



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 18 APRIL 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 can be read in conjunction with separate financial planning papers.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) notes the overall financial position of Angus IJB and specifically the projected year end position; and
- (ii) 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. For 2018/19, both Angus IJB's Partners will wish to see that the IJB has a balanced financial plan.

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 February 2018 is a small projected year end underspend. This is after material Prescribing overspends have been offset by non-recurring health under spends and the underspends 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 (Hosted Services - Angus)
- Services Hosted Elsewhere on Behalf of Angus IJB (Hosted Services – Elsewhere)
- 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 previously been approved and implemented by the IJB. Further 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£1.7k 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£104k underspent this year, there have been pressures within Inpatient services. These have been partly related to the ongoing needs of service users but also reflecting the configuration of services at Stracathro. This issue should be resolved once the proposed Angus Care Model is fully 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£155k 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 will be rolled forward into next year's financial planning.

Services Hosted in Angus on Behalf of Tayside IJBs (Hosted Services – Angus)

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 c£190k per annum. Some pressures that were evident in 2016/17 have continued, 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 – Previous exercises to consider shift patterns and available funding had allowed a review of the overall position of OOH budgets and resulted in an improved projected position as costs were more closely matched to available funding. However the services remains under financial pressure and further reviews are underway.

- Pharmacy Services – As noted previously, 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 may be further delays in recruitment.

Services Hosted Elsewhere on Behalf of Angus IJB (Hosted Services – Elsewhere)

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£361k, 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 is the subject of a separate report to the April 2018 IJB. 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£0.5m 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 continues to be 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 14%. 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£133k. 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 roughly breakeven.

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£800k. 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 the longer term financial sustainability of the IJB and this will be reflected in separate financial planning papers.

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 on its Health Services, 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.

4. ANGUS COUNCIL DEVOLVED BUDGETS (Adult Services)

4.1 CURRENT POSITION

The 2017/18 financial projection based on February information for Adult Services is a projected underspend of c£1.0m. 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 last Finance report to the IJB showed that all 2017/18 recurring savings were now confirmed to be delivered on a recurring basis. This gives the IJB a firm footing for developing its financial planning for 2018/19 as seen set out in the separate financial planning papers.

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, but now being considered alongside developments in our contractual arrangements with providers and will be reflected in the 2018/19 budget.

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.

Report 6/18 noted that, on a non-recurring basis only, some Integrated Care Funds would be used to offset the impact of over-commitments elsewhere (including Prescribing). This does help improve the IJB's in year reported financial position.

Reports 56/17 and 6/18 noted that due to the timing of the roll out of Enhanced Community Services, there would be in year slippage within Delayed Discharge funding streams and that this funding would be used flexibly to help manage costs of Delayed Discharge responses and address any consequences of Delayed Discharges. As the costs of managing responses have been contained within existing budgets, the slippage has been mainly directed to offset the costs associated with the consequences of Delayed Discharge.

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 budgets for 2018/19 and beyond 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. SUMMARY

The main financial implications of this report are set out in the body of the report at sections 3 and 4. The overall projected financial position for 2017/18 is a small underspend reflecting an underspend 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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List of Appendices:

- 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			4,904	-104	4,904	-104
Medicine For The Elderly			2,651	-112	2,651	-112
Community Hospitals			4,062	6	4,062	6
Minor Injuries / O.O.H			1,876	-53	1,876	-53
Community Nursing			3,686	155	3,686	155
Enhanced Community Support			781	-92	781	-92
Internal Accommodation & Healthcare Services:					0	0
Community Services	2,699	-633			2,699	-633
Non-residential Care	4,161	-281			4,161	-281
Residential Care	5,082	-7			5,082	-7
Sheltered Accommodation	652	4			652	4
OP Admin/Support	920	-118			920	-118
Assessment & Care Management:					0	0
Care & Assessment	17,563	1,036			17,563	1,036
Community Mental Health Dementia Homecare	994	179			994	179
Non-residential Care Management	2,253	-144			2,253	-144
Residential Care Management	77	5			77	5
Older Peoples Service	34,401	41	17,960	-200	52,361	-159
Mental Health	2,485	-329	2,474	38	4,959	-291
LD Admin/Community Support	2,161	-64			2,161	-64
LD Non-residential care	10,867	380			10,867	380
LD Residential Care	958	-127			958	-127
Learning Disabilities	13,986	189	549	-88	14,535	101
Occupational Therapy	785	-99	665	-47	1,450	-146
PD Non-residential care	1,753	-58			1,753	-58
Physical Disabilities	2,538	-157	665	-47	3,203	-204
Substance Misuse	840	-25	864	-20	1,704	-45
Community Services						
Physiotherapy			1,344	-69	1,344	-69
Anti-Coagulation			293	-40	293	-40
Primary Care			754	-49	754	-49
Carers Strategy			101	0	101	0
Homelessness	765	-14			765	-14
Other Community Services			428	-78	428	-78
Community Services	765	-14	2,920	-236	3,685	-252
Planning / Management Support						
Centrally Managed Budget	2,426	-819	1,262	-1,121	3,688	-1,941
Partnership Funds		0			0	0
Management / Improvement & Development	2,592	85	885	-81	3,477	4
Help To Live At Home					0	0
Planning / Management Support	5,018	-734	2,147	-1,204	7,165	-1,938
Local Hospital and Community Health Services			27,578	-1,757		
Services Hosted in Angus on Behalf of Tayside IJBs						
Forensic Service			907	-90	907	-90
Out of Hours			7,075	148	7,075	148
Speech Therapy (Tayside)			964	-11	964	-11
Locality Pharmacy			2,250	-450	2,250	-450
Tayside Continence Service			1,410	-52	1,410	-52
Unresolved Savings Associated with Hosted Services			-188	188	-188	188
Hosted Services Recharges to Other IJBs			-9,052	195	-9,052	195
Services Hosted in Angus on Behalf of Tayside IJBs	0	0	3,366	-72	3,366	-72
Services Hosted Elsewhere on Behalf of Angus IJB			13,127	361	13,127	361
GP Prescribing			21,274	2,567	21,274	2,567
Other FHS Prescribing			448	-133	448	-133
General Medical Services			16,655	-133	16,655	-133
Family Health Services			11,802	-2	11,802	-2
Large Hospital Set Aside			11,759	0	11,759	0
Grand Total	60,033	-1,029	106,009	831	166,042	-198

APPENDIX 2 – HOSTED SERVICES

SERVICES HOSTED IN ANGUS IJB ON BEHALF OF TAYSIDE IJBs			
	ANNUAL BUDGET	PROJECTED YEAR END VARIANCE	
	£	£	
ANGUS HOSTED SERVICES	12417000	-267000	
HOSTED SERVICES ATTRIBUTABLE TO DUNDEE & PERTH IJBs	9052000	-195000	72.9%
BALANCE ATTRIBUTABLE TO ANGUS	3365000	-72000	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	5395779	174500	
Brain Injury	1551502	100000	
Dietetics (Tayside)	2772199	-180000	
Sexual & Reproductive Health	1991212	-60000	
Medical Advisory Service	150679	-43800	
Homeopathy	25802	2000	
Tayside Health Arts Trust	57184	0	
Psychology	4471510	-534000	
Eating Disorders	288374	-5500	
Psychotherapy (Tayside)	810775	-27000	
Learning Disability (Tay Ahp)	771160	-55000	
Balance of Savings Target	-598516	577516	
Grand Total	17687660	-51284	
Angus Share (27.1%)	4793000	-14000	
ANGUS SHARE OF SERVICES HOSTED IN PERTH & KINROSS			
General Adult Psychiatry	15568175	975000	
Learning Disability (Tayside)	5854163	-200000	
Substance Misuse	1483057	-83500	
Prison Health Services	3686135	82500	
Public Dental Service	1955615	-30000	
Podiatry (Tayside)	2824310	20000	
Balance of Savings Target	-618214	618214	
Grand Total	30753241	1382214	
Angus Share (27.1%)	8334000	375000	
TOTAL ANGUS SHARE OF SERVICES HOSTED ELSEWHERE			
	13127000	361000	

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 April 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.	Medium / Reducing (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 / Reducing	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. This is indicative of overall risks associated with Workforce Planning across the whole Partnership.	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 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£1.0m (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	Medium	Not known	Angus IJB continues to be in discussion with 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.