

ADDITIONAL CIRCULATION



Aberdeen City Health & Social Care Partnership
A caring partnership

To: Members of the Risk Audit and Performance Committee

Town House,
ABERDEEN, 25 January 2021

RISK, AUDIT AND PERFORMANCE COMMITTEE

The undernoted items are circulated in connection with the meeting of the **RISK, AUDIT AND PERFORMANCE COMMITTEE** to be held on **TUESDAY, 26 JANUARY 2021 at 10.00 AM.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

- 4a Qtr 3 Financial Monitoring Mobilisation Update - HSCP21.013 (Pages 3 - 18)

Should you require any further information about this agenda, please contact Derek Jamieson, tel 01224 523057 or email derjamieson@aberdeencity.gov.uk

This page is intentionally left blank



RISK, AUDIT AND PERFORMANCE COMMITTEE

| | |
|---|--|
| Date of Meeting | 26 January 2021 |
| Report Title | Quarter 3 Financial Monitoring and Mobilisation Plan Update |
| Report Number | HSCP21.013 |
| Lead Officer | Alex Stephen, Chief Finance Officer |
| Report Author Details | Alex Stephen, Chief Finance Officer |
| Consultation Checklist Completed | Yes |
| Directions Required | No |
| Appendices | <ul style="list-style-type: none"> a) Finance Update as at end December 2020 b) Variance Analysis c) Mobilisation Plan Costings Update d) Progress in implementation of agreed savings – December 2020 e) Budget Reconciliation f) Budget Virements g) Summary of risks and mitigating action |

1. Purpose of the Report

- a) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board (IJB) as at Period 9 (end of December 2020).
- b) To highlight the current forecast in relation to the additional costs of COVID-19 to be reclaimed from the Scottish Government.
- c) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board services.
- d) To note the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix F).



RISK, AUDIT AND PERFORMANCE COMMITTEE

2. Recommendations

2.1. It is recommended that the Risk, Audit and Performance Committee:

- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
- b) Notes the budget virements indicated in Appendix F.

3. Summary of Key Information

Background

3.1 The IJB considered reports on the 9 June 2020, 11 August 2020 and the 28 October 2020, which highlighted the estimated costs of the mobilisation plan and the risk that particularly the indirect costs of COVID-19 on the IJB budget may not be funded by the Scottish Government.

New Information on COVID-19 Costs and Funding since 28 October 2020

3.2 Since the 28 October 2020 the following allocations have been received from the Scottish Government, highlighted in grey below:

Funding Received to Date for Mobilisation Plan

| | | |
|---|--------------------|---------------------------------------|
| Social care sustainability tranche 1 | £1,856,000 | Council |
| Social care sustainability tranche 2 | £928,000 | Council |
| September allocation from '£1.1 billion allocation' | £5,369,000 | Council\NHS |
| Scottish Living Wage | £324,848 | Council |
| Prescribing | £388,000 | Health |
| Primary Care GPs | £787,174 | Health |
| November top up allocation for sustainability payments | £2,729,720 | Council transferred in January |
| December allocation for winter plan funding - Sustainability | £1,750,000 | Council transferred in January |
| Total Mobilisation Plan Funding Received | £14,132,742 | |
| December allocation for winter plan funding - Additional Staffing | £1,250,000 | Council\Health transferred in January |
| December allocation for winter plan funding - Admin | £180,000 | Council\Health transferred in January |
| | £15,562,742 | |



RISK, AUDIT AND PERFORMANCE COMMITTEE

- 3.3 The funding received has aligned with the expenditure included on the mobilisation plan costing to date. As highlighted previously the mobilisation plan costings were based on estimates in March 2020 and as the pandemic response continues and the guidance in relation to social care provider payments is changed then the costs continue to move on the mobilisation plan.
- 3.4 In regard to the allocations the letters from the Scottish Government have indicated that Chief Finance Officers and Directors of Finance can approach the Scottish Government if the basis for allocation does not meet local requirements. Based on the information and funding received to date Aberdeen City IJB's local requirements have been met, apart from the items where a decision on allocation has still to be made.
- 3.5 In relation to savings undelivered, those which were originally included against the staffing budgets have largely been delivered, as it has not been possible to recruit to the normal levels. Locum spend has reduced in some services this financial year, however, has increased in community mental health services where recruitment to medical posts has proven challenging. On the social care side of the budget, savings were expected to be delivered at the start of year have not been delivered and have been included on the mobilisation plan from the outset as a result. A funding allocation for the undelivered savings is expected in January.
- 3.6 In relation to social care sustainability costs these continue to be refined and the sustainability scheme has recently been extended by the Scottish Government. Further information on the social care payments and forecast continues to be requested on a regular basis by the Scottish Government to substantiate the payments.

Aberdeen City IJB Financial Information

- 3.7 A prudent approach has been taken in forecasting the level of additional income to be received from the Scottish Government for the cost implications of COVID-19 and therefore for the time being only income that has been received is accounted for in the financial monitoring. The financial position of the IJB at the 31 December 2020 is as follows:



RISK, AUDIT AND PERFORMANCE COMMITTEE

| | £'000 | £'000 |
|---|-------|--------------|
| Overspend as at 31 December 2020 (Appendices A and B) | | 3,456 |
| | | |
| Represented by: | | |
| Overspend\ (Underspend) on Mainstream Budgets (Appendix B) | (55) | |
| Costs of COVID-19 – Included on Mobilisation Plan (Appendix C) on Prescribing line | 409 | |
| Costs of COVID-19 – Included on Mobilisation Plan (Appendix C) | 3,102 | |
| | | 3,456 |

- 3.8 In quarter 2 an overspend of £1.2 million was forecast on the prescribing budget, this has been reduced to £409,000 as additional funding of £388,000 has been received for the increase in the cost of two drugs due to COVID and there has also been a reduction in the average unit cost of drugs.
- 3.9 As highlighted in the report to the urgent IJB meeting on 28 October 2020 there has been a movement in the level of planned care at home hours. Some of this increase is temporary and due to respite and day care services not being available, and some is a result of supporting people at home, instead of a residential setting, during the first lockdown. As indicated in the report, these costs are being added to the mobilisation plan as a direct cost of COVID.
- 3.10 Whilst the IJB does have a small risk fund held in reserve, the Chief Finance Officer does not recommend that this is used to cover any shortfall. The Scottish Government have confirmed that additional funding will be provided to cover the costs of COVID-19 but until all the funding is distributed and the final financial position is known there remains a risk of overspend, particularly given the move into the second phase of providing services during the COVID pandemic. Should the Chief Finance Officer feel that the financial risk has increased as a result of new information becoming available then a special meeting of the IJB will be called at short notice with the permission of the Chair of the IJB and as stated in the Standing Orders.
- 3.11 Information on the variances to date are contained in the appendices, along with the budget virements and an updated mobilisation plan costing.



RISK, AUDIT AND PERFORMANCE COMMITTEE

4 Implications for IJB

4.1 Every organisation must manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by budget holders and corporately by the Board and Risk, Audit & Performance Systems Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

Key underlying assumptions and risks are set out within the Appendices to this report.

4.2 **Equalities** – there are no equalities implications arising from this report.

4.3 **Fairer Scotland Duty** – there are no Fairer Scotland Duty implications arising from this report.

4.4 **Financial** – the financial implications are contained throughout the report.

4.5 **Workforce** – there are no workforce implications arising from this report.

4.6 **Legal** – there are no legal implications arising from this report.

4.7 **Other** – there are no other implications arising from this report.

5 Links to ACHSCP Strategic Plan

5.1 A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

5.2 **Management of Risk**

5.3 **Identified risks(s)**

See directly below.

5.4 **Link to risks on strategic or operational risk register:** Strategic Risk #2



There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.



RISK, AUDIT AND PERFORMANCE COMMITTEE

How might the content of this report impact or mitigate these risks:

Good quality financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues are identified quickly, allowing mitigating actions to be implemented where possible.

| Approvals | |
|---|---|
|  | Sandra Macleod (Chief Officer) |
|  | Alex Stephen (Chief Finance Officer) |



This page is intentionally left blank

Appendix A: Finance Update as at end December 2020

| Period 9 | Full Year Revised Budget £'000 | Period Budget £'000 | Period Actual £'000 | Period Variance £'000 | Variance Percent % | Forecast £'000 |
|--|---|---------------------------|---------------------------|-----------------------------|--------------------------|-------------------|
| Mainstream: | | | | | | |
| Community Health Services | 34,952 | 26,168 | 26,476 | 308 | 1.2 | 35,051 |
| Aberdeen City share of Hosted Services (health) | 24,320 | 18,163 | 17,463 | (700) | -3.9 | 23,326 |
| Learning Disabilities | 35,954 | 26,827 | 26,096 | (731) | -2.7 | 35,046 |
| Mental Health and Addictions | 21,801 | 16,607 | 16,157 | (450) | -2.7 | 20,888 |
| Older People & Physical and Sensory Disabilities | 80,192 | 61,224 | 64,907 | 3,683 | 6.0 | 83,004 |
| Directorate | 342 | 256 | 257 | 1 | 0.4 | 204 |
| Criminal Justice | 92 | 73 | (702) | (775) | -1061.6 | 77 |
| Housing | 1,846 | 1,384 | 478 | (906) | -65.5 | 1,846 |
| Primary Care Prescribing | 39,267 | 29,080 | 29,367 | 287 | 1.0 | 39,676 |
| Primary Care | 42,706 | 32,039 | 31,535 | (504) | -1.6 | 42,047 |
| Out of Area Treatments | 2,000 | 1,592 | 2,046 | 454 | 28.5 | 2,622 |
| Set Aside Budget | 46,410 | 34,808 | 34,808 | 0 | 0.0 | 46,410 |
| Direct COVID Costs | 14,063 | 3,935 | 6,911 | 2,976 | 75.6 | 17,165 |
| Public Health | 2,133 | 1,664 | 1,510 | (154) | -9.3 | 2,172 |
| | 346,078 | 253,820 | 257,309 | 3,489 | 1.4 | 349,534 |
| Funds: | | | | | | |
| Integration and Change | 518 | 24 | 24 | 0 | 0.0 | 518 |
| Primary Care Improvement Fund* | 3,147 | 1,312 | 1,317 | 5 | 0.4 | 3,147 |
| Action 15 Mental Health* | 655 | 410 | 410 | 0 | 0.0 | 655 |
| Alcohol Drugs Partnership* | 1,240 | 43 | 145 | 102 | 237.2 | 1,240 |
| | 5,560 | 1,789 | 1,896 | 107 | 238 | 5,560 |
| | 351,638 | 255,609 | 259,205 | 3,596 | 1.4 | 355,094 |

Appendix C: Mobilisation Plan Costings

| | Original Medium Range Forecast 2020/21 £'000 | Forecast 2020/21 £'000 | |
|--|---|---------------------------------------|---|
| <u>Direct Costs Agreed Locally</u> | | | |
| Additional Care Home Beds | 3,168 | 2,979 | Initially agreed via NHSG for up to three months - Costs likely to be incurred for remainder of the year depending on how long clients remain in the care home - might be replaced by sustainability costs in due course. |
| Clinical Leads | 288 | 85 | Additional staff costs for our clinical leads to support the Partnership and the community Hub. |
| Mental Health | 144 | 144 | |
| Staff overtime and additional hours | 300 | 392 | Additional Mental Health Officer and social care provision via a provider. Required to support residential settings and for weekend working. |
| Care at Home Additionality | 0 | 1,500 | Additional costs in relation to Care at Home required to keep residents from moving into residential settings wherever possible. |
| Care Homes Sustainability | 1,263 | 5,569 | Principles still being agreed at SG level - to support care homes financially due to a reduction in number of residents. |
| PPE Partnership | 3,600 | 530 | High level estimate, but have forecast for the whole year - this will be an additional cost to social care and Partnership for a long time . |
| COVID HUB | 0 | 1,426 | Costs of Covid Vaccination Hubs |
| Prescribing | (690) | 0 | Return of funding to SG due to their expectation that the cost will reduce in first two months of the financial year. This amount has been removed from the prescribing budget. |
| Lost Income | 1,000 | 1,109 | Reduction in financial assessments and relaxation of rules. There will be a delay in collecting some of this income. |
| Winter Allocations | 0 | 1,430 | Allocation received for Winter Costs |
| Savings | 3,662 | 2,000 | Agreed savings undeliverable as they impact on Social Care Providers and Staffing which would directly hinder the response to the pandemic if implemented. |
| COVID Costs | 12,735 | 17,164 | |
| <u>Included on other budget lines</u> | | | |
| Savings | 0 | 409 | Agreed savings undeliverable as they impact on Prescribing |
| Social Care Providers Uplift | 528 | 324 | Additional cost of uplift agreed via Scottish Government - was agreed to provide care providers 3.3%, which is higher than the amount anticipated in the MTFP. |
| Prescribing | 0 | 388 | Cost recovery for two drugs where the costs have increased due to COVID. |
| GP Practices | 591 | 788 | Additional payments to practices agreed by Scottish Government for public holidays. |
| | 1,119 | 1,909 | |
| 20/21 | 13,854 | 19,073 | |
| 19/20 | 774 | | |
| | 14,628 | | |
| Less: Funding Received | | 15,562 | |
| Balance Still to be Funded | | 3,511 | |

Appendix B: An analysis of the variances on the mainstream budget is detailed below:

Community Health Services (Forecast Position - £349,000 overspend)

Major Variances:

(254,000) Across non-pay budgets
144,000 Under recovery on income
209,000 Staff Costs
250,000 Undelivered Savings

Staffing costs slight underspend due to overspend in Medical Staff and Admin Staff offset by underspends in Nursing and Allied Health Professionals. Income forecast for under recovery is down to income from Dental patients reducing. Non-Pay underspend due to underspends in Transport and GP practice funding costs offset by overspend to Medical Supplies and Admin costs. There is also an overspend forecast due to undelivered savings.

Hosted Services (Forecast Position £994,000 underspend)

The Hosted Services position is now reporting an underspend mainly due to the allocation of cost pressure funding from the Integrated Joint Board. All services reporting underspend excluding GMED which still has a significant overspend despite additional funding.

Intermediate Care: Has an underspend position in city due to allocation of additional funding. The Grampian wide service has an underspend position due to reduction on medical supplies spend and no longer accruing for an invoice, along with a reduction in locums usage.

Grampian Medical Emergency Department (GMED): Currently overspent despite additional IJB funding. Relates mainly to pay costs and the move to provide a safer more reliable service which has been a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, increased costs on software and hardware support costs, increased usage of medical surgical supplies and an increase in drug costs.

Hosted services are led by one IJB, however, the costs are split according to the projected usage of the service across the three IJBs. Decisions required to bring this budget back into balance may need to be discussed with the three IJBs, due to the impact on service delivery.

Learning Disabilities (Forecast Position - £908,000 underspend)

There are forecasted underspends on homecare (£1,460,000), day care (£497,000) and the transitions team (£197,000), offset by an overspend of £1,700,000 on residential care.

Mental Health & Addictions (Forecast Position - £913,000 underspend).

There are underspends across the service, in particular residential care (£360,000), day care (£313,000), support services (£252,000) and drug addictions (£133,000). An overspend is also forecast on the health side of the budget of £500,000 due to the use of locums and rising Methadone costs.

Older People & Physical and Sensory Disabilities (Position £2,812,000 overspend)

There has been a large increase in commissioned services in 2020/21, with costs expected to be approximately £1.9m higher than in 2019/20. In addition, there has been a fall in the amount of client income being billed, with a potential under recovery for the year of up to £1m.

Directorate (Position – £138,000 underspend)

Various underspends, the most significant being £97,000 income received for self directed support.

Primary Care Prescribing (Forecast Position – £409,000 overspent)

The Primary Care Prescribing Budget is reporting an overspend. This position is based on seven month's actuals for April to October which includes the continuing impact on price and volume from Covid and an accrued position for November and December including the impact of Christmas.

This budget now includes an allocation from IJB Covid funding amounting to £388,000 for two drugs identified by Scottish Government as being specifically impacted upon relating to Covid. To the end of October the volume of drugs prescribed has reduced by 4.5%. There have been various price variations throughout the year with the price at the start of the financial year being far higher than expected and this stabilising. Unfortunately the price fall has not offset the price increase at the start of the financial year and therefore an underspend is still forecast.

Primary Care Services (Forecast Position - £659,000 underspend)

The GP contract uplift for 2020/21 agreed has now been notified and allocation received.

Funding has been released to practices by the Scottish Government in anticipation of increased cost relating to Covid response and this is anticipated to be fully funded by the Scottish Government. An allocation for initial expenditure for this has been received and included in position. This expenditure continues to be reviewed and payment to practices for additional expenditure incurred over and above initial allocation released has been arranged monthly. It is anticipated that such additional expenditure is to be funded by the Scottish Government.

The premises position improved following rent review reconsideration where anticipated increase in rent for two practices are no longer expected. This was the main factor in the improved position.

Out of Area Treatments (Forecast Position - £622,000 overspend)

Forecast overspend has been increased due to an increase in the costs and number of people treated out of area. There is also additional expenditure as some patients have required additional support over the lockdown period.

COVID -19 Costs (Forecast Position - £3,102,000 overspend).

Major Movements:

See appendix C for detailed breakdown. This overspend should be recovered through the mobilisation plan funding once received.

Public Health (Forecast Position - £39,000 overspend).

A small overspend on public health staffing which is being investigated.

Funds (Position - balanced)

Income will match expenditure at the end of the financial year.

Appendix D: Progress in implementation of savings – December 2020

| Programme for Transformation: | Agreed Target £'000 | Status | Forecast £'000 |
|--|----------------------------|--|-----------------------|
| Managing Demand | (2,050) | Description - Additional income to be received from social care charging and reduced costs largely through a reduction in social care commissioning. Status - Commissioning plans and savings put on hold are delayed as a result of COVID19, as most of these savings would have come from redesigning social care services. | (300) |
| Conditions for Change | (2,640) | Description - reduced usage of locums and agency staff and redesign of community services as we move into localities. Status - Some of the savings have been made due to staff vacancies and a reduction in the use of locums. However, the use of locums in mental health services may increase during the year owing to a number of retirements. A working group has been established to look at the medical staffing the mental health community and inpatient services. | (2,390) |
| Accessible and responsive infrastructure | (500) | Description - A review of our 2C medical practices to seek to develop new models for these services which encourage better collaboration between the practices and more cross-system working. Status - An underspend is forecast on our primary care services and we are using this to offset some of this saving. The 2C re-design work is starting back up again and the work undertaken during the COVID19 response phase is influencing the direction of travel. | (500) |
| Data and Digital\Prevention | (500) | Description - The majority of the savings will come from seeking alternatives to medicines (social prescribing), ensuring our prescribing processes and management of patients using medicines is as efficient as it can be and also stopping the prescription of drugs where there is evidence of little clinical value. There were also elements about looking at a system to aid the management of medicines in care homes, looking at reducing GP call-outs and the considering how to prevent people being admitted to hospital. Status - This majority of this saving was due to come from the prescribing budget and at present this budget is forecasting to breakeven. | (91) |
| | (5,690) | | (3,281) |

Undeliverable due to COVID19

(2,409)

Appendix E: Budget Reconciliation

| | NHSG | ACC | IJB |
|--|--------------------|-------------------|--------------------|
| | £ | £ | £ |
| ACC per full council: | 0 | 94,314,381 | 94,314,381 |
| NHS per letter from Director of Finance: | 232,053,968 | | |
| Budget NHS per letter | | 0 | |
| | <hr/> | <hr/> | |
| | 232,053,968 | 94,314,381 | |
| Reserves Drawdown | | | |
| Quarter 1 | 7,352,501 | | |
| Quarter 2 | 3,398,969 | | |
| Quarter 3 | 11,785,415 | 2,732,720 | |
| Quarter 4 | | | |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | 254,590,852 | 97,047,101 | 351,637,954 |

Appendix F: Budget Virements (balancing)

| Health 7-9 | | £ |
|------------------------|----------------------|-----------|
| GMED Out Of Hours | City Hosted Services | 194,904 |
| GMED Out Of Hours | Earmarked Funding | (194,904) |
| Capacity Funding | Core Community | 133,398 |
| Capacity Funding | Earmarked Funding | (133,398) |
| Total Virements | | 0 |

| Social Care 7-9 | | £ | Ref |
|-----------------------------|----------------|-----------|-------|
| Nhs Covid Funding Tranche 2 | Directorate | 928,000 | 49740 |
| Nhs Covid Funding Tranche 2 | Budget Savings | (928,000) | 49740 |
| Total Virements | | 0 | |

Appendix G: Summary of risks and mitigating action

| | Risks | Mitigating Actions |
|--|---|---|
| Community Health Services | Balanced financial position is dependent on vacancy levels. | Monitor levels of staffing in post compared to full budget establishment. A vacancy management process has been created which will highlight recurring staffing issues to senior staff. |
| Hosted Services | There is the potential of increased activity in the activity-led Forensic Service. There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets. | Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised. The movement of staff from elsewhere in the organisation may help to reduce locum services. |
| Learning Disabilities | There is a risk of fluctuations in the learning disabilities budget due to: - Expensive support packages which may be implemented. Any increase in provider rates for specialist services. | Review packages to consider whether they are still meeting the needs of the clients. All learning disability packages are going for peer review at the fortnightly resource allocation panel. |
| Mental Health and Addictions | Increase in activity in needs led service. Potential complex needs packages being discharged from hospital. Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage. Average consultant costs £12,000 per month average locum £30,000 per month. | Work has been undertaken to review levels through using CareFirst. Review potential delayed discharge complex needs and develop tailored services. A group has been established in the city to look at supplementary staffing on a regular basis. |
| Older people services incl. physical disability | There is a risk that staffing levels change which would have an impact on the balanced financial position. There is the risk of an increase in activity in needs led service, which would also impact the financial position. | Monitor levels of staffing in post compared to full budget establishment. Regular review of packages to consider whether they are still meeting the needs of the clients. |
| Prescribing | There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. Both of these factors are forecast on the basis of available data and evidence at the start of each year by the Grampian Medicines Management Group | Monitoring of price and volume variances from forecast. Review of prescribing patterns across General Practices and follow up on outliers. Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility. Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes. |
| Out of Area Treatments | There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian area, which would impact this budget. | Groups to be re-established reviewing placements and considering if these patients can be cared for in a community setting. |