost levels are demand dependent.
- A reduction in the projected full 2017/18 cost of residential placements within older people which will continue to be monitored closely.

Previous reports noted the underlying underspend was due to early achievement of savings in relation to 2018/19 targets and one-off underspends. The Improvement and Change Programme continues to progress and work towards the delivery of additional IJB savings. An update was provided to the January 2018 IJB meeting.

The table below updates on progress with savings delivery. For the first time the table confirms 100% of all saving targets as being fully delivered on a recurring basis.

Proposal	Recurring target	Recurring Confirmed to Date	%of Recurring Target	Comment
	£k	£k	%	
Help to Live at Home	820	820	100%	Now complete – to be actioned in future reports.
Increased Income	212	212	100%	Current monitoring confirms delivery
Contribution From Delayed Discharge	260	260	100%	Now complete
Managerial Savings	100	100	100%	Now complete
Total	1,392	1,392	100%	
Residual 16/17 Unmet Savings	393	393	100%	Now complete

The IJB's financial projections for Adult Services show an in year underspend. As noted at the last Board meeting, the IJB will seek to translate any relevant in year underspends into recurring savings.

4.2 ADULT SERVICES – FINANCIAL REPORTING/BUDGET FRAMEWORK REALIGNMENT

At the last IJB meeting one budget realignment item was outstanding; an update is noted below:-

Learning Disability Day Care – create spot purchase budget – still work in progress.

Previously it was noted that the Alcohol and Drug Partnership budget had been re-aligned in line with recent funding changes (i.e. devolution of Alcohol and Drug partnership funding by the Scottish Government direct to IJBs). Within Angus it is now proposed that the Angus Alcohol and Drug Partnership (Angus ADP) will have a remit across the full Alcohol and Drugs Service (annual budget c£1.7m) rather than the part discretely funded by Scottish Government ADP funding (c£1.1m). This will facilitate a more integrated service, with the service being overseen on a basis consistent with the overall IJB and in line with the overall Angus IJB Strategic Plan and local ADP plan.

As the Board will be aware, significant budgetary framework revisions will be required to reflect the changes within the Help to Live at Home programme. As the programme moves into the operational phase a series of budget adjustments will be required to reflect recent changes. These changes will be actioned in 2018/19 budgetary framework.

5. PARTNERSHIP FUNDS

A separate report was provided to the Board in January 2018 regarding Partnership Funds. The recommendations of that paper have since been reflected in 2017/18 reporting

6. FINANCIAL RISK ASSESSMENT

Appendix 3 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 preparation of 2018/19 and beyond budgets is a clear over-riding 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	12 April 2017	25 May 2017	16 August 2017	4 October 2017	January 2018
3	Effective Financial Management	Chief Officer	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED

7. FINANCIAL PLANNING FRAMEWORK

The last finance report to the IJB provided an update regarding financial planning. At this stage a consolidated multi-year financial plan is not yet available for approval due to ongoing issues regarding budget settlement and developing Prescribing financial plans in particular. An update regarding Adult Services financial plans is included in the separate 'Budget Settlement with Angus Council 2018/19' paper.

8. SUMMARY

The main financial implications of this report are set out in the body of the report at section 3 and 4. The overall projected financial position for 2017/18 is near breakeven, reflecting an under spend for Adult Services, in year underspends on local Hospital and Community Health Services, all 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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Appendix 1: Angus Health and Social Care Partnership Financial Monitoring Report 2017/18
Appendix 2 :Hosted Services Financial Reporting
Appendix 3: Angus Health and Social Care Partnership Financial Risk Register

APPENDIX 1 – FINANCIAL REPORTING

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)	Annual Budget	Projected Over / (Under)
	£,000	£,000	£,000	£,000	£,000	£,000
Older Peoples Services						
Psychiatry Of Old Age			4,898	-58	4,898	-58
Medicine For The Elderly			2,644	-147	2,644	-147
Community Hospitals			4,062	26	4,062	26
Minor Injuries / O.O.H			1,876	-51	1,876	-51
Community Nursing			3,686	156	3,686	156
Enhanced Community Support			763	-80	763	-80
Internal Accommodation & Healthcare Services:					0	0
Community Services	2,698	-608			2,698	-608
Non-residential Care	4,160	-132			4,160	-132
Residential Care	5,082	-17			5,082	-17
Sheltered Accommodation	652	-2			652	-2
OP Admin/Support	941	-153			941	-153
Assessment & Care Management:					0	0
Care & Assessment	17,540	379			17,540	379
Community Mental Health Dementia Homecare	994	152			994	152
Non-residential Care Management	2,251	-29			2,251	-29
Residential Care Management	77	23			77	23
Older Peoples Service	34,396	-386	17,929	-154	52,325	-541
Mental Health	2,533	-355	2,256	33	4,788	-322
LD Admin/Community Support	2,198	-88			2,198	-88
LD Non-residential care	10,867	358			10,867	358
LD Residential Care	928	-72			928	-72
Learning Disabilities	13,993	198	549	-88	14,542	111
Occupational Therapy	797	-11	665	-46	1,461	-57
PD Non-residential care	1,755	-44			1,755	-44
Physical Disabilities	2,551	-55	665	-46	3,216	-101
Substance Misuse	840	-35	864	-23	1,704	-58
Community Services						
Physiotherapy			1,342	-60	1,342	-60
Anti-Coagulation			293	-46	293	-46
Primary Care			754	-59	754	-59
Carers Strategy			101	0	101	0
Homelessness	765	-48	0	0	765	-48
Other Community Services			76	-72	76	-72
Community Services	765	-48	2,566	-237	3,331	-285
Planning / Management Support						
Centrally Managed Budget	2,260	-675	905	-805	3,165	-1,480
Partnership Funds	-15,766	0			-15,766	0
Management / Improvement & Development	2,595	54	879	-87	3,474	-33
Help To Live At Home					0	0
Planning / Management Support	-10,911	-621	1,784	-893	-9,126	-1,513
Local Hospital and Community Health Services			26,613	-1,408		
Services Hosted in Angus on Behalf of Tayside IJBs						
Forensic Service			907	-98	907	-98
Out of Hours			6,768	70	6,768	70
Speech Therapy (Tayside)			964	-17	964	-17
Locality Pharmacy			2,100	-300	2,100	-300
Tayside Continence Service			1,410	-58	1,410	-58
Unresolved Savings Associated with Hosted Services			-188	188	-188	188
Hosted Services Recharges to Other IJBs			-8,718	156	-8,718	156
Services Hosted in Angus on Behalf of Tayside IJBs	0	0	3,242	-58	3,243	-58
Services Hosted Elsewhere on Behalf of Angus IJB			13,059	436	13,059	436
GP Prescribing			21,274	2,555	21,274	2,555
Other FHS Prescribing			483	-117	483	-117
General Medical Services			16,655	-94	16,655	-94
Family Health Services			11,730	3	11,730	3
Large Hospital Set Aside			11,759	0	11,759	0
Grand Total	44,168	-1,302	104,815	1,317	148,984	15

APPENDIX 2 – HOSTED SERVICES

SERVICES HOSTED IN ANGUS IJB ON BEHALF OF TAYSIDE IJBs			
	ANNUAL BUDGET	PROJECTED YEAR END VARIANCE	
	£	£	
ANGUS HOSTED SERVICES	11960000	-214000	
HOSTED SERVICES ATTRIBUTABLE TO DUNDEE & PERTH IJBs	8718000	-156000	72.9%
BALANCE ATTRIBUTABLE TO ANGUS	3242000	-58000	27.1%
SERVICES HOSTED IN DUNDEE & PERTH IJBs ON BEHALF OF ANGUS IJB			
	ANNUAL BUDGET	PROJECTED YEAR END VARIANCE	
	£	£	
ANGUS SHARE OF SERVICES HOSTED IN DUNDEE			
Palliative Care	5370850	172000	
Brain Injury	1551502	94500	
Dietetics (Tayside)	2523199	-160000	
Sexual & Reproductive Health	1991212	-50000	
Medical Advisory Service	150679	-42500	
Homeopathy	25802	2000	
Tayside Health Arts Trust	57184	0	
Psychology	4426610	-465000	
Eating Disorders	288374	-5000	
Psychotherapy (Tayside)	789651	8000	
Learning Disability (Tay Ahp)	771160	-45000	
Balance of Savings Target	-598516	598516	
Grand Total	17347707	107516	
Angus Share (27.1%)	4701000	29000	
ANGUS SHARE OF SERVICES HOSTED IN PERTH & KINROSS			
General Adult Psychiatry	16081271	737500	
Learning Disability (Tayside)	5840455	-125000	
Substance Misuse	1473352	-70000	
Prison Health Services	3557027	90000	
Public Dental Service	2006298	-85000	
Podiatry (Tayside)	2843310	-7500	
Balance of Savings Target	-960510	960510	
Grand Total	30841203	1500510	
Angus Share (27.1%)	8358000	407000	
TOTAL ANGUS SHARE OF SERVICES HOSTED ELSEWHERE	13059000	436000	

APPENDIX 3 – ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP FINANCIAL RISK REGISTER

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Savings Targets to March 2018			
Progress to identify and deliver funding to support overspends (i.e. Prescribing)	High	c£3m (2017/18 & recurring)	IJB pursuing continues to develop financial plans. Prescribing plans being taken forward through combination of local working and the NHST-wide Prescribing Management Group. See report to Jan. 2018 IJB.
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 (See Angus Care Model)	Not known	NHS Tayside's Nursing Directorate has stated that Nurse Staffing levels need to increase in some instances. This has not been matched by any funding commitment from NHS Tayside. This issue overlaps with potential savings from Angus Care Model.
IJB is exposed to ongoing health overspends regarding Community Nursing, In Patient nursing (see above) and Out of Hours.	Medium	c£0.2m (2017/18)	Comm. Nursing and OOH are continuing to review service delivery models. In Patient issues to be solved via Angus Care Model.
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 2018/19 noting Scottish Government intentions.
The IJB's Adult Services are likely to see significant underlying growth in demand and consequently costs. 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£1.2m (Estimated Recurring)	The IJB continues to explore permanent resolution to future increased commitments. 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 2018/19 and beyond reflecting both the ongoing impact of the Living Wage but also issues associated with the current National Care Home Contract.	High	c£2.0m (Estimated Recurring)	The IJB will work at a local and national level to manage these pressures appropriately. Where necessary mitigating action may be required.
Other (including Funding)			
2018/19 Budget Settlements	High	Not known	Angus IJB is in active discussion with both Angus Council and NHS Tayside regarding 2018/19 budget settlements. Angus IJB is directly affected by the financial constraints that effect both NHS Tayside and Angus Council and there is a significant risk those financial constraints will have a knock on impact on Angus IJB.
Resolution of Devolved Budgets to the IJB (current or emerging issues)	Medium	Not known (2018/19)	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.