



INTEGRATION JOINT BOARD

Report Title	Finance Update as at end September 2017
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Date of Report	12 th October 2017
Date of Meeting	31 st October 2017

1: Purpose of the Report
<p>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 2017); and</p> <p>ii) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.</p> <p>iii) To request approval of budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).</p>

2: Summary of Key Information
<p>Reported position for period to end September 2017</p> <p>2.1 An adverse position of £1,231,000 is reported for the six month period to the end of September 2017 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 £2,808,000 on mainstream budgets. The main areas of overspend are prescribing (forecast £1,500,000), learning disabilities (£983,000) and Grampian wide hosted services (£780,000). A significant degree of work has reduced the projected overspend from the June position, however this has been offset by the adverse movement on prescribing.</p> <p>2.2 A review has been undertaken of the spend and commitments against the Integration and Change Fund budget and the forecast has been adjusted accordingly. As can be seen from the forecast identified in Appendix A it is currently anticipated that the £2,808,000 can be accommodated from within this budget for 2017/18. This would protect the partners from incurring any additional financial pressure on their own budgets. However, it is important</p>



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that recovery plans are implemented quickly, in order to protect the IJB's Integration and Change Funding so it can be used for transformation. The Executive Team and Senior Managers are committed to resolving this overspend in 2017/18, although are mindful there will be some transitional spend while the recovery plans are implemented.

2.3 An analysis of variances is detailed below:

Community Health Services (Year to date variance - £19,000 overspend)

Major Movements:

£94,000	Across non pay budgets
£96,000	Under recovery on income
(£170,000)	Pay

Within this expenditure category there is an overspend on non-pay costs due to unmet 2017/18 budget reduction targets. An under recovery on income mainly relating to education service level agreement for speech and language therapy (£40,000) due to renegotiation of contract and salaried dental service income being lower than anticipated due to lower patient numbers meeting the eligibility criteria for payment. This is currently being offset with vacancies mainly within Allied Health Professionals.

Hosted Services (Year to date variance £390,000 overspend)

There are overspends on 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 the Mobility and Rehabilitation Service). 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.

Learning Disabilities (Year to date variance - £538,000 overspend)

Major Movements:

£435,000	Commissioned services
£170,000	Under-recovery customer and client receipts
(£72,000)	Underspend direct payments

The overspend on commissioned services reflects additional commitments against the needs led spot purchase care budget of £407,000 and block funded services budget of £31,000 as a result of an increase in the number of clients.



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The under-recovery in client and customer receipts is mainly on residential and nursing care which is where the under recovery occurred last year. The underspend on direct payments includes recovery of £97,000 of income refunded from financial audits and reviews.

This Learning Disabilities budget will be closely monitored to determine if future growth due to packages transitioning from children's services will continue to be offset by recovery of direct payment underspends and reducing the direct payment contingency from eight to four weeks.

Mental Health & Addictions (Year to date variance - £129,000 overspend).

£73,000	Expenditure on locums
£100,000	Expenditure on commissioned services
(£37,000)	Income Customer and Client Receipts

The overspend on medical locum costs is due to the inability to recruit. Mental Health currently have 4 whole time equivalent consultant vacancies and 1 whole time equivalent speciality doctor, which are currently all being filled by locums.

The commissioned services overspend reflects overspends against mental health block funded care £33,000, mental health needs led spot purchased care £85,000 partially offset by an underspend on addictions spot purchased care £19,000. The additional income mainly relates to charges for residential services.

Older People & Physical and Sensory Disabilities (Year to date variance - £732,000 underspend

Major Movements:

(£634,000)	Commissioned services
£88,000	Direct payments
(£107,000)	Contributions from other local authorities
(£91,000)	Staffing vacancies

There is an underspend of £634,000 on commissioned services. This consists mainly of an underspend of £1,052,000 on needs led care : partially offset by additional payments to Bon Accord care for running Kingsmead Nursing Home £446,000 which are funded from the Integration and Change Fund held on another budget line. There is an overspend of £88,000 on needs led direct payments, mainly on older people home care due to additional clients. The overspend may reduce in future months as underspends are recovered and the direct payments contingency in existing budgets is reduced from eight



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weeks to four weeks.

There is a £107,000 over-recovery of income for contributions from other councils towards the cost of residential care packages. The £91,000 underspend on staffing is mainly due to staffing vacancies. An exercise will be undertaken during the budget process to ensure that staffing budgets reflect the new management structure.

Central Living Wage/Inflation Provision etc. (Year to date variance - £22,000 underspend)

Major Movements:

£188 000 Additional running expenses Kingsmead
(£220,000) Additional Charging Policy Income

On the 1 April 2017 Aberdeen City Council took over the running of Kingsmead Nursing Home. The additional spend for the year to date of £188,000 is mainly due to ongoing running costs of the occupancy agreement. This is partial offset by Kingsmead customer and client receipts £156,000 and other charging policy income £60,000.

Primary Care Prescribing (Year to date variance – £742,000 overspend)

As actual information is received two months in arrears from the Information Services Division this position is based on actuals for July 2017 with an estimation of spend for August and September. The budget to September includes the additional budget added during the budget process of £559,000. The average cost per item varied throughout 2016/17 and averages at £11.28 over the year. The actual average cost per item in July was £11.32 and this price is used for estimating August and September spend. The volume of items estimated to June has decreased by 0.4% compared to quarter 1 2016/17. The previous forecast for 2017/18 was based on prices and market intelligence as at June 17. An additional cost pressure has developed since then due to drugs on short supply.

Primary Care Services (Year to date variance - £15,000 overspend)

The position within Primary Care Services represents the impact of the revision of the Global Sum (based on practice registered patient numbers) payments for 2017/18 anticipated to be matched by revised annual grant allocations. Cost pressures still exists for Enhanced Services continuing, which includes diabetic care, extended hours and immunisations. A new cost pressure is emerging in 2017/18 for premises in relation to Business Rates.



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Out of Area Treatments (Year to date variance - £162,000 overspend)

The projected overspend reflects that the number of patients receiving care outside of the Grampian area has increased over the last few months. A review is being undertaken to determine how best to manage this budget and financial pressure in future. There has been a reduction in this forecast since June.

List of Appendices:

- a) Finance Update as at end September 2017
- b) Summary of risks and mitigating action
- c) Sources of Transformational funding
- d) Progress in implementation of savings - September 2017
- e) Virements

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 the IJB.

4: Management of Risk

Identified risk(s): There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

Link to risk number on strategic or operational risk register: 2

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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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.

5: Recommendations for Action

It is recommended that the Integration Joint Board:

1. Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
2. Notes the work undertaken by officers to reduce the overspend position forecast in June 2017 has been offset by new budget pressures identified in the prescribing budget.
3. Instructs Officers to review the financial position and continue to identify savings to bring the mainstream budget back to a break even position.
4. Approves the budget virements indicated in Appendix E.

6: Signatures

Judith Proctor
(Chief Officer)

Alex Stephen
(Chief Finance Officer)

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 highlights recurring staffing issues to senior staff. • Position improving and break even predicted for year end
Hosted Services	<p>Potential increased activity in the activity led Forensic Service.</p> <p>The use of locums for intermediate care</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.
Learning Disabilities	<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 present levels.</p>	<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 weekly resource allocation panel

	Risks	Mitigating Actions
Mental Health and Addictions	<p>Increase in activity in needs led service.</p> <p>Potential complex needs packages being discharged from hospital.</p> <p>Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage.</p> <p>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>Balanced financial position is dependent on staffing levels.</p> <p>Increase in activity in needs led service.</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. • An audit of CareFirst residential packages established that £500k of packages should be closed. These findings were combined with a review of previous years accruals to determine how much the residential care spend should be reduced which also resulted in a favourable reduction in projected spend

	Risks	Mitigating Actions
Prescribing	<p>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</p> <p>Several drugs now on short supply which has resulted in increased prescribing costs</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>Increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian Area.</p>	<ul style="list-style-type: none"> • Review the process for approving this spend.

Appendix C: Sources of Transformational funding

	2017/18 (£m)	2016/17 c/fwd. (£m)	Total (£m)
Integrated Care Fund	3.750	2.684	6.434
Delayed Discharge Fund	1.125	1.420	2.545
Winter resilience		0.190	0.190
Mental Health Access		0.054	0.054
Primary Care Pharmacy	0.318	0.215	0.533
Social Care transformation funding	9.504	4.773	14.277
Tranche 2 Social Care Funding	3.860		3.860
Primary Care Transformation	0.255	0.267	0.267
Mental Health Fund	0.138	0.147	0.147
Transforming Urgent Care	0.269	0.286	0.286
Keep Well/Public Health (Tobacco, CHW)		0.381	0.381
Carers Information Strategy	0.182		
Mental Health Access Fund	0.129		
Carers	0.280		
Mental Health Innovation Fund	0.078		
	19.888	10.417	30.305
Adjust for social care budget transfer	-8.614		-8.614
Funding available for IJB commitment	11.274	10.417	21.691

Appendix D: Progress in implementation of savings – September 2017

Area	Agreed Target	Status	Action	Responsible Officer
Vacancy Management	1,100	Amber	<p>Once a post becomes vacant grades and hours are reviewed before the vacancy process begins.</p> <p><i>All vacancies are authorised by CFO and senior management. Where possible posts are held until it is essential to be filled for the running of a service.</i></p>	Judith Proctor
City Core Community Health	103	Green	<p>Only essential training is being permitted. Overtime is being monitored on a monthly basis and will only be used if this is essential to the running of a service and should be the last resort.</p>	Tom Cowan
City Core Community Health	100	Green	<p>There is currently an administration review being undertaken – reviewing all workload and grades of admin staff required. When a vacancy arises the grade and hours are reviewed and posts only being filled if essential. Bank usage is being monitored on a monthly basis and is the last resort of filling holiday or sick leave cover. CFO now chairing Admin review programme board.</p>	Alex Stephen

Area	Agreed Target	Status	Action	Responsible Officer
Various on-costs on commissioned services	315	Green	Care providers will receive no increase in funding other than any increases agreed for sleepovers, living wage and through the NCHC if applicable.	Tom Cowan
Review and reduce commissioning in association with other Councils to reduce rates.	575	Amber	<p>Review placements provided by Aberdeen City that should be funded by other councils. Some packages are expensive and by working with other Councils it should be possible to negotiate better rates. Review care packages to determine whether they are still fit for purpose and meet the eligibility criteria.</p> <p><i>Additional social workers have been recruited to review packages and a process has been set-up where expensive packages are required to be signed off by a resource allocation panel. Any increases to packages require to be signed off by either CFO or Head of Operations</i></p>	Tom Cowan
Direct payment - reduce contingency levels	200	Green	Direct payment clients receive a contingency payment amounting to 8 weeks and this it to be changed to 4 weeks. 60% of audits have been completed	Tom Cowan

Area	Agreed Target	Status	Action	Responsible Officer
Speed up financial assessment process	100	Amber	By improving this process clients will know quicker how much contribution, if any, they require to make to their care package. Speeding up this process will give clients more certainty and reduce potential arrears.	Alex Stephen
Income Generation	350	Amber	Review charging levels across the Partnership and look for ways to generate more income to support core services - making best use of our assets etc.	Alex Stephen
Self-Directed Support	59	Green	Remove budget for organisation providing support to SDS clients. Contract has come to an end and has not been renewed (support now being provided in-house)	Alex Stephen
Remove historic underspends	260	Green	Complete	Alex Stephen
Outreach team not filled	280	Green	Funding and posts are no longer required re strategic plan.	Alex Stephen

Area	Agreed Target	Status	Action	Responsible Officer
Review of the Training/Overtime & Parking	163	Amber	Managers to consider ways to reduce overtime & training and pay travel as incurred not issuing parking passes. Ongoing	Judith Proctor
Management Model	710	Green	Review and assessment of the Partnership overall management model. Where staff are employed in transformational roles then they should be charged against the integration and change fund. Where it is possible to reduce the number of posts without making someone redundant then this will be considered and actioned.	Tom Cowan
Total	4,315			

Appendix E: Virements

Period 4-6 Health	
Budget Virements/Additional Funding	
Primary Care Transformation Fund – Mental Health Hub	£254,631
Mental Health Fund – Mental Health Hub	£138,093
Transforming Urgent Care Fund –Potential out of hours to support GDENS.	£268,659
Carers Information Strategy – Support to 3 rd sector to help improve carers support.	£181,667
Mental Health Access Fund – Mental Health Hub	£129,079
Carers Project – one off project work – re carers act.	£10,000
Carers/Veterans –Carers Act Implementation / Veterans Disability Allowances.	£270,000
Mental Health Innovation Fund - Transfer from NHSG.	£78,032
Pre committed SG allocations – childsmile / oral health – within nurseries and schools. (dental services)	£327,491
Mental Health budget transfer – Reallocation of post to correct budget	(£106,064)
Additional Hosted services budget – SG allocation	£98,981
Additional primary care budget – Support towards our primary care services.	£59,037
Total Virements	£1,709,606