



## Integration Joint Board

<b>Report Title</b>	Finance Update as at 31 December 2016
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author</b>	Gillian Parkin, Finance Manager Jimmie Dickie, Finance Business Partner
<b>Date of Report</b>	23 January 2017
<b>Date of Meeting</b>	31 January 2017

### 1: Purpose of the Report

- i) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 9 (end of December 2016); and
- ii) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.
- iii) To request approval of budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).

### 2: Summary of Key Information

#### Reported position for period to end December 2016

- 2.1 An adverse position of £721,000 is reported for the nine month period to the end of December 2016 as shown in Appendix A. A forecasted year-end position has been prepared based on month 9 results. This has resulted in a projected overspend of £1,480,000 (£1,226,000 at period 8) on mainstream budgets. This can mainly be attributed to the overspend (£1,200,000) on prescribing which is a highly volatile budget and will be a financial risk for the Integration Joint Board to manage and adverse movements in the forecast for learning disabilities due to an increase in the number of clients.
- 2.2 A review has been undertaken of the spend and commitments against the Integration and Change Funding budget and the forecast has been adjusted accordingly.
- 2.3 Should it not be possible for the Partnership to manage the overspend



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position then the funding to cover the overspend will require to be met from Integration and Change Fund. A contribution of £500,000 from Integration and Change funds was agreed at the IJB April meeting which leaves a further required contribution of £980,000.

2.3 An analysis of the major variances is detailed below:

### **Community Health Services (Year to date variance - £170,000 overspend)**

#### **Major Movements:**

- (£351,000) staff vacancies underspend
- (£118,000) property underspend
- £658,000 unmet budget reductions

Within this expenditure category there is an underspend on staffing due to vacancies within almost all staffing areas. A underspend on property costs is also expected due to lower than anticipated utility costs. These underspends have been offset by historical unmet budget reduction targets, which have been considered and funded during the 2017/18 budget setting process.

### **Hosted Services (Year to date variance £164,000 overspend)**

There is an overspend on the Police Forensic Service due to unfunded posts and unmet efficiency targets. Along with an overspend on medical locum costs due to the inability to recruit within Intermediate Care.

### **Learning Disabilities (Year to date variance - £116,000 underspend)**

#### **Major Movements:**

- (£195,000) staff vacancies underspend
- (£84,000) direct payments additional income
- £164,000 under recovery of client contributions

Staffing budgets for allied health professional and social care staff are underspending due to vacancies. Direct payments expenditure is less than at this point last year. This reflects an increase in the level of repayments collected during the year, compared to the same time last year. The under recovery of client contributions is being investigated, which may result in an improvement in the income levels collected. The level of underspend has reduced from period 8 position due to an increase in the number of clients requiring care.



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### **Mental Health & Addictions (Year to date variance - £240,000 overspend)**

#### **Major Movements:**

£251,000 Additional expenditure on locums  
(£11,000) staff vacancies underspend

The overspend on medical locum costs is due to the inability to recruit. Mental Health currently have 2 whole time equivalent consultant vacancies and 1 whole time equivalent speciality doctor vacancy, which are all being filled by locums. There is an underspend on social care staffing mainly relating to delays in staff recruitment.

### **Older People & Physical and Sensory Disabilities (Year to date variance - £306,000 underspend)**

#### **Major Movements:**

(£121,000) staff vacancies underspend  
(£163,000) needs led commissioned budgets  
(£35,000) other income

The underspend on staffing is mainly due to a vacant head of service post. The other income is mainly due to secondment of development officer to the NHS. A review will be undertaken during the budget process to ensure that staffing budgets reflect the new management structure. An exercise has been undertaken to check the reliability of Older People and Physical Disability Nursing and Residential Carefirst data. This exercise has informed the outturn position reported.

### **Central Living Wage/Inflation Provision etc (Year to date variance - £122,000 underspend)**

#### **Major Movements**

£58,000 under recovery of client contributions  
(£214,000) underspend on central provision for living wage

There is an underspend on the central provision for the living wage which is currently being investigated. This is partially offset by under recovery of charging policy income, this position might improve as work is undertaken to process financial assessments.



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### **Housing ( Year to date variance £83,000 underspend)**

The underspend has been recorded so far on work against Housing capital aids and adaptations, although the full budget is forecast to 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 – £889,000 overspend)**

This position is based on actual information for April to October with an accrual for November and December report. The average unit cost per item prescribed increased from £11.08 in March to £11.37 in October. The volume of items estimated for December has increased by 0.55%. This is offset in part by the estimated impact of cross border prescribing costs and seasonal flu costs which impact from September and are better than expected. Estimates for November and December are based on latest actual information resulting in the overspend position reported.

### **Primary Care Services (Year to date variance - £117,000 underspend)**

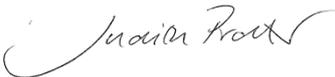
The underspend on Primary Care Services is due to payments made to GPs for oxygen and quality and outcomes framework (QOF) being less than anticipated. There are cost pressures for local enhanced services such as diabetic care, extended hours and immunisations which are offsetting some of this underspend

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

- 3.1 An organisation of this size has to manage the risks inherent in the operation of large and complex budgets and services. 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 financial operating position.
- 3.2 Key financial assumptions and risks concerning the forecast outturn figures are set out within Appendix B. Appendix D monitors the savings agreed by Aberdeen City Council.



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<b>4: Management of Risk</b>	
<p><b>Identified risk(s)</b></p> <p><b>Link to risk number on strategic or operational risk register:</b> A risk of IJB financial failure with demand outstripping available budgets.</p> <p><b>How might the content of this report impact or mitigate the known risks:</b>          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.</p> <p>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 are reported to the Executive Team and if necessary the clinical and care governance committee.</p>	
<b>5: Recommendations for Action</b>	
<p>The Integration Joint Board is asked to :-</p> <ol style="list-style-type: none"> <li>1. note this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.</li> <li>2. note that the Executive Team are reviewing this position in conjunction with the 2017/18 budget and also looking for savings to bring the mainstream budget back to a break even position.</li> <li>3. agree the savings identified in appendix E.</li> </ol>	
<b>6: Signatures</b>	
	Judith Proctor (Chief Officer)
	Alex Stephen (Chief Finance Officer)



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### Appendix A

Accounting Period 9	Full Year Budget £'000	December Budget £'000	Actual £'000	Variance £'000	Variance %	Year-End Forecast £'000
Community Health Services	31,699	23,436	23,606	170	0.5%	227
Share of Hosted Services (health)	20,762	15,583	15,747	164	0.8%	219
Learning Disabilities	29,099	21,827	21,711	(116)	(0.4%)	209
Mental Health & Addictions	18,313	13,720	13,960	240	1.3%	342
Older People & Physical and Sensory Disabilities	70,472	52,854	52,548	(306)	(0.06%)	(457)
Central Living Wage/inflation provision etc	(44)	(38)	(160)	(122)	(321%)	(153)
Criminal Justice	(91)	(65)	(100)	(35)	38.5%	(48)
Housing	1,861	1,395	1,312	(83)	(4.5%)	0
Primary Care Prescribing	39,165	29,413	30,302	889	2.3%	1,201
Primary Care	37,257	27,864	27,747	(117)	(0.3%)	(116)
Out of Area Treatments	1,222	792	829	37	3.0%	56
<b>Mainstream position</b>	<b>249,715</b>	<b>186,781</b>	<b>187,502</b>	<b>721</b>	<b>0</b>	<b>1,480</b>
<b>Integration and Change Funds</b>	13,875	1,446	1,446	0		
Total funding available						(13,875)
Projected expenditure to end March 2017						3,245
Contribution to mainstream position						1,480



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<b>Total position</b>	<b>263,590</b>	<b>188,227</b>	<b>188,948</b>	<b>721</b>	<b>0</b>	<b>(9,150)</b>
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**Appendix B: Summary of financial risks and mitigating action**

	<b>Risks</b>	<b>Mitigating Actions</b>
<b>Community Health Services</b>	Balanced financial position is dependent on vacancy levels continuing at present levels.	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process is in the process of being created which will highlight recurring staffing issues to senior staff.</li> </ul>
<b>Hosted Services</b>	Potential increased activity in the activity led Forensic Service.	<ul style="list-style-type: none"> <li>• Work is being undertaken at a senior level to consider future service provision and actions that will reduce cost.</li> </ul>
<b>Learning Disabilities</b>	<p>Fluctuations due to expensive support packages being implemented.</p> <p>Increase in provider rates for specialist services.</p> <p>Underspend is dependent on vacancy levels continuing at</p>	<ul style="list-style-type: none"> <li>• Review packages to consider whether they are still meeting the needs of the clients.</li> </ul>

	<b>Risks</b>	<b>Mitigating Actions</b>
	present levels.	
<b>Mental Health and Addictions</b>	<p>Increase in activity in needs led service.</p> <p>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"> <li>• Work has been undertaken to review levels through using carefirst.</li> <li>• A review of locum spend is being undertaken across NHS Grampian.</li> </ul>
<b>Older people services incl. Central living wage provision</b>	<p>Balanced financial position is dependent on vacancy levels continuing at present levels and social care capacity not being available to meet need.</p> <p>Providers may not agree to implementing the living wage for the hourly rate that is affordable from Scottish Government funding</p>	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process is in the process of being created which will highlight recurring staffing issues to senior staff.</li> <li>• Review packages to consider whether they are still meeting the needs of the clients.</li> </ul>
<b>Prescribing</b>	<p>Primary Care prescribing is impacted by volume and price factors both of which are forecast on basis of available date and</p>	<ul style="list-style-type: none"> <li>• Monitoring of price and volume variances from forecast.</li> </ul>

	<b>Risks</b>	<b>Mitigating Actions</b>
	evidence at start of each year by the Grampian Medicines Management Group	<ul style="list-style-type: none"> <li>• Review of prescribing patterns across General Practices and follow up on outliers.</li> <li>• Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility.</li> <li>• Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.</li> <li>• Approval of local enhanced service provision at IJB in November.</li> </ul>

**Appendix C: Sources of Integration and Change funding**

	<b>2016/17</b>	<b>2015/16 c/fwd</b>	<b>Total</b>
	£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 Integration and Change Funding	4,750		4,750
Primary Care Transformation	0.270		0.270
Mental Health Fund	0.147		0.147
Transforming Urgent Care	0.286		0.286
	<b>10.328</b>	<b>3.547</b>	<b>13.875</b>

**Appendix D: Progress in implementation of savings - December 2016**

<b>Area</b>	<b>Agreed Target</b>	<b>Forecast</b>	<b>Action</b>	<b>Responsible Officer</b>
	<b>£m</b>	<b>£m</b>		
Procurement Savings	0.750	0.750	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.	Judith Proctor
Bon Accord Care Contract	0.700	0.430	Negotiations are continuing with Bon Accord Care (BAC). At present BAC have identified £430,000 of savings. A report on BAC was considered at the last IJB meeting and a further report is on today's agenda.	Judith Proctor
Efficient Collection of all valid fees and charges	0.300	0.300	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.	Judith Proctor
Review SDS community engagement strategy in light of the integration Agenda	0.168	0.058	The aim is to rationalise bespoke funding in learning disability services and self directed support into a single more cost effective system.	Judith Proctor

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	0.150	This saving will be contained within provision for growth and price inflation.	Judith Proctor
<b>Total</b>	<b>2.218</b>	<b>1.838</b>		

**Appendix E**

**Period 9 - Virements**

<b>Budget Head</b>	<b>Permanent £'000</b>	<b>Description</b>
Head of Operations	(2,457)	Redistribution of central budget for growth and inflation.
Older People	1,595	Increased expenditure on needs led services £967,000 and living wage increase £328,000.
Physical Disability	(2)	£124,000 living wage increase; offset by decreased expenditure on needs led services £126,000.
Learning Disability	341	Living wage increase £514,000; partially offset by other reductions in needs led services £173,000.
Mental Health and Substance Misuse	523	Increased expenditure on needs led services £350,000 and living wage increase £173,000.