



**REPORT TO:** HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –  
27 FEBRUARY 2018

**REPORT ON:** DUNDEE INTEGRATION JOINT BOARD 2018/19 BUDGET PROGRESS  
REPORT

**REPORT BY:** CHIEF FINANCE OFFICER

**REPORT NO:** DIJB13-2018

**1.0 PURPOSE OF REPORT**

The purpose of this report is to provide the Integration Joint Board with an update with regards to the development of the delegated budget 2018/19 and associated developing Transformation Programme required to deliver a balanced budget.

**2.0 RECOMMENDATIONS**

It is recommended that the Integration Joint Board (IJB):

- 2.1 Notes the anticipated level of increased costs associated with the delegated budget and indicative funding levels from Dundee City Council and NHS Tayside and associated funding gap.
- 2.2 Remits the Chief Finance Officer to bring forward a full range of deliverable Transformation Programme efficiencies for consideration of the IJB at a special meeting arranged for the 30<sup>th</sup> March 2018.

**3.0 FINANCIAL IMPLICATIONS**

The financial planning projections highlighted in Appendix 1 have been updated from the January IJB meeting however remain provisional at this stage of the budget process until formal notice is received from Dundee City Council and NHS Tayside of the value of the proposed delegated resources following the conclusion of their respective budget processes. A final budget position will be presented to the special IJB meeting arranged for the 30<sup>th</sup> March 2018.

**4.0 MAIN TEXT**

- 4.1 Dundee IJB considered report DIJB1-2018 (Scottish Government Draft Budget 2018/19 – Implications for Dundee Integration Joint Board) at a special meeting of Dundee IJB held on 24th January 2018. This report set out to the IJB for the first time the potential range of additional costs which could impact on the delegated budget and the anticipated level of funding to be provided to the IJB from NHS Tayside and Dundee City Council following the Scottish Government’s Draft Budget 2018/19.
- 4.2 Since then, discussions have continued with both Dundee City Council and NHS Tayside to refine the budget assumptions and funding levels. This includes considering the impact of the amendments to the Scottish Government’s budget in relation to the extension of a 3% uplift to those earning up to £36,500 per annum (as against £30,000) and the impact of additional funding being provided to local government.

### **4.3 Dundee City Council Position**

- 4.3.1 Dundee City Council agreed its 2018/19 Budget at a special meeting of the Policy and Resources Committee on the 22<sup>nd</sup> February 2018. The Council's Revenue Budget and Council Tax 2018/19 Report (51-2018) sets out the Council's revised financial position for 2018/19, including the range of cost pressures anticipated to be faced by the Council totalling £23.868m, savings already included in the provisional budget of £8.64m, and new funding of £3.703m. The amendments to the Scottish Government's Budget Bill improved the Council's financial position from the previous projected position with the Council receiving an additional £4.422m of resources for 2018/19. The net effect of these and other minor changes left the Council with a savings target of £7.313m before consideration of council tax increases.
- 4.3.2 Included in the Council's budget is a position of providing Dundee Integration Joint Board with a net flat cash finance settlement for the delegated budget compared with the 2017/18 level of resources. This net settlement includes investment of £1.6m in delivering the new responsibilities for social care as part of the Scottish Government's budget settlement to local government of £66m nationally (eg Carers Act, Living Wage) and provision for inflationary increases offset by a reduction in funding to the delegated budget. After applying the estimated cost pressures such as pay inflation, the impact of the increase in the National Care Home Contract and other inflationary cost pressures in addition to the new commitments for 2018/19 in relation to the living wage, sleepovers at the living wage, the implementation of the Carers Act and increases to free personal and nursing care payments, the net impact on the delegated budget is a shortfall of £3.483m for 2018/19.

### **4.4 NHS Tayside Position**

- 4.4.1 NHS Tayside will finalise its 2018/19 Budget on the 29th March 2018. Since the January IJB meeting, work has continued to refine the estimated costs for 2018/19 and the anticipated levels of funding from NHS Tayside. This includes the refinement of the costs of the pay award and associated additional funding provided by the Scottish Government and further detailed work in relation to the prescribing budget through the Prescribing Management Group (PMG). The PMG financial planning outlook for Dundee considers the projected changes in the cost and volume of prescribing over the next 12 months set against the potential resources available. Dundee will benefit from an increase in resources due to changes in the national allocation formula (NRAC) which when applied locally, will enhance the Dundee prescribing budget. Discussions are ongoing with NHS Tayside as to the exact value of this change for 2018/19. However currently, the net effect of these changes is likely to still result in a shortfall of approximately £1.3m in the prescribing budget.
- 4.4.2 The impact on the Dundee delegated budget of services hosted by Perth and Kinross and Angus IJB's will be affected by the range of pressures and efficiency measures identified to meet those pressures by those respective IJB's. It is assumed that at this stage, Dundee IJB will not be subject to a recharge of expenditure for any hosted services which is greater than the budgeted allocation.

### **4.5 Net Impact on Dundee IJB Budget**

- 4.5.1 The updated financial position for Dundee IJB following consideration of the Dundee City Council and NHS Tayside current budget positions is detailed in Appendix 1. This shows a potential financial deficit of approximately £5m at this stage of the budget process. An important element of the 2018/19 IJB budget strategy is to significantly reduce the level of historical savings within the NHS budget currently being met by non-recurring savings and meet these shortfalls from permanent savings as noted in Appendix 1.

### **4.6 Dundee IJB's Financial Plan & Transformation Programme**

- 4.6.1 Dundee IJB's response to this challenging financial position will be set out within its developing Transformation Programme. This will include a range of proposed budget adjustments with the aim of continuing to support, develop and deliver integrated services which meet the aims and priorities of the IJB's Strategic and Commissioning Plan. This will be presented in full to the IJB for consideration at its meeting on the 30th March 2018. Should the range of deliverable interventions be insufficient to balance the shortfall, the IJB may be required to consider the use

of any unallocated IJB reserves to provide short term support on a non-recurring basis while longer term proposals are taken forward or adjusting its Strategic and Commissioning Plan to fit with the resources available.

## 5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

## 6.0 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that the IJB will not be able to balance its resources and achieve its strategic objectives should the combination of the level of funding provided through the delegated budget and the impact of the IJB's Transformation Efficiency Programme be insufficient.
<b>Risk Category</b>	Financial
<b>Inherent Risk Level</b>	Likelihood 4 x Impact 4 = 16 (Extreme)
<b>Mitigating Actions</b> (including timescales and resources )	Developing a robust and deliverable Transformation Programme Negotiations with Dundee City Council and NHS Tayside to agree the most advantageous funding package as part of the development of the IJB's delegated budget.
<b>Residual Risk Level</b>	Likelihood 3 x Impact 4 = 12 (High)
<b>Planned Risk Level</b>	Likelihood 3 x Impact 4 = 12 (High)
<b>Approval recommendation</b>	Despite the high level of risk, it is recommended that this should be accepted at this stage of the budget process with a reviewed position set out as the proposed budget is set out to the IJB in March 2018.

## 7.0 CONSULTATIONS

The Chief Officer, Executive Director - Corporate Services (Dundee City Council), Director of Finance of NHS Tayside and the Clerk were consulted in the preparation of this report.

## 8.0 BACKGROUND PAPERS

None.

Dave Berry  
Chief Finance Officer

DATE: 22 February 2018

<b>Dundee Integration Joint Board - Delegated Budget 2018/19</b>				<b>Appendix 1</b>
<b>Projected Financial Position as at February 2018</b>				
	<b>NHS Tayside</b>	<b>Dundee City Council</b>	<b>Integrated Resource Total</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Estimated New Cost Pressures 2018/19</b>				
Pay Inflation	1,500	933	2,433	
Other Inflation (including National Care Home Contract)	100	920	1,020	
Prescribing Growth / Inflation	1,177		1,177	
New Scottish Government Policy Commitments		1,630	1,630	
<b>Total New Cost Pressures</b>	<b>2,778</b>	<b>3,483</b>	<b>6,261</b>	
<b>Funded by:</b>				
Estimated Funding Uplifts	(2,778)	0	(2,778)	
<b>Net Funding Pressures 2018/19</b>	<b>0</b>	<b>3,483</b>	<b>3,483</b>	
<b>Previous Years Budget Shortfalls</b>				
Non-Recurring Savings to Recurring	1,140		1,140	
Less: Reshaping Care for Older People	(400)		(400)	
Less: 2017/18 Reduced Operational Budgets Spend	(500)		(500)	
<b>Total Previous Years Shortfalls</b>	<b>240</b>	<b>0</b>	<b>240</b>	
Provisional Prescribing Shortfall Net of Tayside Initiatives	1,328		1,328	
<b>Net Anticipated Budget Shortfall 2018/19</b>	<b>1,568</b>	<b>3,483</b>	<b>5,051</b>	