



INTEGRATION JOINT BOARD

Report Title	Finance Update as at end March 2018
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Date of Report	20 April 2018
Date of Meeting	22 May 2018

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 12 (end of March 2018); 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 D).</p>

2: Summary of Key Information
<p>Reported position for period to end March 2018</p> <p>2.1 An adverse position of £3,480,000 on mainstream budgets is reported for the financial year 2017/18 as shown in Appendix A. The main areas of overspend are in Primary Care Prescribing £1,616,000 and Aberdeen City Share of Hosted Services £1,156,000.</p> <p>2.2 A review has been undertaken of the spend and commitments against the Integration and Change Fund budget and the carry forward has been adjusted accordingly. As can be seen from Appendix A, the mainstream overspend of £3,480,000 can be accommodated from within this budget for 2017/18. This protects the partners from incurring any additional financial pressure on their own budgets and is in keeping with the agreed protocol for overspends within the Aberdeen City Integration scheme.</p> <p>2.3 An analysis of variances is detailed below:</p>



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Community Health Services (Year to date variance - £169,000 underspend)

Major Movements:

£242,000	Across non pay budgets
£214,000	Under recovery on income
(£628,000)	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 £1,156,185 overspend)

The main areas of overspend are as follows:

Intermediate Care £650,000 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. Also, a part provision was added to this budget to cover additional costs due to Paid as if at work, where rates of pay for overtime and weekend work should have been paid at substantive rates.

Police Forensic Service £93,000 as there has been a legacy under funding issue with this budget.

Grampian Medical Emergency Department (GMED) budget is £420,000 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.

Learning Disabilities (Year to date variance - £529,000 overspend)

Major Movements:

£319,000	Under-recovery customer and client receipts
£167,000	Staff Costs
£135,000	Commissioned services
(£71,000)	Underspend Self-directed support (SDS)



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The under-recovery in client and customer receipts is mainly on residential and nursing care and the reasons for the change in income patterns is being investigated. The overspend on staff costs mainly relates to support for complex care clients in both day care and support accommodation settings. The overspend on commissioned services is mainly for nursing care packages and the underspend reflects surpluses returned after direct payment audits.

Mental Health & Addictions (Year to date variance - £89,000 overspend).

£107,000 Expenditure on staff costs
(£13,000) 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 over recovery on income mainly relates to contributions from other authorities £8,000 and client contributions £4,000.

Older People & Physical and Sensory Disabilities (Year to date variance - £403,000 underspend)

Major Movements:

(£189,000) Commissioned services
(£222,000) Income Customer and Client Receipts

There is an underspend of £189,000 on commissioned services. This reflects an underspend on needs led spot purchased physical disability (PD) £428,000, SDS block funded services £50,000, PD block funded services £35,000 and other commissioned services £29,000; partially offset by additional expenditure on Kingsmead Care Home £240,000 and needs led spot purchased older people (OP) £113,000. The over-recovery of customer and client receipts is mainly on older people client contributions towards residential and nursing care.

Directorate £346,000 overspend

£273,000 Staff Costs
£70,000 Administration Costs

Reflects £260,000 vacancy savings not being achieved on the Council side of the budget as a result of the profiling of the turnover savings between health and the council systems. The overspend on Administration Costs is due expenditure incurred on legal fees and training and development.



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Primary Care Prescribing (Year to date variance – £1,616,000 overspend)

As actual information is received two months in arrears from the Information Service Division (ISD), this position is based on actual for ten months to January 2018 with an accrual for February and March. The average unit cost per item prescribed varied throughout 2016/17 and averaged £11.28 over the year. The actual average cost per item in 2017/18 has varied from the April average of £11.32 rising sharply in May which was attributed in part to increased costs of medicines on short supply which continued into June and beyond. The overall average price has fluctuated since June, gradually increasing to December £11.70. In January the average price per item fell to £11.39 mainly attributable to a fall in the use of branded drugs. Volume increases estimated to March are also slightly over budget although the fall in price has offset this. Estimates for February and March are based on the latest actual expenditure information including improved January information leading to the improved overspend position reported.

Out of Area Treatments (Year to date variance - £476,000 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.

List of Appendices:

- a) Finance Update as at end March 2018
- b) Sources of Transformational funding
- c) Progress in implementation of savings - March 2018
- d) Virements



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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.

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.



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. Approves the budget virements indicated in Appendix D.



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6: Signatures	
	Sally Shaw (Interim Chief Officer)
	Alex Stephen (Chief Finance Officer)

Appendix A: Finance Update as at end March 2018

Accounting Period 12	Full Year Revised Budget Budget £'000	Year End Actual £'000	Year End Variance £'000	Variance Percent %	Year-End Forecast Period 9 £'000	Actual Year End versus Forecasted Position
Community Health Services	31,576	31,407	(169)	(0.54%)	31,396	11
Aberdeen City share of Hosted Services (health)	20,569	21,725	1,156	5.62%	21,619	106
Learning Disabilities	30,740	31,270	529	1.72%	30,900	370
Mental Health & Addictions	19,976	20,065	89	0.45%	20,042	23
Older People & Physical and Sensory Disabilities	73,285	72,882	(403)	(0.55%)	72,774	108
Directorate	(933)	(587)	346	37.08%	(503)	(84)
Criminal Justice	47	(91)	(138)	(293.62%)	47	(138)
Housing	1,861	1,861	0	0%	1,861	0
Primary Care Prescribing	39,748	41,364	1,616	4.07%	41,565	(201)
Primary Care	37,257	37,234	(23)	(0.6%)	37,379	(145)
Out of Area Treatments	1,005	1,480	476	47.36%	1,585	(105)
Sub Total: Mainstream position	255,130	258,610	3,480	1.37%	258,665	(55)
Transformation						
Integration and Change Funds	6,381	5,011	(1,370)		5,623	(612)
Carry forward 2016/17		(10,417)	(10,417)		(10,417)	0
Total position including Integration and Change Fund	261,511	253,204	(8,307)		253,871	(667)

Appendix B: 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 C: Progress in implementation of savings – March 2019

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 Chief Finance Officer and senior management. Where possible posts are held until it is essential to be filled for the running of a service.</i></p>	Chief Officer
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.	Head of Operations
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.	Chief Finance Officer

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 National Care Home Contract (NCHC) if applicable.	Head of Operations
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>	Head of Operations
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. 80% of audits have been completed.	Head of Operations

Area	Agreed Target	Status	Action	Responsible Officer
Speed up financial assessment process	100	Green	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.	Chief Finance 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.	Chief Finance Officer
Self-Directed Support (SDS)	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).	Chief Finance Officer
Remove historic underspends	260	Green	Complete.	Chief Finance Officer
Outreach team not filled	280	Green	Funding and posts are no longer required re strategic plan.	Chief Finance Officer

Area	Agreed Target	Status	Action	Responsible Officer
Review of the Training/Overtime & Parking	163	Green	Managers to consider ways to reduce overtime & training and pay travel as incurred not issuing parking passes. Ongoing	Chief Officer
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.	Head of Operations
Total	4,315			

Appendix D: Virements

Period 10-12 Health	
Budget Funding Adjustments	
Nursing Resource Group	£9,467
Winter Fund Allocation	£157,573
School Nursing Immunisations	£50,471
Additional Hosted Services Budget	£174,463
Additional Primary Care Budget	£39,784
Total Virements	£431,758

Period 10-12 Council	
Budget Virements	
Directorate	£488,325
Learning Disability SDS income to older people	£183,031
Mental Health Customer and client receipts	(£78,066)
Transformation NHS funding	(£329,132)
Older People Vacant head of service post to directorate	(£63,911)
Older People SDS income	(£109,399)
Older People client contributions and rental income	(£90,848)
Transformation NHS net invoicing to Directorate	£727,959
Directorate NHS net invoicing from Transformation	(£727,959)
Total Virements	£0

Period 10-12 Budget Virement	
Between NHS and Council so that the resource transfer expenditure is shown against the Council	
NHS resource transfer funding	(£17,641,920)
ACC resource transfer income	£17,641,920
Total Virements	£0