



INTEGRATION JOINT BOARD

Date of Meeting	12 May 2020
Report Title	Finance Update as at end March 2020
Report Number	HSCP19.126
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Scott Thomson (Management Accountant) James Boulton (Finance Lead)
Consultation Checklist Completed	No
Directions Required	No
Appendices	a) Finance Update as at end March 2020 b) Summary of risks and mitigating action c) Progress in implementation of savings – March 2020 d) 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 12 (end of March 2020);
- 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.

3. Summary of the financial information reported

3.1 At the end March an adverse position of £283,000 (£2,488,000 in December 2019) is reported on mainstream budgets for the financial year 2019-20. This position includes the transfer of funds for reserves as agreed through our medium-term financial framework and so differs from the deficit on the cost of services included in the un-audited accounts. The main reasons for the movement from the December forecast are as follows:

- £596,000 reduction in the forecast spend on social care,
- £290,000 reduction in prescribing forecast spend,
- £1,331,000 underspend on external earmarked health funds – requiring to be carried forward and ring fenced in reserves,
- £271,000 reduction in spend on budgets on health services.

3.2 At the end of the financial year 2018/19 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 the reserves position at the end of the financial year.

	01/04/19	31/03/20
	£'000	£'000
Risk fund	2,500	1,271
Primary Care Improvement Fund*	120	73
Primary Care Reserve (previous unspent funding)	1,580	0
Earmarked External Funding*	0	682
Action 15 mental health funding*	161	0
Integration and Change Funding	551	0
Alcohol and Drugs Partnership*	666	576
	5,578	2,602

* These amounts are ring fenced and need carried forward to next financial year, per the instructions issued with the funding.



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- 3.4 As can be seen from the table above the IJB has used some its risk fund to protect the partners from having to provide additional funding to the IJB. At December the IJB was forecasting it would need to use all of the risk fund, however, an improvement in the financial position means the amount required from this fund was reduced. The Chief Officer and Chief Finance Officer are reviewing this position to determine whether, as highlighted in the Medium-Term Financial Framework, some of this funding should be ring fenced for technology. This is of particular importance given the important role technology and digital solutions are playing in how services are delivered during the coronavirus pandemic.
- 3.5 The majority of the budget pressures experienced in 2019/20 are of a recurring nature and these were included in the Medium-Term Financial Framework approved by the IJB on the 10 March 2020. Further budget pressures will be incurred by the IJB as a result of the coronavirus and the implications of this on our services. Initial indications of these costs are included in our mobilisation plan and discussions continue with the Scottish Government to ensure consistency in reporting across the country and also determine what level of funding will be provided. At this stage, without knowing how long the emergency arrangements will be in place for or the level of funding to be provided by the Scottish Government it is extremely difficult to predict the impact on the IJB's finances. However, work is taking place and a report will be provided to the IJB in June updating some of the assumptions underpinning our Medium Term Financial Framework.
- 3.6 The position highlighted above closely aligns with the Medium-Term Financial Framework, 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 (Position - £1,621,000 underspend)

Major Variances:

(£865,063)	Across non-pay budgets
£38,896	Under recovery on income
(£731,005)	Staff Costs

Staffing costs underspend is due to vacancies and a funding adjustment in relation to hosted services made in month 12. Income forecast for under recovery is down to income from Dental patients reducing. Non-Pay underspend primarily relates to earmarked funds which are required to be carried forward.



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3.7 Hosted Services (Position £1,341,000 overspend)

The main areas of overspend are as follows:

Intermediate Care: Main reason for overspend medical locum costs as 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 underfunding 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 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.

3.8 Learning Disabilities (Position - £45,000 overspend)

Major Movements:

(£65,000)	NHS - Staffing
£110,000	Transfer payments

There is an overspend on transfer payments is due to higher than expected direct payments to clients. This is partially offset by underspends on staffing.

3.9 Mental Health & Addictions (Position - £285,000 overspend).

Major Movements:

(£38,000)	Needs led mental health nursing care
£498,000	Under recovery client contributions

The overspend is mainly due to under recovery on client contributions. This is being investigated and the budget will be re-profiled in 2019/20.



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3.10 Older People & Physical and Sensory Disabilities (Position £204,000 underspend)

Major Movements:

(£204,000)

Commissioned services underspend

The underspend on Older People & Physical and Sensory Disabilities is mainly due to an underspend on commissioned services.

3.11 Directorate (Position – £247,000 underspend)

(£247,000)

Commissioned services underspend

The underspend on Directorate is mainly due to an underspend on commissioned services. This budget will fund mainstreamed spend on delay discharges and the carers strategy.

3.12 Primary Care Prescribing (Position – £852,000 overspend)

This position is based upon ten months of expenditure and two months of accruals. The forecast overspend has reduced from the position reported in December. During the financial year there had been increases in both demand and price. However, by February it appeared that the financial position on this budget was improving. In March and particularly the last two weeks in March, there was a significant increase in demand due to the coronavirus pandemic. The Scottish Government provided additional funding to the IJBs to cover this additional cost (£678,000 for Aberdeen City). At present it is anticipated this funding will have to be repaid to the Scottish Government, based on the assumption that demand will have dropped in April and May.

3.13 Primary Care Services (Position - £233,000 underspend)

The GP contract uplift for 2019/20 is now been applied to the primary care actuals and budget to date and overall have been uplifted. This has resulted in a minor improved overall position in relation to Global Sum payments element which is continuing.

3.14 Out of Area Treatments (Position - £301,000 overspend)

Final position is a change from forecast of £205,000. Main reason for change is placement at the Brain Injury Unit in Glasgow where additional 3:1 nursing was being provided in March through agency nursing.



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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 Appendix B. Appendix D monitors the savings agreed by the IJB.

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

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.



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5.5 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)

Appendix A: Finance Update as at end March 20

	Full Year Revised Budget £'000	Full year Actual £'000	Full year Variance £'000	Variance Percent %	Forecast Dec'19 Variance £'000
Period 12					
Mainstream:					
Community Health Services	36,421	34,800	(1,621)	-4.5	(190)
Aberdeen City share of Hosted Services (health)	22,893	24,234	1,341	5.9	1,258
Learning Disabilities	35,102	35,147	45	0.1	64
Mental Health and Addictions	19,955	20,240	285	1.4	679
Older People & Physical and Sensory Disabilities	78,670	78,466	(204)	-0.3	580
Directorate	2,030	1,783	(247)	-12.2	(684)
Criminal Justice	92	92	0	0.0	7
Housing	1,477	1,477	0	0.0	0
Primary Care Prescribing	39,991	40,843	852	2.1	1,142
Primary Care	41,374	41,141	(233)	-0.6	(229)
Out of Area Treatments	1,700	2,001	301	17.7	184
Set Aside Budget	46,416	46,416	0	0.0	0
Public Health	1,368	1,185	(183)	-13.4	(128)
	327,489	327,825	336	0.1	2,683
Integration and Change	0	0	0	0.0	(195)
Primary Care Improvement Fund*	1,890	1,817	(73)	-3.9	0
Action 15 Mental Health*	569	589	20	3.5	0
Alcohol Drugs Partnership*	90	90	0	0.0	0
	2,549	2,496	(53)	-0.3	(195)
	330,038	330,321	283	0.1	2,488

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.
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>	<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.

	Risks	Mitigating Actions
	There is the risk of an increase in activity in needs led service, which would also impact the financial position.	<ul style="list-style-type: none"> • Review 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. As both of which are forecast on basis of available data and evidence at start of each year by the Grampian Medicines Management Group	<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	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.	<ul style="list-style-type: none"> • Review process for approving this spend.

Appendix C: Progress in implementation of savings – March 2020

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 has gone live and cards are being issued.</p>	Alison MacLeod & Gail Woodcock

Appendix C: Progress in implementation of savings – March 2020

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. Work 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
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 locums and agency staff. The Leadership Team are working with	A Stephen

Appendix C: Progress in implementation of savings – March 2020

Area	Agreed Target £'000	Status	Action	Responsible Officer
			staff at Woodend to review the use of locums and agency nursing.	

Appendix D: Budget Reconciliation

	£	£
ACC per full council:		89,311,971
NHS per letter from Director of Finance:		
Budget NHS per letter	219,111,067	
		308,423,039
Reserves:		
Brought Forward NHS		5,581,424
		314,004,463
Funding Assumptions and Adjustments:		
Less: Reserves		-5,581,424
		308,423,039
NHS -Additional allocations received during quarter 1		12,073,491
ACC -Additional allocations received during quarter 1		1,486,000
NHS -Additional allocations received during quarter 2		939,133
ACC -Additional allocations received during quarter 2		123,000
NHS -Additional allocations received during quarter 3		4,363,071
Month 9 Budget		327,407,734
Health Care Staffing		4,992
Pilot Funding		30,000
Orthopaedic Project		1,666
Shingles		12,940
Rotavirus		4,262
Men B		15,057
Child Flu		780
Autism Funding		170,000
Hosted Recharge M10		92
Hosted Budget Realignment		39,858
Resource Transfers		1,561,862
Orthopaedic Project		1,688
Non-Medical Prescribing		2,000
Autism Funding		5,000

GP Premises Improvement Fund	-117,872
PCIP Funding 2ND Allocation	314,000
Hosted Recharge M11	158
Hosted Budget Realignment	904
Orthopaedic Project	1,666
Action 15	102,000
NES ANP Courses	6,576
Hosted Budget Realignment	9,640
MEE - Miscellaneous	31,982
Superannuation Additional Funding	241,821
GMED Hosted ANP Course	10,507
COVID 19	82,800
Hosted Recharge M12	713
Prescribing 20% Scottish Government	677,668
Hosted Budget Realignment	4,848
CMS Medical	9,400
call down ADP funds	89,650
NHS Adjust reserves	-675,000
Adjustment to ACC	-11,300

330,038,092

Appendix E: Virements

Health 10-12 Transfers in Health

Virement Name	Area Affected	£
Calling Down Capacity	City Mental Health	133,307
Calling Down Capacity	Transformation	(133,307)
Calling Down Innovation	Learning Disabilities	20,000
Calling Down Innovation	City Mental Health	47,894
Calling Down Innovation	Transformation	(67,894)
Action 15 Realign	City Core	5,574
Action 15 Realign	Transformation	(5,574)
Virements Total		0