



## Integration Joint Board

<b>Report Title</b>	Finance update at 15 <sup>th</sup> November 2016
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer, ACHSCP
<b>Report Author</b>	Gillian Parkin (Finance Manager)\Jimmie Dickie (Finance Business Partner)
<b>Date of Report</b>	31.10.16
<b>Date of Meeting</b>	15.11.16

<b>1:</b>	<b>Purpose of the Report</b>
<ul style="list-style-type: none"><li>i) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 6 (end of September 2016); and</li><li>ii) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.</li><li>iii) To request approval of budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).</li></ul>	

<b>2:</b>	<b>Summary of Key Information</b>
<p>Reported position for the period to end September 2016</p> <p>2.1 A favourable position of £1,199,000 is reported for the six month period to the end of September 2016 as shown in Appendix A. A forecasted year-end position has been prepared based on month 6 results. This has resulted in a projected overspend of £931,000 on mainstream budgets. This can mainly be attributed to the overspend on prescribing which is a highly volatile budget and will be a financial risk for the Integration Joint Board to manage.</p> <p>2.2 A review has been undertaken of the spend and commitments against the Transformation Funding budget and the forecast has been adjusted accordingly. A report on the transformation fund is included on today's agenda.</p> <p>2.3 Should it not be possible for the Partnership to manage the overspend position then the funding to cover the overspend will require to be met from Transformational Funding. A contribution of £500,000 from Transformational funds was agreed at the IJB April meeting which leaves a further required</p>	



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contribution of £431,000.

2.4 An analysis of variances is detailed below:

### **Community Health Services (Year to date variance - £96,000 overspend)**

Within this expenditure category there is a significant underspend on staffing budget £227,000 due to high levels of vacancies within almost all staffing areas and also an underspend on property costs £61,000. This is offset by historical unmet budget reduction targets £439,000 which will be considered during the 2017/18 budget setting process.

### **Learning Disabilities (Year to date variance - £416,000 underspend)**

There is an underspend of £59,000 due to Allied Health Professional vacancies. Also there is an underspend of £357,000 on adult social care services consisting of underspends on needs led care budgets of £309,000 and staffing £103,000; partially offset by under-recovery of client contributions £72,000.

The expenditure on learning disability commissioned services assumes that all of the £768,000 of savings against learning disability budgets will be met. Close monitoring of benefits from savings targets will continue. An exercise will be undertaken during October to check the accuracy of assumptions in the forecast for new packages received from Childrens' with Disabilities services and how much they have been offset by transfers to older people services.

Direct payments year to date expenditure is less than at this point last year. This partly reflects £261,000 of repayments in the year to date figure. Only £37,000 of repayments was received last year.

The under-recovery of client contributions is being investigated. As the financial assessment team checks for completeness this under-recovery might decrease.

### **Mental Health & Addictions (Year to date variance - £247,000 overspend)**

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An overspend of £183,000 on medical locum costs due to the inability to recruit. Mental Health currently have 3 whole time equivalent consultant vacancies and 1 whole time equivalent speciality doctor which are currently all being filled by locums. These vacancies are within adult mental health and substance misuse service.

There is also an overspend of £64,000 on social care spend mainly relating to



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under recovery of client contributions. This is consistent with income levels in previous years. A budget virement has been identified to correct this.

### **Older People & Physical and Sensory Disabilities (Year to date variance - £192,000 underspend) –**

This mainly reflects an underspend of £232,000 on needs led commissioned services and £78,000 on staff costs; partially offset by under-recovery of client contributions for in-house services £139,000.

The underspend on staffing is mainly due to a vacant head of service post £66,000. An exercise will be undertaken to ensure that staffing budgets reflect the new management structure in due course.

There have been historical underspends against needs led older people services against a background where providers have difficulties in recruiting staff locally. Exercises are underway to check the reliability of Carefirst data and to improve monitoring of this budget. Outturns may change as a result of this exercise.

There has been a historical under recovery of income against in-house older people services. Budget adjustments have been identified so that budgets are more closely aligned with actual income.

### **Central Living Wage/Inflation Provision etc (Year to date variance - £1,354,000 underspend) –**

The main reason for underspend is that the commissioned services budget for the living wage and commissioned services uplifts have not been allocated yet. The cost of implementing the living wage requirements has been assessed and will be incorporated within the budgets during the year once paid. The position in respect of this budget is likely to change as a result.

### **Housing ( Year to date variance £187,000 underspend) –**

The main reason for the underspend is that limited spend has been recorded so far on work against Housing capital aids and adaptations, although the service is confident the full budget will be spent by the end of the financial year. The Housing Revenue Account is a ring fenced budget and therefore any underspend from this element of the budget cannot be vired for non housing services.

### **Primary Care Prescribing (Year to date variance – £503,000 overspend) –**

This position is based on actual information for April to July with an accrual for



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August and September report. The budget to September includes uplift from NHSG budget setting process and an efficiency allocation for partnership initiatives and activity. The average unit costs per item prescribed increased from £11.08 in March to £11.30 in June. The volume of items year to date estimated September has increased by 1.45%. This is a slight reduction from the level of increase anticipated in August. Estimates for August and September are based on latest actual information resulting in the overspend position reported. This is a volatile demand led budget.

### **Primary Care Services (Year to date variance - £57,000 overspend) –**

Overspend on Primary Care Services within partnership represents the impact of a number of minor variances including delivery of Enhanced services. These services include diabetic care, extended hours and immunisations.

- 2.5 The executive team were requested to prepare a recovery plan to bring the overspend back into a balanced position. Since this request was made the level of overspend has reduced to £931,000 from the period 3 projected overspend of £1,261,000. In terms of helping to manage the overspend a request has come forward to implement a Medicines Management Interventions Local Enhanced Service (ES) initiative as outlined below

The aim of the ES is to improve and promote two key areas of activity relating to improving cost effective use of medicines within practices in Grampian. Some patients “over order” medication – commonly as required analgesics and skin preparation leading to stockpiling of unused medicines. In part one of this enhanced service practice administrative staff will undertake a non-clinical review of patients who order all of their repeat medications as a single order every order (excluding Care Home patients) for the most recent three issues and take appropriate action in line with new NHS Grampian guidance. A computer software package will be provided to practices to support this work.

In part 2 of this enhanced service practices will also be supported to undertake quality improvement and cost effective prescribing switches. Practices will choose at least three switches/initiatives (from a menu of possible switches) following local discussion with their HSCP according to local priorities. Practices are expected to choose at least two initiatives that will generate savings to the practice prescribing budget.

Funding for part 1 of the ES is a £300 engagement fee (to facilitate in house training) and then an activity cost of £0.20 per patient registered. In part 2 of the ES payment is £10 per drug switch to support practices in the work undertaken in patient review.

The total cost of this initiative for Aberdeen City Health & Social Care



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Partnership will be funded from the prescribing budget on an invest to save basis i.e. the cost should be offset by prescribing savings. Should the IJB be minded to support this proposal then a direction to the NHS has been prepared and is attached in appendix f of this report.

- 2.6 The Executive Team will continue to review budgets looking for further opportunities to save money which do not impact on service delivery in order to protect the transformation fund.

### 3: Equalities, Financial, Workforce and Other Implications

- 3.1 Every organisation has to 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. This report is part of that framework and has been produced to provide an overview of the current operating position.
- 3.2 Key underlying assumptions and risks concerning the forecast outturn figures are set out within Appendix B. Appendix D monitors the savings agreed by Aberdeen City Council.

### 4: Management of Risk

#### Identified risk(s):

#### Link to risk number on strategic or operational risk register:

A risk of IJB financial failure with demand outstripping available budgets.

#### How might the content of this report impact or mitigate the known 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.



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### 5: Recommendations for Action

The Integration Joint Board is asked to :-

- 1) note this report on the month 6 position in relation to the IJB budget and the information on areas of risk and management action that is contained herein,
- 2) agree to the virements proposed in Appendix E,
- 3) agree the Local Enhanced Service initiative as detailed in paragraph 2.5 funded from the prescribing budget on an invest to save basis.
- 4) agree the direction as set out in appendix f.

### 6: Signatures

Judith Proctor  
(Chief Officer)

Alex Stephen  
(Chief Finance Officer)





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### Appendix A

Accounting Period 6	Full Year Revised Budget Budget £'000	end September Budget Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Variance Percent %	Year-End Forecast £'000
Community Health Services	31,851	15,586	15,683	96	0.3%	193
Aberdeen City share of Hosted Services (health)	20,686	10,393	10,438	45	0.2%	90
Learning Disabilities	28,762	14,382	13,966	(416)	(1.4%)	(411)
Mental Health & Addictions	17,681	8,851	9,097	247	1.4%	455
Older People & Physical and Sensory Disabilities	68,968	34,483	34,291	(192)	(0.3%)	(436)
Central Living Wage/inflation provision etc	2,416	1,206	(148)	(1,354)	(56.0%)	124
Criminal Justice	(90)	(38)	(42)	(4)	4.4%	(48)
Housing	1,860	930	743	(187)	(10.1%)	0
Primary Care Prescribing	39,310	19,484	19,987	503	1.3%	818
Primary Care	37,232	18,473	18,531	57	0.2%	135
Out of Area Treatments	1,220	517	522	6	0.5%	11
Sub Total: Mainstream position	249,896	124,267	123,068	(1,199)	(1)	931
Transformational Funding	13,176	3,020	3,020	0	0.0%	(8,954)
<b>TOTAL</b>	<b>263,072</b>	<b>127,287</b>	<b>126,088</b>	<b>(1,199)</b>	<b>(1)</b>	<b>(8,023)</b>



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### Appendix B: Summary of risks and mitigating action

Service Area	Risks	Mitigating Actions
Community Health Services	Balanced financial position is dependent on vacancy levels continuing at present levels. As more GP vacancies arise within 2C practices there will be an increased level of GP locum expenditure.	Monitor levels of staffing in post compared to full budget establishment.
Hosted Services	Balanced financial position is dependent on vacancy levels continuing at present levels.	Monitor levels of staffing in post compared to full budget establishment.
Learning Disabilities	<p>Procurement savings relating to learning disability services may not be delivered in the current financial year.</p> <p>Workload pressures are being caused by growth in transitional arrangements, an ageing client group and increasing demand for reviews.</p> <p>The service needs to be flexible and robust to deal with instances of market failure too.</p>	<p>Capacity issues will be investigated, workload issues prioritised and a timeline developed for savings and other issues.</p> <p>An exercise is underway to investigate all learning disability payments that have not been invoice matched so that the care transferred from children's services is correctly included in the outturn.</p>





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	Not all transitional arrangements from children's services are recorded on carefirst. If additional mental health consultant vacancies arise and inability to recruit will result in high locum expenditure.	
Mental Health And Addictions	A number of City clients with complex and high risk needs are currently awaiting discharge from hospital beds. It will not be easy to find providers with suitable accommodation and a workforce able to cope with a wide range of complexity, including extremely challenging and forensic behaviours. Affordability will be an issue. One client's case has reached the tribunal stage. If the tribunal decides that they should be treated in the community, then the cost could be around £100,000 per annum. More cases may follow. This might affect learning disability too.	A paper outlining background, current problems and potential solutions is to be developed.



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Older People Services	Spending patterns of care services may vary from previous years either due to demographic change or the continuing contraction of the care market within the City. Charging policy income may also vary from previous years.	An exercise is under way to tidy up Carefirst which will help to improve budget monitoring. An exercise is being developed with the counter fraud officer to check nursing home placements. Income budgets will be closely monitored. Updates will be requested monthly from the financial assessments team.
Central Living Wage Provision	Providers may not agree to implement the living wage for the hourly rate that is affordable from Scottish Government funding.	An offer 6.4% has been offered from the first of October, to a meeting of representatives of providers. This has now been agreed by the IJB.
Criminal Justice	The funding for the criminal justice team maybe reduced as the grant formula is being reviewed.	Initial indications are the funding levels will be maintained at least in the short term.
Primary Care Prescribing	Primary Care prescribing is impacted by volume and price factors both of which are forecast on basis of available data and evidence at start of each year by the Grampian Medicines Management Group. However, actual data information is provided by Practioner Services Division and is two months in arrears resulting in potentially very late impact on financial position	Monitoring of price and volume variances forecast. Review of prescribing patterns across General Practices and follow up on outliers. Implementation of IT support tools - Scriptswitch and Scottish Therapeutic Utility. Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.



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### Appendix C: Sources of Transformational funding

	2016/17	2015/16 c/fwd	Total
	£m	£m	£m
Integrated Care Fund	3.750	2.436	6.186
Delayed Discharge Fund	1.125	0.921	2.046
Winter resilience		0.190	0.190
Social Care transformation funding	4.754		4.754
	<b>9.629</b>	<b>3.547</b>	<b>13.176</b>



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### Appendix D: Progress in implementation of savings - September 2016

Area	Agreed Target	Delivered - YTD	Action	Responsible Officer
	£m	£m		
Procurement Savings	0.750	0.093	Work is continuing to make further savings from learning disabilities and mental health providers as agreed at Council. This saving needs to be taken forward in a managed manner in order to protect future service provision given the reliance on these providers. Funding has been identified on the central inflation/living wage line to offset any savings not delivered.	Judith Proctor
Bon Accord Care Contract	0.700	0.121	Negotiations are continuing with Bon Accord Care (BAC). At present BAC have identified £430,000 of savings. The main issue to achieving further savings is the additional costs BAC are incurring (in the region of £300,000) due to the increase in National Insurance costs as a result of the ending of contracting out pension arrangements.	Judith Proctor
Efficient Collection of all valid fees and charges	0.300	0.100	Income budgets will be closely monitored. The current list of deregistered properties for both in-house and external providers is being reviewed for completeness by the non-residential financial assessments team to try and close the remaining gap on this saving.	Judith Proctor
Review SDS community	0.168	0	The aim is to rationalise bespoke funding in learning disability services and self directed support into a single	Judith Proctor



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engagement strategy in light of the integration Agenda			more cost effective system. Still to be scoped.	
Review of current clients against ordinary residency rules.	0.150	0.150	The aim is to make sure that costs for out of authority service users accommodated within the City are met by their home authority. This remains to be fully scoped, the Strategic Commercial Team are at an early stage in this process, although some work has commenced e.g. Newton Dee, which identified and established the principle that Aberdeenshire and some other Councils had a continuing responsibility for those people placed by them.	Judith Proctor
Review of block funded contracts	0.150	0.050	This saving will be contained within provision for growth and price inflation.	Judith Proctor
Total	2.218	0.514		



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### Appendix E

#### Period 6 - Virements

Budget Head	Permanent £'000	Description
Older people	(9)	Reduction in OP direct payments ; offset by increase in mental health direct payments.
Older people	(81)	Reduction in OP spot purchase; offset by reduction in MH client contributions.
Older people	(31)	Reduction in OP direct payments; offset by increase in PD direct payments.
Older people	0	Reduction in client contributions £375k; offset by reductions in needs led spot purchase services £375k
Physical Disability	31	Increase in PD direct payments; offset by decrease in OP direct payments.
Learning Disability	0	Reduction in client contribution budget £201k; offset by reduction in direct payments budgets £201k.
Mental Health & Substance Misuse	0	Mental Health team staffing £36k; offset by mental health premises £36k
Mental Health & Substance Misuse	9	Mental Health direct payments £10k; offset by OP direct payments £9k and MH premises £1k.
Mental Health & Substance Misuse	81	Reduction in client contributions budgets: offset by reduction in OP spot purchase.
Criminal Justice	0	Staffing £83k; offset by reduction in premises £83k.
Hosted Services	(1,021)	Vired to Primary Care City
Primary Care	1,021	Services now run within this budget include GMS Improvement Grants, GMS valuation fees, GMS It expenditure, Dr's retainer scheme, Retainer GP expenses, career start, employers superannuation, needles and syringes, GP appraisers, COPD MCN and Eye Care Network.
Head of Operations	4,750	Adjustment for additional funding Adult Social Care 1617
Total	<u>4,750</u>	





## INTEGRATION JOINT BOARD

### DIRECTION

ISSUED UNDER S26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

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The **NHS Grampian** is hereby directed to deliver for the Board, the agreed specific direction noted below within the associated budget.

Services: Primary Medical Services listed in Annex 1, Part 2 of the Aberdeen City Health and Social Care Integration Scheme.

Functions:- Primary Medical Services listed in Annex 1, Part 2 of the Aberdeen City Health and Social Care Integration Scheme.

IJB Approval 15 November 2016

Specific Direction Administrative staff will undertake a non-clinical review of patients who order all of their repeat medications as a single order every order (excluding Care Home patients) for the most recent three issues and take appropriate action in line with new NHS Grampian guidance. A computer software package will be provided to practices to support this work.

Practices will also be supported to undertake quality improvement and cost effective prescribing switches. Practices will choose at least three switches/initiatives (from a menu of possible switches) following local discussion with their HSCP according to local priorities. Practices are expected to choose at least two initiatives that will generate savings to the practice prescribing budget.

Associated Budget:- The total cost of this initiative for Aberdeen City Health & Social Care Partnership will be funded from the pharmacy budget on an invest to save basis.

This direction is effective from 15 November 2016 until further notice.



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