



INTEGRATION JOINT BOARD

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| Date of Meeting | 19 November 2019 |
| Report Title | Finance Update as at end August 2019 |
| Report Number | HSCP.19.063 |
| Lead Officer | Alex Stephen, Chief Finance Officer |
| Report Author Details | Gillian Parkin (Finance Manager) Barbara Ncube (Finance Lead – ACH&SCP) |
| Consultation Checklist Completed | Yes |
| Directions Required | No |
| Appendices | a) Finance Update as at end August 2019 b) Summary of risks and mitigating action c) Progress in implementation of savings - August 2019 d) Budget Reconciliation e) Virements |

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 as at Period 5 (end of August 2019);
- b) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.
- c) To approve the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).



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2. Recommendations

2.1. It is recommended that the Integration Joint Board:

- 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) Approve the budget virements indicated in Appendix E,
- c) Notes the recovery plan highlighted in paragraph 3.3.

3. Summary of the financial information reported

3.1 In order to help with workload planning within the partner organisations, it has been agreed to undertake a budget monitoring based on period 5 information, rather than the period 6 information which the IJB has received previously. The rationale for this change being it allows our colleagues in the finance teams to prioritise other work at period 6. This change will not impact on the quality of the budget monitoring information presented to the IJB.

3.2 At the end of August an adverse position of £989,000 (£607,000 in June 2019) is forecast on mainstream budgets for the financial year 2019-20. The majority of the overspend is due to the additional cost of locums in order to provide safe staffing levels and increases in prescribing spend, offset by vacancies in core community health services.

3.3 The Leadership Team have been reviewing their budgets to bring the budget back into balance and have identified the following activities which will be used to manage this position:

| | |
|---|----------|
| Savings in the Senior Leadership Team Structure | £90,000 |
| Vacancy management savings for managerial, project management and administrative posts | £100,000 |
| Introduce an essential spend only policy and reduce costs on courses, conferences, travel, equipment, agency staff and locums | £133,000 |
| Review of commissioning process for medical locums | £200,000 |



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| A change of approach to the commissioning of social care packages to encourage a re-enablement focussed approach using a multi-disciplinary team. | £200,000 |
| A review of high value social care packages with a multi-disciplinary team, | £266,000 |
| | £989,000 |

3.4 As well as these savings, the Leadership Team will be looking at other areas within their budget where it may be possible to save money. This was part of the objective setting process where all budget holders were asked to identify in year efficiencies of one percent.

3.5 At the end of the financial year the IJB had £5.6 million held in its reserves. The majority of this funding is committed to the previously agreed integration and change projects. A breakdown is shown below of the reserves position at the start of the financial year and a forecast of what the reserves will look like at the end of the financial year.

| | 01/04/19 | 31/03/20 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Risk fund | 2,500 | 2,500 |
| Primary Care Improvement Fund* | 120 | 120 |
| Primary Care Reserve (previous unspent funding) | 1,580 | 706 |
| Action 15 mental health funding* | 161 | 161 |
| Integration and Change Funding | 551 | 0 |
| Alcohol and Drugs Partnership* | 666 | 0 |
| | 5,578 | 3,487 |

*Estimates for illustrative purposes

3.6 As can be seen from the table above the IJB still has its risk fund available should there be any further adverse movements to protect the partners from having to provide additional funding to the IJB. However, the use of this risk fund is seen as a last resort. The reduction in reserves forms part of the IJB's Medium Term Financial Framework where these funds are being invested in services to either manage demand and (or) improve services.

3.7 Information has been received with regard to the Alcohol and Drugs Partnership Funding (ADP), Primary Care Improvement Fund (PCIF) and



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Action 15 mental health funding. The Scottish Government have indicated that they will continue to fund these initiatives at the previously agreed levels, however, they will only provide funding to the IJBs once the reserves carried forward have been spent. In order to provide clarity on what is due to Aberdeen for each of these funds a table has been prepared below:

| | Allocated in 18/19 £'000 | Received in 18/19 £'000 | Spent in 18/19 £'000 | Held in Reserves £'000 | Allocated in 19/20 £'000 | Available in 19/20 £'000 |
|-----------|--------------------------|-------------------------|----------------------|------------------------|--------------------------|--------------------------|
| Action 15 | 431 | 431 | 270 | 161 | 668 | 829 |
| ADP | 666 | 666 | 0 | 666 | 666 | 1,332 |
| PCIP | 1,793 | 1,298 | 1,178 | 120 | 2,186 | 2,951* |

*includes £150,000 of funding from Aberdeenshire IJB.

It is very unlikely that the IJB will be able to spend to the available levels in 2019/20, as developing the workforce required to meet the requirements of these funds will require time.

- 3.8 The position highlighted above closely aligns with the Medium-Term Financial Strategy, where it was intended the level of reserves would be reduced in 2019/20 to fund the transformation programme. An analysis of the variances on the mainstream budget is detailed below:

Community Health Services (Forecasted Position - £447,000 underspend)

Major Variances:

(£519,899)
£72,945

Underspend across non-pay budgets
Under recovery on income

The staffing costs are being forecasted to breakeven as vacancies will be offsetting existing efficiency targets. Income forecast for under recovery is



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down to less income being generated from dental patients. Non-Pay underspend will primarily relate to primary care redesign.

3.9 Hosted Services (Forecasted Position £900,000 overspend)

The main areas of overspend are as follows:

Intermediate Care: Main reason for the overspend in medical locum costs is a result of the requirement to provide consultant cover at night within Intermediate Care. Agency nurse usage continues due to sickness/absence levels, this is currently being reviewed by members of the Leadership Team.

Police Forensic Service: Legacy of under funding issue with this budget, although additional funding has been provided by NHS Grampian.

Grampian Medical Emergency Department (GMED): Relates mainly to pay costs and the move to provide a safer more reliable service which has seen 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.

3.10 Learning Disabilities (Forecasted Position - £443,775 underspend)

Major Movements:

| | |
|------------|-----------------------|
| (£239,000) | Premises expenses |
| (£100,000) | Commissioned Services |

Mainly due to projected underspend on premises expenses £239,000 due to refunds of premises costs. Due to recent changes in the resource allocation panel and a review of packages, a favourable movement on commissioned spend is anticipated of £100,000.

3.11 Mental Health & Addictions (Forecasted Position - £1,080,456 overspend).

Major Movements:



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| | |
|----------|--|
| £287,000 | Needs led mental health nursing care |
| £242,000 | Under recovery client contributions |
| £352,000 | Increase in spend to voluntary organisations |
| £370,000 | Increased spend on locums |

The overspend on commissioned services is mainly due to increased expenditure on needs led mental health nursing care coupled with under recovery on client contributions and increased spend to voluntary organisations who are providing services to this client group. There is also an overspend on the medical budget due to locums being used to cover for consultant vacancies

3.12 Older People & Physical and Sensory Disabilities (Forecasted Position £1,177,000 overspend)

Major Movements:

| | |
|------------|--|
| £1,200,000 | Under recovery of client contributions |
|------------|--|

The overspend reflects an under recovery on client contributions. This budget is currently being reviewed and therefore the income budget continues to be monitored closely. Work has been undertaken to improve the financial assessment process using the lean 6 sigma continuous improvement methodology.

3.13 Directorate (Forecasted Position £1,478,470 underspend)

| | |
|------------|--|
| (£824,000) | Commissioned services underspend |
| (£599,000) | Staffing underspend and staffing savings |

Mainly due to vacancies and an underspend on commissioned services. This underspend is being used to fund some of the overspends on mental health and older people budgets and a virement will be considered during the next budget monitoring report.

3.14 Primary Care Prescribing (Forecasted Position – £421,000 overspend)

This position is based upon three months actual information to June and an accrued position for July and August.



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The actual volume is continuing to show an increase over the first 4 months of 2018/19 including an estimate for the items received for July 2019. As such, an expected volume increase of 1.5% over 2018/19 has been included in the position.

3.15 Primary Care Services (Forecasted Position - £229,213 underspend)

The Primary Care services position does not yet include allocations for agreed contract percentage uplift from the Scottish Government for 2019/20 to be advised. These revisions will have a further impact on the overall position once implemented.

The main cost pressures from 2018/19 continue relating to established Enhanced Services which includes diabetic care, contraception services, substance misuse and extended hours.

Board Administered funds is continuing to underspend in total, although there have been increasing levels of maternity and sickness claims for the period to date with an increase of £234,000 over the same period in 2018/19. Based upon current information available, we do not expect this level of expenditure to continue for the full year.

3.16 Out of Area Treatments (Forecasted Position - £22,000 overspend)

Forecast includes assumptions on lengths of stay etc and on this update, is showing potential overspend for year of £22,000. Changes relate to increased lengths of stay from previous estimates for two placements (one in NHS Lothian neuro rehab, and one in Brain Injury trust Glasgow neuro rehab) and the addition of special nursing re a patient recently transferred out of area.

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 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.



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Key underlying assumptions and risks concerning the forecast outturn figures are set out within Appendix B. Appendix D monitors the savings agreed by the IJB.

- 4.2 Equalities – none identified.
- 4.3 Fairer Scotland Duty – none identified.
- 4.4 Financial – contained throughout the report.
- 4.5 Workforce – none identified.
- 4.6 Legal – none identified.

5 Links to ACHSCP Strategic Plan

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.

6 Management of Risk

6.1 Identified risks(s)

See directly below.

6.2 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.



6.3 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.

Should there be a number of staffing vacancies then this may impact on the level of care provided to clients. This issue is monitored closely by all managers and any concerns re clinical and care governance reported to the executive and if necessary, the clinical and care governance committee.



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

Appendix A: Finance Update as at end August 2019

| | Full Year | | | | Variance Percent | Yearend Forecast |
|--|----------------------------|---------------------------|---------------------------|-----------------------------|---------------------|---------------------|
| | Revised Budget £'000 | Period Budget £'000 | Period Actual £'000 | Period Variance £'000 | | |
| Period 5 | | | | | | |
| Mainstream: | | | | | % | £'000 |
| Community Health Services | 37,137 | 15,161 | 15,045 | (116) | -0.8 | 36,690 |
| Aberdeen City share of Hosted Services (health) | 22,521 | 9,385 | 9,732 | 347 | 3.7 | 23,421 |
| Learning Disabilities | 35,714 | 14,618 | 12,441 | (2,177) | -14.9 | 35,271 |
| Mental Health and Addictions | 20,305 | 8,384 | 7,819 | (565) | -6.7 | 21,386 |
| Older People & Physical and Sensory Disabilities | 75,574 | 30,660 | 35,638 | 4,978 | 16.2 | 76,751 |
| Directorate | 1,659 | 689 | (736) | (1,425) | -206.8 | 181 |
| Criminal Justice | 92 | 49 | 163 | 114 | 232.7 | 78 |
| Housing | 1,860 | 775 | 376 | (399) | -51.5 | 1,860 |
| Primary Care Prescribing | 39,313 | 16,308 | 16,583 | 275 | 1.7 | 39,734 |
| Primary Care | 38,892 | 16,216 | 16,120 | (96) | -0.6 | 38,662 |
| Out of Area Treatments | 1,700 | 708 | 756 | 48 | 6.8 | 1,722 |
| Set Aside Budget | 46,416 | 19,340 | 19,340 | 0 | 0.0 | 46,416 |
| Public Health | 491 | 97 | 595 | 498 | 513.4 | 491 |
| | 321,674 | 132,390 | 133,872 | 1,482 | 1.1 | 322,663 |
| Funds: | | | | | | |
| Integration and Change | 1,681 | 700 | 700 | 0 | 0.0 | 1,681 |
| Primary Care Improvement Fund | 902 | 376 | 376 | 0 | 0.0 | 902 |
| Action 15 Mental Health | 473 | 197 | 197 | 0 | 0.0 | 473 |
| Alcohol Drugs Partnership | 666 | 278 | 278 | 0 | 0.0 | 666 |
| | 3,722 | 1,551 | 1,551 | 0 | 0.0 | 3,722 |
| | 325,396 | 133,941 | 135,423 | 1,482 | 1.1 | 326,385 |

Appendix B: Summary of risks and mitigating action

| | Risks | Mitigating Actions |
|----------------------------------|---|--|
| Community Health Services | Balanced financial position is dependent on vacancy levels. | <ul style="list-style-type: none"> • 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 | <p>There is the potential of increased activity in the activity-led Forensic Service.</p> <p>There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.</p> | <ul style="list-style-type: none"> • Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised. • Substantive posts have recently been advertised which might reduce some of this additional spend. |

| | Risks | Mitigating Actions |
|-------------------------------------|---|---|
| Learning Disabilities | <p>There is a risk of fluctuations in the learning disabilities budget because of:</p> <ul style="list-style-type: none"> • expensive support packages may be implemented. • Any increase in provider rates for specialist services. • Any change in vacancy levels (as the current underspend is dependent on these). | <ul style="list-style-type: none"> • 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 | <p>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.</p> | <ul style="list-style-type: none"> • Work has been undertaken to review levels through using CareFirst. • Review potential delayed discharge complex needs and develop tailored services. • A review of locum spend has highlighted issues with process and been addressed, which has resulted in a much-improved projected outturn. |
| | | |

| | Risks | Mitigating Actions |
|--|---|---|
| Older people services incl. physical disability | <p>There is a risk that staffing levels change which would have an impact on the balanced financial position.</p> <p>There is the risk of an increase in activity in needs led service, which would also impact the financial position.</p> | <ul style="list-style-type: none"> • 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. • Review packages to consider whether they are still meeting the needs of the clients. |
| Prescribing | <p>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. As both of which are forecast on basis of available data and evidence at start of each year by the Grampian Medicines Management Group</p> | <ul style="list-style-type: none"> • 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 | <p>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.</p> | <ul style="list-style-type: none"> • Review process for approving this spend. |

Appendix C: Progress in implementation of savings – June 2019

| Area | Agreed Target £'000 | Status | Action | Responsible Officer |
|---|------------------------|--------|---|--------------------------------|
| Review processes and ensure these are streamlined and efficient | (450) | | <p>Financial Processes – Review of the financial assessment process is being undertaken to determine ways in which this can be sped up, to reduce delays for clients and maximise income available to the IJB.</p> <p>Pre-paid cards – Small working group nearing completion of procurement pack. Aberdeen City Council IT Team have reviewed technical specification of identified preferred provider to ensure fit with current systems prior to moving forward with direct award under Surrey Framework. Initial screening completed and currently exploring Data Protection Impact of introduction of card. Data Protection Impact Assessment has been drafted and officers are liaising with Information Governance in Aberdeen City Council to finalise.</p> <p>Communications for staff and service users has been drafted based on similar work in other Local Authority areas, final wording awaiting elements to be taken from procurement pack. Project estimated to go live in October 2019.</p> | Alison MacLeod & Gail Woodcock |

Appendix C: Progress in implementation of savings – June 2019

| Area | Agreed Target £'000 | Status | Action | Responsible Officer |
|-------------------------------|------------------------|--------|--|---------------------|
| Income Generation | (553) | | The increase in charges was agreed at Full Council and the invoices have been issued to clients. This budget will be monitored closely over the next few months to determine whether these increases have resulted in additional income expected. | Alison MacLeod |
| Managing Demand and Inflation | (1,063) | | Work progresses to manage demand and the reduction in the bed base in the city is helping to achieve this target. Works continues with suppliers to manage the level of inflationary uplifts required. | A Stephen |
| Medicines Management | (631) | | Community Pharmacy operationalising (Grampian Primary Care Prescribing Group) GPCPG report recommendations. Work commenced on tracking and reporting on impact of GPCPG recommendations. Development of an Oral Nutrition Supplements Business Case, which is projected to deliver savings and constrain future demand | Lorraine McKenna |

Appendix C: Progress in implementation of savings – June 2019

| Area | Agreed Target £'000 | Status | Action | Responsible Officer |
|------------------|------------------------|--------|--|---------------------|
| Service Redesign | (1,934) | | Service redesign work is taking place and budgets have been reduced to help achieve this saving. The major element of this relates to the closure of a ward at Woodend and whilst the budget has reduced, pressures are being experienced in the use of locums and agency staff. The Leadership Team are working with staff at Woodend to review the use of locums and agency nursing. | A Stephen |

Appendix D: Budget Reconciliation

| | £ | £ |
|--|-----------|-------------------------|
| ACC per full council: | | 89,572,099 |
| NHS per letter from Director of Finance: | | |
| Budget NHS per letter | | 219,111,067 |
| | | <hr/> 308,683,167 |
| Reserves: | | |
| Brought Forward NHS | | 5,581,424 |
| | | <hr/> 314,264,591 |
| Funding Assumptions and Adjustments: | | |
| Less: Reserves | | (5,581,424) |
| | | <hr/> 308,683,167 |
| NHS -Additional allocations received during quarter 1 (as per Appendix E) | | 12,073,491 |
| ACC -Additional allocations received during quarter 1 (as per Appendix E) | | 1,486,000 |
| | | <hr/> <hr/> 322,242,658 |
| Reported at Month 3 | | |
| NHS -Additional allocations received during quarter 2 (as per Appendix E) | | |
| PAY AWARD & SUPERN | 352,962 | |
| DENTAL PRIORITY CITY | 20,130 | |
| AUTOENROLMENT | 11,130 | |
| SUPERANN 6% FYB | 1,337,813 | |
| SHS PAY UPLIFT 1718 | (20,224) | |
| ORTHOPAEDIC PROJ | 6,628 | |
| ACTION 15 1819 | (129,000) | |
| PCIP 1819 | (252,750) | |
| WAITING TIMES | 453 | |
| SHINGLES | 583 | |
| GMED HOSTED SUPERANN | 128,719 | |
| ACTION 15 | 305,558 | |
| ENROL WT & PLASMA | 1,057 | |
| MEDIC SUPERANN | 8,902 | |
| SHS PAY UPLIFT 1718 | 7,991 | |
| SUPERANNUATION CITY | 359,063 | |
| ADP FUNDING | (666,000) | |

| | | |
|--|-------------|---------------------------|
| HOSTED SERVICES M04 PT2 | 756 | |
| SHIRE HOST BUD REAL | 56,612 | |
| TSS STAFF TO H&SCP | 87,543 | |
| AWM CITY DIETETICS | 13,540 | |
| SAL DENTIST REDUC | (11,000) | |
| CHILD FLU | 72 | |
| PRESC ADJ GLOBAL SUM | (107,244) | |
| PRESC TARIFF RED'N | 721,215 | |
| PRIMARY CARE TORRY | 11,000 | |
| OH/CHILDSMILE CITY | 28,000 | |
| HOST BUD ADJ | 7,085 | |
| HOSTED SERVS RECH M5 | 676 | |
| PRESC TARIFF RED'N | (1,442,430) | |
| GP OOH FUNDING | 196,572 | |
| RESERVES CALL DOWN | 282,152 | |
| Action 15 Assumption removed | (378,431) | |
| | | 939,133 |
| ACC -Additional allocations received during quarter 2 (as per Appendix E) | | |
| Self Directed Support Transformation Funding | 123,000 | 123,000 |
| | | 2,092,000 |
| IJB Reserves | | |
| Reported at Month 5 | | <u><u>325,396,791</u></u> |

Appendix E: Virements

| Virement Name | Area Affected | Amount Realigned £ |
|------------------------|-------------------------|-----------------------|
| GMED Out of Hours 1819 | Transformation Reserves | 196,001 |
| GMED Out of Hours 1819 | Hosted Services | (196,001) |
| Keepwell Funding | Transformation Reserves | 1,384 |
| Keepwell Funding | Hosted Services | (1,384) |
| Acute Care at Home | Transformation Reserves | 675,000 |
| Acute Care at Home | Core Community | (675,000) |
| Evaluation Framework | Transformation Reserves | 90,000 |
| Evaluation Framework | Core Community | (90,000) |
| Primary Care | Transformation Reserves | 378,278 |
| Primary Care | Core Community | (378,278) |
| Budget Balancing | Transformation Reserves | 637,314 |
| Budget Balancing | Core Community | (637,314) |
| GMED Out of Hours 1920 | Hosted Services | 196,572 |
| GMED Out of Hours 1920 | Transformation Reserves | (196,572) |
| Virement Total | | £0 |