



AUDIT & PERFORMANCE SYSTEMS

Report Title	Finance Update as at end December 2017
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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 9 (end of December 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 note the budget virements required to ensure 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 December 2017</p> <p>2.1 An adverse position of £2,366,000 is reported for the nine month period to the end of December 2017 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 £3,477,000 (£2,808,000 September 2017) on mainstream budgets. The main areas of overspend are prescribing (forecast £1,817,000), Out of Area Treatments £580,000 and Grampian wide hosted services (£1,050,000). With prescribing and hosted services being the major movements from the September 2017 forecast.</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 £3,477,000 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. Nevertheless, the</p>



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Executive Team and Senior Managers continue to look for ways to resolve as much of the overspend in 2017/18 as possible, although are mindful there will be some transitional spend while the recovery plans are implemented and that the majority of solutions to resolve this level of overspend will have implications on frontline service delivery and therefore require IJB approval.

2.3 An analysis of variances is detailed below:

Community Health Services (Year to date variance - £142,000 underspend)

Major Movements:

£159,000	Across non pay budgets
£68,000	Under recovery on income
(£370,000)	Staff Costs

There is currently an overspend on the non-pay budgets, as a result of additional expenditure on business rates due to the business rates revaluation. There is also an under recovery on the Local Authority Speech and Language Therapy income budget due to a renegotiation of the contract. These overspends are offset by an underspend on staff costs mainly relating to inability to recruit Allied Health Professionals.

Hosted Services (Year to date variance £759,000 overspend)

Intermediate Care is £376,000 overspent as a result of medical locum costs due to the requirement to provide consultant cover at night within Intermediate Care and higher than anticipated expenditure on the Wheelchair Service due to an increase in demand for this service.

Police Forensic Service is £102,000 over budget as there has been a legacy under funding issue with this budget.

Grampian Medical Emergency Department (GMED) budget is forecast to £299,565 over budget mainly due to the move to a new service model and a greater uptake of shifts across the 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. An officer led workshop has been undertaken and hosted services will be required to submit service plans for review by senior managers. It is anticipated this will form the basis of a report to the IJB in the new financial year.



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Learning Disabilities (Year to date variance - £220,000 overspend)

Major Movements:

£22,000 Staff Costs
£176,000 Under-recovery customer and client receipts

The overspend on staff costs mainly relates to support for complex care clients in both day care and support accommodation settings. The under-recovery in client and customer receipts is mainly on residential and nursing care and the reasons for the change in income patterns are being investigated.

Mental Health & Addictions (Year to date variance - £48,000 overspend).

£102,000 Expenditure on staff costs
(£60,000) Income Customer and Client Receipts

The overspend on medical locum costs is due to difficulties recruiting to consultant posts. There is a shortage of mental health consultants nationally and the U.K. national training scheme makes it difficult to attract newly qualified consultants to the City. 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 over recovery on income mainly relates to residential care.

Older People & Physical and Sensory Disabilities (Year to date variance - £465,000 underspend)

Major Movements:

(£329,000) Commissioned services
(£55,000) Staff Costs

There is an underspend of £329,000 on commissioned services. This consists mainly of an underspend of £287,000 on needs led care and other commissioned services. This is due to how the budget has been allocated rather than a reduction in demand or supply. However, there are signs that our homecare expenditure maybe greater than forecast. This is currently being investigated by the accountants to determine the impact and the reasons for this potential movement, in the meantime £300,000 has been ring fenced in the total forecast position for the IJB. There is an underspend of £55,000 on staff costs due to vacancies.



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Directorate £373,000 overspend

£241,000 Under recovery income generation target
£90,000 Staff Costs

There is a potential under recovery of £241,000 of the income generation target. A review is being undertaken to determine whether the income generation target has been achieved against other budget heads and a virement will be processed during the final monitoring of the financial year once this has been confirmed. Additional staff costs of the new staffing structure £90,000 has been identified against this budget line. These staff costs will be offset by the underspends on other staffing budget heads, including the older people underspend highlighted above.

Primary Care Prescribing (Year to date variance – £1,334,000 overspend)

As actual information is received two months in arrears from the Information Services Division this position is based on actuals for October 2017 with an estimation of spend for November and December. 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 October was £11.57 and this price is used for estimating November and December spend. Expenditure on items includes increased expenditure in advance of Christmas break and this is included in estimate for December. To compensate for this the budget is phased with a greater than normal allocation in December which has contributed to the overall position as compared to November.

Primary Care Services (Year to date variance - £73,000 overspend)

The Primary Care Services budget largely represents the GP contract payments (based on practice registered patient numbers) for 2017/18, which is matched by revised annual grant allocations from the Scottish Government. There are some elements of this budget directly under the control of the partnership and where cost pressures are currently being experienced. In particular a new cost pressure has emerged in 2017/18 for premises in relation to Business Rates as a result of the recent rates revaluation.

Out of Area Treatments (Year to date variance - £325,000 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. Work is progressing to look at a regional approach



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to dealing with our of area placements.

List of Appendices:

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

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.



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5: Recommendations for Action

It is recommended that the Audit & Performance Systems Committee:

1. Notes this report in relation to the IJB budget and the information on areas of risk contained herein.
2. Notes the budget virements indicated in Appendix E.

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 is in the process has been created which will highlight 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"> • Packages are reviewed frequently 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, although an overspend is still being forecast.
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 outwith the Grampian Area.</p>	<ul style="list-style-type: none"> • Review 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	0.522
Mental Health Fund	0.138	0.147	0.285
Transforming Urgent Care	0.269	0.286	0.555
Keep Well/Public Health (Tobacco, CHW)		0.381	0.381
Carers Information Strategy	0.182		0.182
Mental Health Access Fund	0.129		0.129
Carers	0.280		0.280
Mental Health Innovation Fund	0.078		0.078
6EA Unscheduled Care	0.112		0.112
Winter Monies	0.099		0.099
HV Nursing	0.094		0.094
Winter Funding	0.158		0.158
	20.351	10.417	30.768
Adjust for social care budget transfer	-8.614		-8.614
Funding available for IJB commitment	11.737	10.417	22.154

Appendix D: Progress in implementation of savings – December 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	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.	Tom Cowan
City Core Community Health	100	Green	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.	Alex Stephen
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

Area	Agreed Target	Status	Action	Responsible Officer
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
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

Area	Agreed Target	Status	Action	Responsible Officer
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
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	Tom Cowan

Area	Agreed Target	Status	Action	Responsible Officer
			<p>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.</p>	
Total	4,315			

Appendix E: Virements

Period 7-9 Health	
Budget Funding Adjustments	
Nursing Quality funding	£13,300
Transfer of resource from Mental Health hosted to support OT and admin	£371,697
Health Visiting additional posts	£93,350
HV resource from NHSG nursing resource group	£15,708
Additional SG allocation – 6EA Unscheduled Care	£112,761
Additional SG allocation – winter pressures	£98,500
SG reduction to prescribing budget.	(£117,234)
Nurse training funding	£4,952
Additional Hosted services budget – SG allocation	£63,502
Additional primary care budget – Support towards our primary care services.	£21,609
Total Virements	£678,145

Period 7-9	
Budget Virements	
Older People Direct Payments	£100,000
Learning Disability Commissioning	£241,831
Mental Health Commissioning	£27,907
Physical Disability Commissioning	£664,281
Older People Commissioning	(£1,978,629)
In-house client contributions	(£256,817)
External client Contributions	£525,763
Other local authority contributions	(£218,946)
NHS contribution carer service	(£50,000)
TEC grant funded expenditure	£112,000
TEC grant funded income	(£112,000)
TEC grant equipment correction	(£76,891)
TEC grant Bon Accord commissioned service	£76,891
Reduced contribution to sleepover adjustment	£755,610
Kingsmead Occupancy costs	£369,000
Contribution to Occupancy Costs	(£180,000)
Total Virements	£0