



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 29 AUGUST 2018**

FINANCE REPORT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report provides an update to the Angus Integration Joint Board (IJB) regarding the financial position of Angus IJB including financial projections, updates regarding savings progress and financial risks.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) notes the overall projected financial position of Angus IJB for 2018/19;
- (ii) notes progress with 2018/19 savings delivery; 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 directed services (section 3).
- b) Angus Council directed services (section 4).
- c) Summary (section 5).

It is important to 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 has changed for 2018/19 such that should the IJB ultimately overspend, then that overspend will be apportioned to Partner organisations in proportion to the spending directions to each party. This change is referenced within this report.

Information contained within this report reflects early estimates for the whole of 2018/19 and consequently a number of further reviews of projections and underlying budgets are ongoing which may lead to future adjustments in information.

The IJB's detailed projected financial position for 2018/19 is set out in Appendix 1. This shows that the overall projected financial position for Angus IJB for year to March 2019 is of a small underspend of c£40k or approximately breakeven. This is after material Prescribing overspends have been offset by other health underspends and underspends within Adult Services.

3. NHS DIRECTED SERVICES – CURRENT POSITION

3.1 Local Hospital and Community Health Services

- For 2018/19 the vast majority of services are currently projecting underspends or near breakeven. This reflects good progress made in both 2017/18 and early 2018/19 with

delivery of savings and cost containment (including specifically good progress with position within Community Nursing Services).

- This will continue to be monitored going forward.
- Beyond service budgets, the IJB is forecasting an underspend within Centrally Managed Budgets reflecting the above noted progress with savings (as per the IJB's financial plan), unplanned short term underspends regarding the final stages of the implementation of Enhanced Community Support, and short term underspends regarding Partnership Funds.
- Collectively these factors contribute to the forecast underspend of c£2m re Local Hospital and Community Health Services. This is consistent with the IJB's overall financial plan with underspends on this group of services/budgets intended to offset overspends elsewhere (e.g. Prescribing).

Services Hosted in Angus on Behalf of Tayside IJBs

- Due to pressures that remain within these services, particularly Out of Hours, progress with delivery of savings proposals has been limited since the inception of the IJB. On that basis there remains a projected shortfall of c£140k re unmet savings.
- Significant overspends are now projected re Tayside Out of Hours Services. Original plans to re-model services have only been partially advanced to date. This remodelling, alongside service funding streams and underlying costs, will be reviewed further in the near future with information shared with other Tayside IJBs.
- The combined effect of the above, despite some off-setting underspends, is one of an over spend of c£141k for the Angus share of these costs.

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 projected year-end position for these services is an overspend of c£550k – slightly higher than expectations. The details are set out in Appendix 2.
- Main contributors to this over-spending position are pressures within Adult Mental Health Services and Prisoner Healthcare (overseen via Perth IJB) and pressures within Palliative Care, Brain Injury and Psychotherapy (overseen by Dundee IJB). As with Angus IJB, both Dundee and Perth IJBs have unmet savings associated with hosted services. These pressures are partially offset by a range of service underspends.

Family Health Service (FHS) Prescribing

- Considerable work continues at both a Tayside and local level regarding Prescribing. This is the subject of regular separate reports to the IJB and has also been reported to NHS Tayside Performance and Resources Committee.
- While Angus remains an outlier in terms of Prescribing spend per weighted populations, the scale of the variance to national averages has reduced from over c14% at times during 2017/18 to nearer 12% when 3-month averages are considered.
- The above progress partly reflects good work to develop long term clinical buy-in for changing the way we prescribe, the considerable work being progressed by local General Practices, and those involved locally with Prescribing and the effect of efforts co-ordinated through the Tayside Prescribing Management Group.
- The IJB will continue to progress Prescribing action plans in line with information shared with the IJB previously and will also progress actions reflecting other current developments. Should further material progress be made then, from a financial planning perspective, this will start to make a difference in the IJB's reported financial position in 2018/19 compared to previous years.
- Due to the stage in the financial year, projections regarding Prescribing budgets are high level at this stage with an overspend of £2.1m projected compared to last year's underlying overspend of c£3.3m. This projection in particular will be subject to much further review, is subject to ongoing risks regarding price and tariff changes and is dependent on progress with prescribing initiatives locally and regionally.

General Medical Services and Family Health Services

- As yet final 2018/19 budget allocations have not yet been confirmed by the Scottish Government for General Medical Services (GMS). In advance of that confirmation, early projections suggest budgetary pressures this year of c£74k.
- Projected overspends are partially attributable to provision of GMS in the likes of Brechin where NHS Tayside is directly managing GMS services.
- Longer term risks regarding the challenges re General Practitioner recruitment, the uncertainty that is prevailing in the period around the introduction of the new GMS contract and the underlying growth in some Enhanced Service and Premises costs all remain.
- Budgets associated with other Family Health Services (FHS) are projected to roughly breakeven at the year end.

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.
- As at 2018/19 this budget is initially quantified at £8.946m to reflect the direct costs associated with these services. The projected year end financial position is presented as break even in advance of further development of associated financial reporting.
- 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 regarding Large Hospital Services, there are also risks associated with the provision of Acute Sector capacity.

Overall Position Regarding NHS Directed Resources

- The overall reported projected 2018/19 position based on early information suggests an over spend of c£700k. This will be affected by multiple risks, subject to much further refinement and is likely to vary in the early months of the financial year. The projected overspend reflects a series of offsetting variances including continued overspends re Prescribing and services hosted elsewhere being partially offset by underspends locally.

4. ANGUS COUNCIL DIRECTED SERVICES (ADULT SERVICES) – CURRENT POSITION

4.1 Adult Services

- The IJB is currently projecting a year end underspend re Adult Services. Within this there are offsetting variances. There are overspends within Learning Disabilities (subject to the overall Learning Disability Review) and overspends within Older People's Services.
- The Older People's Services overspend is partly attributable to demographic growth issues. There are funds set aside within the IJB to offset this growth and adjustments will be amended to reflect this growth once it has been formally quantified by the service with Finance support.
- There remain a number of one-off underspends (e.g. associated with the implementation of the Living Wage for Sleepovers - due for resolution in Autumn 2018) and regarding the resettlement of patients from inpatient hospital care.
- With the benefit of longer term information, it now appears the IJB has had some success in containing levels of demographic growth – albeit there has been an impact in recent months. This remains a major risk and it will be monitored closely going forward and will feature as part of financial assessments made during the next iterations of longer term financial plans.

Overall Position Regarding Angus Council Directed Resources

- The overall projected 2018/19 position based on early information suggests an underspend of c£760k. This will be affected by multiple risks, subject to much further refinement and is likely to vary in the early months of the financial year.

5. SUMMARY IJB POSITION

From the above it can be seen that the IJB is forecasting an overspend regarding NHS Directed Services of c£720, slightly reduced from 2018/19, and is projecting an underspend of c£760k regarding Angus Council Directed Services. All information is very preliminary at this stage, subject to multiple risks including, for example, Prescribing, and the financial position is supported by short term benefits. Overall the suggestion is a potential year end underspend of c£40k or approximately breakeven.

While NHS Tayside budgets have yet to be finally ratified for 2018/19, changes in the Integration Scheme need to be reflected in the way the IJB's Partner's report their financial relationship with the IJB.

At the moment as the IJB is forecasting an approximately breakeven position, so the impact of the IJB's finances within both Angus Council and NHS Tayside would be projected as breakeven. Per the Integration Scheme, the IJB would retain any projected year end underspend within IJB reserves.

6. PROGRESS WITH 2018/19 SAVINGS DELIVERY

- 6.1 On a regular basis information will be provide to the IJB regarding progress with delivery of planned 2018/19 savings. This initially references back to the IJB's financial plan as described in report IJB 25/18. The table below focuses on Local Hospital and Community Health and Adult Services.

Savings Delivery Progress at August 2018

Intervention	Target £K	Revised Forecast £K	Comment
Local Hospital and Community Health			
Previous Year Savings	97	97	Complete.
Service Efficiencies	290	290	Complete.
Angus Care Model – MIIU	300	150	Project remains in implementation phase therefore savings under review.
Angus Care Model – In Patients	550	488	Saving delivered though parts of Angus Care Model (noting some final changes still to be completed).
Angus Care Model – Future Phase	50	0	This was originally assumed for Quarter 4 of 2018/19, but is now more likely to occur in 2019/20.
Partnership Funds (N/R)	500	500	Complete (note non-recurring (N/R)).
Service Efficiencies (N/R)	100	100	Complete – As per in year service projections.
Funding Slippage (N/R)	250	250	Complete – As per in year projections (see 3.1 above).
Total Health	2137	1875 (88%)	
Adult Services			
Help to Live at Home	860	860	Complete.
Increased Income/Charging	200	200	On target; some charges effective October 2018.
Improvement & Change programme	550	550	Complete.
Care Home Review	250	100	Programme remains under development but behind schedule for in year savings delivery. Recurring savings still expected to be of planned magnitude.
Learning Disability Review	150	100	Programme remains under development but behind schedule for in year savings delivery. Recurring savings starting to be delivered for parts of the programme.
Eligibility review	150	75	Paper due to be submitted to IJB – August 2018. In year savings adjusted to allow for timing of effect of changes.
Consolidate 17/18 savings	250	250	On target.
Total Adult Services	2410	2135 (88%)	
Total	4547	4010 (88%)	

The above demonstrates that good progress has been and is being made across a range of interventions. Some interventions, generally those that were assumed to deliver from mid 2018/19, still require further development, are inherently more risky and may require additional management intervention to progress them forward. The IJB's Executive Management Team will review progress with these initiatives.

While the above suggests some parts of the IJB's plan may under-deliver in-year, there may be offsetting factors elsewhere. The IJB's Executive Management Team will pursue compensating measures as required to deliver an overall balanced 2018/19 financial position - for example the level of non-recurring NHS savings may be greater than expected and at 4.1 above it was noted that the IJB may have been able to contain the impact of demographic growth on some services.

In addition to the above, it is important to note that there are and may be further offsetting pressures elsewhere in the IJB. At this stage it is worth noting that costs associated with the Carers Act have still to be fully clarified, as has the final impact of pay inflation across both Angus Council and NHS Tayside employees. Risks regarding future demographic growth and workforce issues will continue to be features of the IJB's financial risks going forward.

The above reflects progress with 2018/19 savings delivery. The Board should note that 2018/19 budget discussions with NHS Tayside are still subject to finalisation, albeit a reasonable set of working assumptions are available. As such, the final approval of devolved 2018/19 budgets to the IJB (including resources devolved from NHS Tayside and Angus Council) will require to happen at the October 2018 Board meeting. Ratification of formal 'directions' to NHS Tayside and Angus Council will follow once devolved budgets have been finalised.

7. 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 financial cycle, aside from important issues such as Prescribing and Workforce, the preparation of longer term budgets consistent with the IJB's future Strategic Plan is a further area of concern.

Angus IJB formally monitors its corporate risks through the Angus Clinical, Care and Professional Governance R2 forum. The financial risk is described as 'Effective Financial Management'. The risk measure is recorded routinely and the summarised performance is shown below indicating the ongoing 'red' financial risks. .

RISK TITLE	RISK OWNER	BASELINE RISK EXPOSURE	October 2017	January 2018	March 2018	May 2018	July 2018
Effective Financial Management	Chief Officer	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED	25 (5x5) RED

There has been an ongoing risk regarding Finance Support Structures (the Finance team support provided by both NHS Tayside and Angus Council). Within NHS Tayside that team is currently affected by a degree of staff turnover that will cause a loss of continuity for a number of months. Within Angus Council a similar issue is currently affecting the support team with staff turnover linked to the final stages of the implementation of the Finance Structure Review. There will be an impact of these circumstances on the IJB's financial management.

Noting the issues regarding future workforce planning (i.e. the age profile of the IJB's workforce), in order to more pro-actively address prospective recruitment issues, under the devolved authority of the Chief Officer it is proposed to set up a small fund to allow for the early recruitment of suitable staff when they become available (e.g. at points after graduations), even if this is in advance of assumed anticipated vacancies. The risks of additional costs associated with early recruitment will be considered on a case by case basis, contained where possible (e.g. through reducing supplementary staffing costs) and supported if required, by this new fund.

8. SUMMARY

The main financial reporting issues in this report are set out in sections 3, 4 and 5. The overall projected financial position for 2018/19, based on very early information with many ongoing risks, is of an approximately breakeven position. This reflects 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 2018/19
Appendix 2: Hosted Services Financial reporting
Appendix 3: Angus Health and Social Care Partnership Financial Risk Register

APPENDIX 1

Angus Health & Social Care Partnership - Financial Monitoring Report 2018-19						
	Adult Services		Angus NHS Directed Services		HSCP	
	Annual Budget	Projected (Over) / Under	Annual Budget	Projected (Over) / Under	Annual Budget	Projected (Over) / Under
	£k	£k	£k	£k	£k	£k
Local Hospital and Community Health Services						
Older Peoples Services						
Psychiatry Of Old Age			4,703	-26	4,703	-26
Medicine For The Elderly			2,610	-92	2,610	-92
Community Hospitals			3,585	155	3,585	155
Minor Injuries / O.O.H			1,879	103	1,879	103
Community Nursing			3,710	26	3,710	26
Enhanced Community Support			941	102	941	102
Management & Admin	1,027	12			1,027	12
Care at Home	4,546	-26			4,546	-26
Intermediate Care	237	22			237	22
Community Support	831	10			831	10
Supported Accommodation	566	-126			566	-126
Internal Residential	4,847	97			4,847	97
Care and Assessment	19,582	-812			19,582	-812
Community Mental Health	1,072	78			1,072	78
Older Peoples Service	32,708	-745	17,428	268	50,136	-477
Mental Health	2,644	204	2,494	5	5,138	209
Admin Community Support	6,820	-84			6,820	-84
Non Residential Care	93	4			93	4
Residential Care	7,242	-19			7,242	-19
Learning Disabilities	14,155	-99	519	58	14,674	-41
Occupational Therapy	1,381	203	635	14	2,016	217
Non Residential	1,892	17			1,892	17
Physical Disabilities	3,273	220	635	14	3,908	234
Substance Misuse	824	-1	896	18	1,720	17
Community Services						
Physiotherapy			1,454	-5	1,454	-5
Anti-Coagulation			268	18	268	18
Primary Care			574	27	574	27
Carers	468	0	0	0	468	0
Homelessness	768	16			768	16
Other Community Services			1,194	-48	1,194	-48
Community Services	1,236	16	3,490	-8	4,726	8
Planning / Management Support						
Centrally Managed Budget	3,204	1,110	3,543	1,555	6,746	2,665
Partnership Funding			861	150	861	150
Management / Improvement & Development	2,208	55	1,048	105	3,256	159
Planning / Management Support	5,412	1,165	5,452	1,810	10,864	2,975
Local Hospital and Community Health Services			30,914	2,165		
Services Hosted in Angus on Behalf of Tayside IJBs						
Forensic Service			908	15	908	15
Out of Hours			6,872	-475	6,872	-475
Speech Therapy (Tayside)			958	-8	958	-8
Locality Pharmacy			1,200	0	1,200	0
Tayside Continence Service			1,420	84	1,420	84
Unresolved Savings Associated with Hosted Services			-142	-142	-142	-142
Hosted Services Recharges to Other IJBs			-8,176	385	-8,176	385
Services Hosted in Angus on Behalf of Tayside IJBs	0	0	3,040	-141	3,040	-141
Services Hosted Elsewhere on Behalf of Angus IJB			12,765	-557	12,765	-557
GP Prescribing			21,174	-2,100	21,174	-2,100
Other FHS Prescribing			611	0	611	0
General Medical Services			16,279	-74	16,279	-74
Family Health Services			11,758	-10	11,758	-10
Large Hospital Set Aside			8,946	0	8,946	0
Grand Total	60,252	760	105,487	-717	165,739	43

APPENDIX 2 – HOSTED SERVICES

SERVICES HOSTED IN ANGUS IJB ON BEHALF OF TAYSIDE IJBs			
	ANNUAL BUDGET	PROJECTED YEAR END VARIANCE	
	£	£	
ANGUS HOSTED SERVICES	11216000	-527000	
HOSTED SERVICES ATTRIBUTABLE TO DUNDEE & PERTH IJBs	8176000	-385000	72.9%
BALANCE ATTRIBUTABLE TO ANGUS	3040000	-142000	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	5457004	-239000	
Brain Injury	1554382	-110000	
Homeopathy	25802	-3300	
Psychology	4753114	455000	
Eating Disorders	0	0	
Psychotherapy (Tayside)	795035	-145000	
Dietetics (Tayside)	2690673	207000	
Sexual & Reproductive Health	1993681	25000	
Medical Advisory Service	150790	47500	
Tayside Health Arts Trust	57200	0	
Learning Disability (Tay Ahp)	750399	30000	
Balance of Savings Target	-598516	-598516	
Grand Total	17629564	-331316	
Angus Share (27.1%)	4778000	-90000	
ANGUS SHARE OF SERVICES HOSTED IN PERTH & KINROSS			
General Adult Psychiatry	14845386	-1340000	
Learning Disability (Tayside)	5853387	-50000	
Substance Misuse	1446633	167500	
Prison Health Services	3008596	-105000	
Public Dental Service	1959305	5000	
Podiatry (Tayside)	2780232	20000	
Balance of Savings Target - Others	0	0	
Grand Total	29893539	-1302500	
Angus Share (27.1%)	7987000	-467000	
TOTAL ANGUS SHARE OF SERVICES HOSTED ELSEWHERE	12765000	-557000	

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

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Savings Targets			
A small number of IJB savings programmes (including some associated with Hosted Services – specifically Out of Hours - are running behind schedule.	Medium	c£0.5m (recurring)	IJB continues to progress savings plans through Executive Management Team.
Cost Pressures			
The IJB's Prescribing budget remains under ongoing pressure with the IJB incurring costs per weighted patient above the national averages.	High	c£2.0m-£3.0m (recurring)	Prescribing plans being taken forward through combination of local working and the NHST-wide Prescribing Management Group. See report to June 2018 IJB. IJB augmenting local Prescribing budgets.
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. Reviews of Safe Staffing issues re Health and Care (Staffing) (Scotland) Act may have a longer term impact on social care services.	Low	Not known	Issues remain under consideration.
The IJB has a material 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 2019/19 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. This is a complex issue and one that is still developing. Estimates of the impact of these costs are allowed for in financial plans.
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. Estimates of the impact of these costs are allowed for in financial plans.
Other (including Funding)			
2018/19 Budget Settlements	Reducing	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.