



INTEGRATION JOINT BOARD

Date of Meeting	28.08.2018
Report Title	Finance Update as at end June 2018
Report Number	HSCP.18.044.
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Gillian Parkin (Finance Manager) Jimmie Dickie (Finance Business Partner)
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	a) Finance Update as at end June 2018 b) Summary of risks and mitigating action c) Sources of Transformational Funding d) Progress in implementation of savings - June 2018 e) Virements

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 3 (end of June 2018);
- 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).



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2. Recommendations

- 2.1. It is recommended that the Integration Joint Board:
- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
 - b) Approves the budget virements indicated in Appendix E.

3. Summary of Key Information

Reported position for period to end June 2018

- 3.1. An adverse position of £323,000 is reported for the three month period to the end of June 2018 as shown in Appendix A. A forecasted year-end position has been prepared based on month 3 results. This has resulted in a projected overspend of £884,000 on mainstream budgets. The main areas of overspend are Learning disabilities, Mental Health and Addiction, Aberdeen City share of hosted services (health) and Older People.
- 3.2. The extended IJB Executive Team have been working hard to bring this budget back into balance after early indications that there would be an overspend forecast for this first three months of the financial year. In order to achieve this several assumptions have been made in the forecast and the following activity has been undertaken to reduce the month 3 projections:



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A review of base budgets against last years outturn position	£260,000
An audit of CareFirst to determine the accuracy of the information contained for residential clients	£410,000
A review of expenditure on the transformation dashboard to determine whether it was achievable and whether alternative funding sources could be used	£335,000
An estimation on additional income likely to be received during the financial year	£200,000
The funding of primary care expenditure from the primary care reserve held by the IJB	£406,000
Further vacancy management savings due to vacancies at the executive team and other management posts	£300,000
	£1,911,000

Please note some of these adjustments identified above are one-offs and whilst they still help to manage the financial position in the short term, work is required to determine what the impact of these adjustments will be on the 2019/20 budget position.

3.3. At the start of the financial year the Integration Joint Board had £8,306,965 held in the IJB Reserves

	£	£
	31 March 2018	1 April 2018
Risk Fund	£2,250,000	£2,500,000
Primary Care Reserve (Previous unspent primary care funding)	£2,639,806	£1,990,000
Integration and Change Funding	£3,417,159	£3,816,965
	£8,306,965	£8,306,965



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The 31 March 2018 figures reflect what was reported in the final accounts. The 1 April 2018 figures reflect the adjustments required to the reserves to align with the Medium Term Financial Strategy. The primary care reserve holds the transformation monies received during 2017/18 and following a review of these funds it is recommended that the IJB reduce the amount earmarked by £649,000. This reserve does not include the funding to be used for the primary care improvement fund which is currently being accounted for in the Integration and Change Fund line on the budget monitoring as being full spent in 2018/19. Any funding not spent on the Primary Care Improvement Plan (PCIP) will need to be carry forward and ring fenced in a separate earmarked reserve.

3.4. Assuming the IJB agrees to make the transfer of the reserves as noted in paragraph 3.3 and taking account of the financial position to the end of June, then the forecast reserve position at the end of financial year is as follows:

	£	£
	01 April 2018	30 June 2018
Risk Fund	£2,500,000	£2,500,000
Primary Care Reserve (Previous unspent primary care funding)	£1,990,000	£1,584,000
Integration and Change Funding	£3,816,965	£1,163,965
	£8,306,965	£5,247,965

The position highlighted above closely aligns with the Medium Term Financial Strategy, where it was intended the level of reserves would be reduced in 2018/19 to fund the transformation programme.



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3.5. An analysis of variances is detailed below:

Community Health Services (Year to date variance - £39,000 underspend)

Major Movements:

£94,000	Across non-pay budgets
£23,000	Under recovery on income
(£156,000)	Staff Costs

Within this expenditure category there is an underspend on staff costs mainly relating to inability to recruit within dental services. This is currently being offset with an overspend on administration non-pay costs and an under recovery of income on the Local Authority Speech and Language Therapy Service Level Agreement due to vacancies.

Hosted Services (Year to date variance £114,000 overspend)

The main areas of overspend are as follows:

Intermediate Care £49,000 relates to 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 £41,000 as there has been a legacy under funding issue with this budget, although the forecast for the financial year assumes additional funding from NHS Grampian to offset this pressure.

Grampian Medical Emergency Department (GMED) £34,000 relates mainly to pay costs and the move to provide a safer more reliable service which has been a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, a budget undervalue on software and hardware support costs, increased usage of medical surgical supplies and an increase in drug costs. Additional funding has been received from the Scottish Government for out of hours and this has been provisionally allocated against this budget.

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.



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Learning Disabilities (Year to date variance - £156,000 overspend)

Major Movements:

£103,000	Expenditure on needs led care services
£78,000	Under-recovery customer and client receipts

Expenditure on needs led care services will be closely monitored and adjusted for any changes from service reviews. The under-recovery in client and customer receipts is mainly on residential and nursing care. Income levels will be investigated as part of a service review which is starting early in August.

Mental Health & Addictions (Year to date variance - £46,000 overspend).

Major Movements:

£108,000	Expenditure on commissioned services
(£46,000)	Income Customer and Client Receipts

The overspend on commissioned services is mainly due to increased expenditure on residential services partly offset by increased client contribution.

Older People & Physical and Sensory Disabilities (Year to date variance - £127,000 overspend)

Major Movements:

£68,000	Staffing
£53,000	Under-recovery client contributions

The overspend on staffing is on care management and hospital teams and reflects retention of staff which means vacancy savings are not anticipated to be achieved. A review of the financial assessment process is being undertaken to produce efficiencies and maximise income. Spend on commissioned services is being closely monitored too. At present the forecast level of spend will be close to budget at the year end, however it will be closely monitored as the number of referrals to



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the free nursing care panel has increased and the market may be able to deliver more home care than at present.

Directorate £155,000 under-spend

(£108,000)
(£33,000)

Under-spend commissioned services
Underspend on staff costs

The underspend on commissioned services is on funds set aside for the implementation of the Carers Strategy.

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

As actual information is received two months in arrears from the Information Services Division this position is based on actuals for April 2018 with an estimation of spend for May and June. At present it appears the budgeted level of spend will be close to the forecast at the end of the financial year, however, as has been shown previously spend on this budget line can move by material amounts between the months based on factors largely out with the control of the IJB.

Primary Care Services (Year to date variance - £29,000 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 2018/19 including protected element now being paid assumed to be offset by revised allocation yet to be received from Scottish Government as part of the new GMS contract.

The premises position continues with an overspend which will include any rental increases impacting on 2018/19 confirmed as a result of rent reviews. The forecast to the end of the financial year is breakeven as it should be possible to reduce this overspend over the next few months.

Out of Area Treatments (Year to date variance - £16,000 overspend)

The reported overspend reflects that the number of patients receiving care outside of the Grampian area continues to be higher than budgeted with a projected overspend for year-end of £58,000 on known patients to date. A review is being undertaken to determine how best to manage this budget and financial pressure in future.



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4. Implications for IJB

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.

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.

- 4.1. Equalities – none identified.
- 4.2. Fairer Scotland Duty – none identified.
- 4.3. Financial – contained throughout the report.
- 4.4. Workforce – none identified.
- 4.5. Legal – none identified.
- 4.6. Other.

5. Links to ACHSCP Strategic Plan

- 5.1. A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

6. Management of Risk

6.1. Identified risks(s)

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

- 6.2. **Link to risks on strategic or operational risk register:** Strategic Risk #2
- 6.3. **How might the content of this report impact or mitigate these risks:**



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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.

Approvals	
	Sally Shaw (Interim Chief Officer)
	Alex Stephen (Chief Finance Officer)

Appendix A: Finance Update as at end June 2018

Accounting Period 3	Full	Period	Period	Period	Variance	Year end
	Year					
	Revised	Period	Period	Period	Percent	at Month
	Budget	Budget	Actual	Variance	%	3
	£'000	£'000	£'000	£'000		£'000
Community Health Services	32,399	7,457	7,419	(39)	-0.52%	(614)
Aberdeen City share of Hosted Services (health)	20,952	5,222	5,336	114	2.18%	296
Learning Disabilities	31,790	7,948	8,103	156	1.96%	750
Mental Health and Addictions	20,670	5,135	5,180	46	0.89%	402
Older People & Physical and Sensory Disabilities	73,195	18,299	18,426	127	0.70%	244
Directorate	7	2	(153)	(155)	-7750%	(227)
Criminal Justice	93	19	5	(14)	-73.68%	(25)
Housing	1,861	465	509	44	9.46%	0
Primary Care Prescribing	41,565	10,436	10,434	(1)	-0.01%	0
Primary Care	37,128	9,245	9,274	29	0.32%	0
Out of Area Treatments	1,517	379	395	16	4.1%	58
Set Aside Budget	40,509	10,127	10,127	0	0%	0
Integration and Change (Transformation)	3,885	1,325	1,325	0	0%	2,175
Approved transfers from reserves						(3,059)
Sub total: Mainstream position	305,571	76,057	76,379	323		(0)

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 will highlight recurring staffing issues to senior staff.
Hosted Services	<p>There is the potential of increased activity in the activity-led Forensic Service.</p> <p>There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.</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.

	Risks	Mitigating Actions
Learning Disabilities	<p>There is a risk of fluctuations in the learning disabilities budget as a result of:</p> <ul style="list-style-type: none"> expensive support packages may be implemented. Any increase in provider rates for specialist services. Any change in vacancy levels (as the current underspend is dependent on these). 	<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
Mental Health and Addictions	<p>Increase in activity in needs led service. 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. 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>There is a risk that staffing levels change which would have an impact on the balanced financial position.</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.

	Risks	Mitigating Actions
	There is the risk of an increase in activity in needs led service, which would also impact the financial position.	<ul style="list-style-type: none"> • 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
Prescribing	There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. As both of which are forecast on basis of available data and evidence at start of each year by the Grampian Medicines Management Group	<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	There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located outwith the Grampian Area, which would impact this budget.	<ul style="list-style-type: none"> • Review process for approving this spend.

Appendix C: Sources of Transformational funding

	2018/19 £m	2017/18 c/fwd £m	Total
Integrated Care Fund	3.75	1.59	5.34
Delayed Discharge Fund	1.13	1.10	2.22
Mental Health Access		0.18	0.18
Mental Health Fund		0.28	0.28
Primary Care Pharmacy	0.30	0.39	0.69
Social Care Transformation Funding	13.36	3.13	16.49
Primary Care Transformation		0.30	0.30
Primary Care Improvement Fund	1.05		1.05
Action 15 Mental Health Strategy	0.30		0.30
OOH GMED funding	0.20		0.20
Transforming Urgent Care		0.54	0.54
Keep Well/Public Health		0.16	0.16
Carers Information Strategy		0.16	0.16
Mental Health Innovation		0.02	0.02
6EA Unscheduled Care		0.11	0.11
Winter funding		0.26	0.26
Health Visiting funding	0.09	0.09	0.19
	20.17	8.31	28.48
Adjust for social care budget transfer	(12.66)		(12.66)
Adjust for Health Care Budget Transfer	(4.21)		(4.21)
Adjust for GMED OOH Funding	(0.20)		(0.20)
Adjust for additional Scottish Government Funding	0.78		0.78
Funding available for IJB commitment	3.88	8.31	12.19

Appendix D: Progress in implementation of savings – June 2018

Area	Agreed Target	Status	Action	Responsible Officer
Review processes and ensure these are streamlined and efficient	(250)		<p>Financial Processes</p> <ul style="list-style-type: none"> Continuing to investigate the use of portal allowing the upload of required documents electronically (by staff or supported individuals) – decisions around the future of Care First (or upgrade to Eclipse) or move to another supplier will impact on this. <p>Pre-paid Card</p> <ul style="list-style-type: none"> Small working group adapted the paperwork Aberdeenshire used when running their own mini-competition to appoint a pre-paid care provider. Meeting held on 4/5/18 to agree main document which identified additional work required. Three additional appendices have been worked up to complete procurement pack. This work is due to be reviewed at a meeting on 1/8/18 with a view to being finalised by mid-August. The review of specification will allow a final decision on whether we should progress procurement through mini-competition or direct award under existing frameworks. 	M. Allan

Area	Agreed Target	Status	Action	Responsible Officer
			<ul style="list-style-type: none"> • Meeting scheduled for mid-August to review and sign off all process and documentation. • Communications for staff and service users has been drafted based on similar work in other LA areas, depends on procurement process being finalised – will be signed off at mid-July meeting also. <p>Awaiting agreement of competition dates to commence recruitment of Finance Officer role to support implementation of cards. Asked to consider individuals placed on ACC redeployment register in first instance (which may shorten recruitment timelines) – HR currently advise this will now be available early August.</p>	
Review of out of hours services	(400)		<p>At an initial meeting of the Shortlife Working Group it was agreed to split the work into two areas. The first was to review Sleepovers. Once this was completed we would have a clearer understanding of the requirements for the Responder Service and work on that could then begin.</p> <p>The review would need to begin asap. A saving target of £400,000 has been allocated for financial year 2018/19 and whilst some alternative arrangements have already been identified as part of the transfer of service provision at Donald Dewar Court further work needs to be undertaken as soon as possible.</p>	A. Macleod

Area	Agreed Target	Status	Action	Responsible Officer
Review of Out of Area Commissioning	(250)		<p>Workstream 1 - Streamlining of Processes and procedures for OOA Placements (<i>updating of forms/guidance/flowcharts of processes</i>). The group have now met on 4 occasions with guidance flowcharts in final form. The group now have a clear spreadsheet of all out of area placements and associated costs. Review positions are now being sought for all Health Out of Area placements on a quarterly basis.</p> <p>Workstream 2 - Learning Disabilities Cohort – (<i>To check current information is correct; to benchmark with other models/areas; and review current placements and merging and existing local complex care packages with consideration of potential local alternatives</i>). Identified and profiled all existing out of area placements and current /emerging locally delivered complex/intensive care packages. Aberdeenshire colleagues have undertaken same exercise. Now preparing case pen pictures with a view to determining potential cohorts of clients/needs. Joint meeting currently being organised to take place in late August with Aberdeenshire Colleagues.</p> <p>Workstream 3 – Alcohol, Detox & Chronic/Long Term Alcoholism – <i>to check current information is correct, to benchmark with other models/areas; and consider potential local alternatives</i>. This workstream group met in early June to review information around in-patient detox services. Group to undertake a case review of the last 10 admissions to identify whether their needs could be</p>	A. Stephen

Area	Agreed Target	Status	Action	Responsible Officer
			met elsewhere. Group reviewing Service Agreement arrangement and reporting outcomes. Group to meet at the end of August to look at further options for alternative service provision.	
Medicines Management	(200)		<ul style="list-style-type: none"> Community Pharmacy operationalising (Grampian Primary Care Prescribing Group) GPCPG report recommendations. Work commenced on tracking and reporting on impact of GPCPG recommendations. Development of an Oral Nutrition Supplements Business Case, which is projected to deliver savings and constrain future demand. 	S. Lynch

Appendix D: Budget Reconciliation

	£	£
ACC per full council:		86,855,213
NHS per letter from Director of Finance:		
Budget NHS per letter	215,579,519	
Agenda for Change Still to be Received	<u>804,000</u>	<u>216,383,519</u>
		303,238,732
New Monies Received:		
Scottish Government	1,524,383	
NHS Adjustments	<u>832,722</u>	2,357,105
Reserves:		
Carry Forward Brought Down NHS	1,099,882	
Carry Forward still to be brought down NHS	4,077,083	
Carry Forward brought down ACC	<u>3,130,000</u>	<u>8,306,965</u>
		313,902,802
Funding Assumptions:		
Less: Reserves		(8,306,965)
Still to be received - Agenda for Change		(804,000)
New Funding PCIP\Action 15 = 30%		779,000
		305,570,837

Appendix E: Virements

Health 1-3	
Nursing Immunisation (Scottish Government Allocation)	158,525
Nursing Resource Group (Health Visitors)	6,514
Waiting Times provision (Scottish Government Allocation)	5,843
ECCF (Early Clinical Careers Fellowship – NES Funded)	2,841
Shingles Primary Care Allocation £ for £ Scottish Government Allocation	1,475
OOH funding (New Scottish Government Allocation)	196,001
NHSG core uplift (Contribution from NHSG)	2,042,000
Action 15 (New Scottish Government Allocation)	301,842
PCIF funding (New Scottish Government Allocation)	1,045,000
Pharmacy funding (New Scottish Government Allocation)	299,941
Rotavirus (Primary Care Allocation £ for £ Scottish Government Allocation)	5,700
Men B (Primary Care Allocation £ for £ Scottish Government Allocation)	14,176
Des Antic Alloc (Primary Care) (Scottish Government Allocation (Non Recurring) for Extended Hours and Palliative Care)	610,082
Total Virements	4,689,940

Social Care 1-3	
Directorate (Separation of Net Invoice income from other NHS Income)	(782,702)
Transformation (Separation of Net Invoice income from other NHS Income)	782,702
Older People (Delayed discharge NHS funding to transformation)	441,532
Transformation (Delayed discharge funding now grouped with other income transfers)	(441,532)
Transformation (Separation of Resource Transfer from other NHS income)	17,641,920
Resource Transfer (Separation of Resource Transfer from other NHS income)	(17,641,920)
Transformation (Separation of Transformation cashflow from other NHS income streams)	13,364,000
Transformation cashflow (Separation of Transformation cashflow from other NHS income streams)	(13,364,000)
Transformation (Separation of Transformation Dashboard from other income streams)	(695,596)
Transformation dashboard (Separation of Transformation Dashboard from other income streams)	695,596
Directorate (Growth & Price Inflation contingency for commissioned services redistribution)	(1,058,085)
Learning Disability (Growth & Price Inflation contingency for commissioned services redistribution)	439,633
Mental Health (Growth & Price Inflation contingency for commissioned services redistribution)	59,091
Older People (Growth & Price Inflation contingency for commissioned services redistribution)	559,361
Learning Disability (Transfer payments virement from OP)	158,000
Older People (Transfer payments virement from OP to LD)	(424,000)
Learning Disability (Virement from OP to Staffing for complex care packages)	166,000
Learning Disability (Commissioned services virement from OP)	462,000
Older People (Commissioned services)	(362,000)
Total Virements	0