



Report Title	Finance Update as at 31 March 2017
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Date of Report	31 March 2017
Date of Meeting	20 June 2017

1: Purpose of the Report

- i) To summarise the current year revenue budget performance for the services within the remit of the Integrated Joint Board for the period to end March 2017, and
- ii) To advise on any areas of risk and management action relating to the revenue budget performance of the Integrated Joint Board (IJB) services, and
- 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 March 2017

- 2.1 An adverse position of £1,066,000 for mainstream services is reported for the year end position to the end of March 2017 (Appendix A). This is a slightly improved position on previous forecast due to favourable movements on prescribing, where less than anticipated seasonal flu costs were incurred. This overspend position will be met from slippage from the Integration and Change Funds.
- 2.2 The accumulative slippage reported for Integration and Change funds total £11,483,000. After allowing for mainstream overspend position, as mentioned above, this leaves a total carry forward reserve into 2017/18 of £10,417,000 for the IJB.



2.3 An analysis of the major variances is detailed below:

Community Health Services (Year to date variance - £246,000 overspend)

Major Movements:

(£352,000)	staff vacancies underspend
(£137,000)	property underspend
£876,000	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 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 £341,000 overspend)

There are overspends 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 (which covers Care of the Elderly, Orthopaedics and Mobility and Rehabilitation Service).

This reports an adverse movement of £122,000 from previously forecasted position. This mainly relates to higher than anticipated costs within Intermediate Care and Police Forensic Service. Work is currently taking place to consider the future service model for the Police Forensic Service. With regard to Intermediate Care (which covers areas of Care of the Elderly, Orthopaedics and Mobility and Rehabilitation service) work is progressing with the budget holder to reduce these overspends in 2017/18.

Learning Disabilities (Year end variance - £166,000 overspend)

Major Movements:

£316,000	Under recovery of client contributions
(£185,000)	Staff vacancies underspend
(£185,000)	Direct payments
(£65,000)	Staff vacancies – Allied health Professionals
£260,000	Commissioned Services

Staff vacancies within Allied Health Professionals resulting in an underspend of £65,000. There is an under-recovery of client contributions £316,000 (of



which £241,000 was against residential care packages reflecting the move towards tenancies and non residential care methods of delivery) and an overspend on complex care spot purchased care packages of £260,000; partially offset by staff vacancies of £185,000 and direct payments underspend.

This reports a favourable movement of £43,000 from previously reported forecasted position. This mainly relates to lower than anticipated equipment costs £57,000 (£41,000 of which was capitalised as part of the costs of the Len Ironside Day Centre).

Mental Health & Addictions (Year end variance - £326,000 overspend)

Major Movements:

£123,000 Staffing– locum costs
£245,000 Additional expenditure on locums

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.

This reports a favourable movement of £16,000 from previously reported forecasted position. This mainly reflects additional spend on needs led spot purchased care.

Older People & Physical and Sensory Disabilities (Year end variance - £298,000 underspend)

Major Movements:

(£184,000) needs led commissioned budgets
(£111,000) other income

The needs led commissioned budget reflects mainly underspends on disability direct payments £102,000 and block funded other commissioned care £76,000. The other income is mainly due to over-recovery of in-house client contributions £148,000; partially offset by under-recovery of practice teacher (someone who teaches social work to under graduates) income £37,000.

This reports an unfavourable movement of £159,000 from previously reported forecasted position. This mainly reflects revised expenditure on needs led spot purchased commissioned services of £327,000; partially



offset by additional contributions from other authorities £167,000.

Central Living Wage/Inflation Provision etc (Year to date variance - £9,000 underspend)

This reflects an adverse movement of £144,000 from previously reported forecasted position. This reflects adjustments to expenditure which is now shown against transformational funding.

Housing (Year end variance £37,000 overspend)

This reflects funding to housing general fund towards cost of Welfare Rights post.

This reports an adverse movement of £37,000 from previously reported forecasted position, which also reflects funding to housing general fund towards cost of welfare rights post

Primary Care Prescribing (Year to date variance – £841,000 overspend)

This position is based on actual information for April to January an accrual for February and March report. The average unit costs per item prescribed increased from £11.08 in March to £11.23 in January. The volume of items estimated for March has increased by 1.2%. 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 February and March are based on latest actual information resulting in the overspend position reported. This position might move if there is a material difference between the estimates and actual spend identified during the audit process.

This reports a favourable movement of £360,000 from previously reported forecasted position. This mainly relates to less than anticipated cross border prescribing and seasonal flu costs.

Primary Care Services (Year to date variance - £460,000 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.

This reports a favourable movement of £344,000 from previously reported forecasted position. The improvement from forecast includes a favourable



movement as payments to the practices were lower in the final quarter. The Scottish Government will recalculate Primary Care allocations for 2017/18 taking cognisance of this and reducing the budget accordingly, therefore this reduction is a one-off.

- 2.4 The revenue budget monitoring reported in period 9 against the actual outturn shows a favourable movement of £1,267,000.

This is due to favourable movements against the highly volatile prescribing budget of £360,000 and a £344,000 favourable movement on Primary Care, as mentioned above. Also, slippage against transformational funds due to additional allocations being received in the last quarter for Mental Health Access funding £54,000, Pharmacists for GP practices £233,000 and delays in accruing expenditure for the Keep Well initiative, which will be spent in 2017/18.

- 2.5 At the IJB meeting on the 15 August agreement will be sought to ring fence some of the £10,417,000 for specific purposes. It should be noted that the vast majority of these funds are committed on a recurring basis and the carry forward of these funds in reserves is largely a timing issue.

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 financial 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.

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.

5: Recommendations for Action

It is recommended that the Audit & Performance Systems Committee:-

- i) note this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
- ii) note that the Executive Team are reviewing this position in conjunction with the 2017/18 budget to determine any shortfalls or additional funds available as a result of the outturn position.
- iii) note the virements identified in Appendix E

Appendix A – Finance Update at End March 2017

Accounting Period 12	Full Year Budget £'000	Year end Actual £'000	Year End Variance £'000	Variance %	Adjusted Year-End Forecast P9 £'000	Actual year end outturn against forecasted position £'000
Community Health Services	31,402	31,648	246	0.8%	31,629	19
Aberdeen City share of Hosted Services (health)	20,868	21,209	341	1.6%	21,087	122
Learning Disabilities	29,101	29,267	166	0.6%	29,310	(43)
Mental Health & Addictions	18,312	18,638	326	1.8%	18,654	(16)
Older People & Physical and Sensory Disabilities	70,753	70,455	(298)	(0.4%)	70,296	159
Central Living Wage/inflation provision etc	(330)	(339)	(9)	2.7%	(483)	144
Criminal Justice	(91)	(212)	(121)	133.0%	(139)	(73)
Housing	2,163	2,200	37	1.7%	2,163	37
Primary Care Prescribing	39,165	40,006	841	2.1%	40366	(360)
Primary Care	37,306	36,846	(460)	(1.2%)	37,190	(344)
Out of Area Treatments	1,222	1,219	(3)	(0.2%)	1,278	(59)
Sub Total: Mainstream position	249,871	250,937	1,066	0.4%	251,351	(414)
<u>Integration and Change Funds</u>						
Total funding available	14,444	2,961	(11,483)		3,814	(853)
Contribution to mainstream position (as above)			1,066			
Total position including funds	264,315	253,898	(10,417)		255,165	(1,267)



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Appendix B: Summary of financial risks and mitigating action

	Risks	Mitigating Actions
Community Health Services	Budget savings not identified	<ul style="list-style-type: none">• Monitor levels of staffing in post compared to full budget establishment.• A vacancy management process is in the process of being created which will highlight recurring staffing issues to senior staff.
Hosted Services	Potential increased activity in the activity led Forensic Service.	<ul style="list-style-type: none">• Work is being undertaken at a senior level to consider future service provision and actions that will reduce cost.
Learning Disabilities	Fluctuations due to expensive support packages being implemented. Increase in provider rates for specialist services. Underspend is dependent on vacancy levels continuing at	<ul style="list-style-type: none">• Review packages to consider whether they are still meeting the needs of the clients.



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



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	Risks	Mitigating Actions
	evidence at start of each year by the Grampian Medicines Management Group	<ul style="list-style-type: none">• 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.



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Appendix C: Sources of Transformational funding

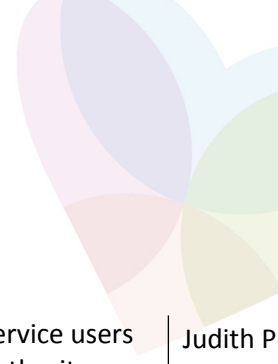
	2016/17	2015/16 c/fwd	Total
	£m	£m	£m
Integrated Care Fund	3.750	2.433	6.183
Delayed Discharge Fund	1.125	0.921	2.046
Winter resilience		0.190	0.190
Social Care transformation funding	4,750		4,750
Primary Care Transformation	0.270		0.270
Mental Health Fund	0.147		0.147
Transforming Urgent Care	0.286		0.286
MH Access/Keepwell Funding	0.572		0.572
	10.90	3.544	14.444



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Appendix D: Progress in implementation of savings - March 2017

Area	Agreed Target	Forecast	Action	Responsible Officer
	£m	£m		
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	0.700	Negotiations are continuing with Bon Accord Care (BAC). BAC have identified £430,000 of savings. £270,000 of alternative savings were identified from other budget heads.	Judith Proctor
Efficient Collection of all valid fees and charges	0.300	0.300	Income budgets have been closely monitored.	Judith Proctor
Review SDS community engagement strategy in light of the integration Agenda	0.168	0.168	The aim is to rationalise bespoke funding in learning disability services and self directed support into a single more cost effective system. £110,000 of alternative savings were identified from other budget heads.	Judith Proctor



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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.	Judith Proctor
Review of block funded contracts	0.150	0.150	This saving has been contained within provision for growth and price inflation.	Judith Proctor
Total	2.218	2.218		



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Appendix E – Virements

Budget Head	Permanent	One-Off	Description
To: IJB Housing		£303,000	£231,000 additional Housing Revenue Account contribution to aids and adaptations £72,000 and additional budget for improvement grants.
From: Community Health Services		-£518,000	Pharmacy and Keep Well Funding
To: Integration and Change Funds		£518,000	Pharmacy and Keep Well Funding
To: Community Health Services		7,623	Additional Funding: Pay Award Uplift
To: Community Health Services		158	Waiting Times
To: Community Health Services		18,000	Health Visiting baby equipment funding
To: Community Health Services		48,656	Nursing resource Grp – Add HV costs being funded
To: Community Health Services		97,336	Pharmacy for Primary Care and GPs
To: Community Health Services		13,000	Physio hours from Acute
To: Community Health Services		27,000	Mental Health Innovation Fund
To: Community Health Services		40,000	Primary care – Shingles/Flu Funding
To: Community Health Services		124,000	Hosted Services – Drugs Funding etc
To: Integration and Change Fund		54,393	Mental Health Access Fund