



## AUDIT & PERFORMANCE SYSTEMS COMMITTEE

<b>Date of Meeting</b>	28 May 2019
<b>Report Title</b>	Finance Update as at end March 2019
<b>Report Number</b>	HSCP.19.021
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Gillian Parkin (Finance Manager) Barbara Ncube (Finance Lead – IJB)
<b>Consultation Checklist Completed</b>	Yes
<b>Directions Required</b>	No
<b>Appendices</b>	a) Finance Update as at end March 2019 b) Summary of risks and mitigating action c) Sources of Transformational Funding d) Progress in implementation of savings - March 2019 e) Virements

### 1. Purpose of the Report

- a) 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 2019);
- b) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.
- c) To note the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).



## AUDIT & PERFORMANCE SYSTEMS COMMITTEE

### 2. Recommendations

2.1. It is recommended that the Audit & Performance Systems Committee:

- 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) Notes the budget virements indicated in Appendix E.

### 3. Summary of Key Information

3.1 The position to the end of the financial year shows that IJB used £2,728,000 of its reserves to fund pressures on mainstream budgets and transformational spend. A detailed breakdown is reported for the financial year 2018/19 in Appendix A. This is a favourable movement of £436,000 compared to the forecast position at the end of December. Additional Scottish Government allocations received in the last quarter and reductions on spend on transformational projects are largely the reason for the movement. The IJB agreed in March 2018 to use £3.1 million of Integration and Change Fund for some of the transformation projects and cost pressures on the mainstream budget. The final outturn for the financial year shows that not all these funds were required.

3.2 At the last IJB meeting it was noted that a transfer from reserves would be required should it not be possible to reduce the overspend on mainstream budgets and in order to fund the spend forecast on the integration and change projects. The position is tracked below and shows that the position has improved since December.

	01/04/18	31/12/18	31/03/19
	£'000	£'000	£'000
Risk fund	2,500	2,500	2,500
Primary Care Reserve	1,990	1,491	1,580
Integration and Change Funding	3,817	1,152	551
Alcohol & Drugs Funding>Action 15\PCIP			948
	<b>8,307</b>	<b>5,143</b>	<b>5,579</b>



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The allocations received by the Scottish Government for Alcohol and Drugs, Primary Care Improvement and Action 15 have been earmarked and carried forward through the reserves if they had not been used during the year. The table above shows that this amounted to £948,000.

An analysis of variances is detailed below:

### **Community Health Services (Year to date variance - £1,177,000 underspend)**

#### **Major Movements:**

(£521,000)	Across non-pay budgets
£163,000	Under recovery on income
(£820,000)	Staff Costs

Within this expenditure category there is an underspend on staff costs mainly relating to inability to recruit within dental services and ongoing management vacancies. This is currently being offset with an under recovery of income within the public dental service due to the Partnership employing less dentists.

### **Hosted Services (Year to date variance £414,000 overspend)**

The main areas of overspend are as follows:

**Intermediate Care:** £89,000 relates to medical locum costs as a result of 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.

**Police Forensic Service:** £139,000 overspend as there has been a legacy under funding issue with this budget.

**Grampian Medical Emergency Department (GMED):** £315,000 relates mainly to pay costs and the move to provide a safer more reliable service which has seen a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, increased costs 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 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



## **AUDIT & PERFORMANCE SYSTEMS COMMITTEE**

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 - £2,882,000 overspend)**

#### **Major Movements:**

£2,514,000	Increase in commissioned services
£371,000	Reduced customer and client receipts

Increase in commissioned services mainly due to overspend in needs led home care £3,875,000 and reduced recovery on client contributions £384,000; partially offset by underspend on needs led residential care £694,000, underspend on direct payments £311,000, underspend on carers support £304,000 and needs led day care £155,000. Work is currently taking place with the learning disability team to investigate the movement in spend. Initial findings are that the following factors have influenced the spend:

- Transitions from childrens services costing more than initially budgeted,
- Higher client numbers and higher complexity of client needs,
- Closure of acute wards at Cornhill,
- Providers seeking above inflationary increases,
- Reduce client contributions, and
- Costs being charged to Learning Disabilities instead of older people and mental health following zero base budgeting exercise.

### **Mental Health & Addictions (Year to date variance - £155,000 overspend).**

#### **Major Movements:**

£370,000	Increase on needs led residential care
£147,000	Increase on residential care for alcohol dependency
(£344,000)	Income from client contributions

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



## AUDIT & PERFORMANCE SYSTEMS COMMITTEE

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

#### Major Movements:

£647,000	Under recovery of client contributions
£146,000	Overspend on staffing (turnover savings)
(£1,109,000)	Underspend on commissioned services
(£115,000)	Underspend on transfer payments

Movements in commissioned services mainly due to an underspend on older people residential care £758,000, physical disability residential care £460,000 carer support for older people £334,000 and underspend on direct payments £115,000 partially offset by; under recovery in client contributions £647,000 and overspend on older people homecare £425,000.

#### Directorate (£252,000 underspend)

(£374,000)	Staffing savings
(£186,000)	Over recovery of charging policy
(£425,000)	Decreased expenditure on commissioned services
£783,000	Net invoicing income reallocated to appropriate codes

The underspend on commissioned services is mainly on a provision set aside for increased funding for sleepovers, which will be moved to mental health and learning disabilities in future years where the spend is being incurred.

#### Primary Care Prescribing (Year to date variance – £414,000 underspend)

As actual information is received two months in arrears from the Information Services Division this position is based on actuals to January 2019 with an estimation of spend for February and March. Since April 2018 the actual volume increase has remained lower than expected with 0.14% estimated increase to March. The assumed volume increase anticipated was +0.80% in the Health & Social Care Prescribing Budget Supporting Information and data paper of January 2018.



## **AUDIT & PERFORMANCE SYSTEMS COMMITTEE**

### **Primary Care Services (Year to date variance - £8,000 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 main cost pressures in 2018/19 relate to established Enhanced Services which includes diabetic care, contraception services, substance misuse and extended hours. The Premises outturn includes a reduced overspend mainly relating to downward revision of estimated rental review increases still outstanding.

These main overspends continue to be offset in part by underspends in Board Administered Funds (BAF) which includes the impact of reduced seniority payments, professional payments and other entitlements due within BAF. A range of further minor underspends also continue to contribute positively to the overall position.

### **Out of Area Treatments (Year to date variance - £173,000 overspend)**

Out of area placements outstripped the budget during 2018/19, even though the IJB allocated additional cost pressure funding of £512,000 on a recurring basis.

## **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.



## **AUDIT & PERFORMANCE SYSTEMS COMMITTEE**

4.5. Legal – none identified.

4.6. Other.

### **5. Links to ACHSCP Strategic Plan**

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)**

See directly below.

#### **6.2. Link to risks on strategic or operational risk register: Strategic Risk #2**

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

#### **6.3. How might the content of this report impact or mitigate these 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.

## Appendix A: Finance Update as at end March 2019

Accounting Period 12	Full Year					Actual Year End versus Forecasted £'000
	Revised Budget £'000	Period Budget £'000	Period Actual £'000	Period Variance £'000	Variance Percent %	
Community Health Services	32,772	32,772	31,595	(1,177)	(3.6)	(477)
Aberdeen City share of Hosted Services (health)	21,916	21,916	22,330	414	1.9	57
Learning Disabilities	31,739	31,739	34,621	2,882	9.1	1,604
Mental Health and Addictions	19,838	19,838	19,993	155	0.8	(402)
Older People & Physical and Sensory Disabilities	74,720	74,720	74,255	(465)	(0.6)	(167)
Directorate	423	423	171	(252)	(59.5)	75
Criminal Justice	93	93	98	5	6.0	28
Housing	1,861	1,861	1,861	0	0.0	0
Primary Care Prescribing	40,731	40,731	40,317	(414)	(1.0)	(105)
Primary Care	38,877	38,877	38,885	8	0.0	(113)
Out of Area Treatments	1,517	1,517	1,690	173	11.4	(10)
Set Aside Budget	46,416	46,416	46,416	0	0.0	0
Integration and Change (Transformation)	4,255	4,255	5,654	1,399	32.9	(926)
Reported position excl reserves	315,158	315,158	317,886	2,728		(436)



## Appendix B: Summary of risks and mitigating action

	Risks	Mitigating Actions
<b>Community Health Services</b>	Balanced financial position is dependent on vacancy levels.	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process has been created which will highlight recurring staffing issues to senior staff.</li> </ul>
<b>Hosted Services</b>	<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"> <li>• Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised.</li> <li>• Substantive posts have recently been advertised which might reduce some of this additional spend.</li> </ul>

	Risks	Mitigating Actions
<b>Learning Disabilities</b>	<p>There is a risk of fluctuations in the learning disabilities budget as a result of:</p> <ul style="list-style-type: none"> <li>• expensive support packages may be implemented.</li> <li>• Any increase in provider rates for specialist services.</li> <li>• Any change in vacancy levels (as the current underspend is dependent on these).</li> <li>• Dilapidation in properties that may need investment to restore. (2019/20)</li> </ul>	<ul style="list-style-type: none"> <li>• Review packages to consider whether they are still meeting the needs of the clients.</li> <li>• All learning disability packages are going for peer review at the weekly resource allocation panel</li> </ul>
<b>Mental Health and Addictions</b>	<p>Increase in activity in needs led service. Potential complex needs packages being discharged from hospital. Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage.</p>	<ul style="list-style-type: none"> <li>• Work has been undertaken to review levels through using Carefirst.</li> <li>• Review potential delayed discharge complex needs and develop tailored services.</li> <li>• A review of locum spend has highlighted issues with process and been addressed, which has resulted in a much improved projected outturn.</li> </ul>

	Risks	Mitigating Actions
	Average consultant costs £12,000 per month average locum £30,000 per month.	
<b>Older people services incl. physical disability</b>	<p>There is a risk that staffing levels change which would have an impact on the balanced financial position.</p> <p>There is the risk of an increase in activity in needs led service, which would also impact the financial position.</p>	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process has been created which will highlight recurring staffing issues to senior staff.</li> <li>• Review packages to consider whether they are still meeting the needs of the clients.</li> </ul>
<b>Prescribing</b>	<p>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</p>	<ul style="list-style-type: none"> <li>• Monitoring of price and volume variances from forecast.</li> <li>• Review of prescribing patterns across General Practices and follow up on outliers.</li> <li>• Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility.</li> <li>• Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.</li> </ul>

	Risks	Mitigating Actions
<b>Out of Area Treatments</b>	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"> <li>• Review process for approving this spend.</li> </ul>

## Appendix C: Sources of Transformational Funding

	2018/19 £m	2017/18 c/fwd £m	Total £m
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	1.30		1.30
Action 15 Mental Health Strategy	0.43		0.43
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
ADP	0.67		0.67
6EA Unscheduled Care	0.04		0.04
Winter funding	0.19		0.19
Veterans Funding	0.18		0.18
	<b>21.63</b>	<b>8.31</b>	<b>29.94</b>
Adjust for social care and Health budget transfer	-17.40		-17.40
Adjust for GMED OOH Funding	-0.20		-0.20
Funding available for IJB commitment	<b>4.25</b>	<b>8.31</b>	<b>12.56</b>
Take off c/forward reserve			-8.31
<b>REPORTED FULL YEAR BUDGET</b>			<b>4.25</b>

## Appendix D: Progress in implementation of savings – March 2019

Area	Agreed Target	Status	Action	Responsible Officer
Review processes and ensure these are streamlined and efficient	(250)		<p><b>Financial Processes</b> -Continuing to investigate the use of portal allowing the upload of required documents electronically (by staff or supported individuals) – now paused pending decisions around the future of Care First (or upgrade to Eclipse) or move to another supplier will impact on this. Information Leaflet is in final draft, awaiting printing.</p> <p><b>Pre-paid cards</b> – Small working group nearing completion of procurement pack. Aberdeen City Council IT Team have reviewed technical specification of identified preferred provider to ensure fit with current systems prior to moving forward with direct award under Surrey Framework. Initial screening completed and currently exploring Data Protection Impact of introduction of card. Data Protection Impact Assessment has been drafted and officers are liaising with Information Governance in Aberdeen City Council to finalise.</p> <p>Communications for staff and service users has been drafted based on similar work in other Local Authority areas, final wording awaiting elements to be taken from procurement pack. Awaiting agreement of competition dates to commence recruitment of Finance Officer role to support implementation of</p>	M. Allan

Area	Agreed Target	Status	Action	Responsible Officer
			<p>cards. Asked to consider individuals placed on ACC redeployment register in first instance (which may shorten recruitment timelines) – HR have identified individuals – this has been paused for now – awaiting appointment of card provider prior to appointment of finance officer role.</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 to deliver the saving.</p>	A. Macleod

Area	Agreed Target	Status	Action	Responsible Officer
Review of Out of Area Commissioning	(250)		<p><b>Workstream 1 - Streamlining of Processes and procedures for OOA Placements</b> (<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><b>Workstream 2 - Learning Disabilities Cohort</b> – (<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.</p> <p><b>Workstream 3 – Alcohol, Detox &amp; Chronic/Long Term Alcoholism</b> – <i>to check current information is correct, to</i></p>	A. Stephen



Area	Agreed Target	Status	Action	Responsible Officer
			<p><i>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 met elsewhere. Group reviewing Service Agreement arrangement and reporting outcomes.</p>	
Medicines Management	(200)		<ul style="list-style-type: none"> <li>• Community Pharmacy operationalising (Grampian Primary Care Prescribing Group) GPCPG report recommendations.</li> <li>• Work commenced on tracking and reporting on impact of GPCPG recommendations.</li> <li>• Development of an Oral Nutrition Supplements Business Case, which is projected to deliver savings and constrain future demand.</li> <li>• Budget currently forecasting to underspend</li> </ul>	A Stephen

## Appendix D: Budget Reconciliation

	£	£
ACC per full council:		£86,855,213
NHS per letter from Director of Finance:		
Budget NHS per letter		<u>£215,579,519</u>
		<u>£302,434,732</u>
New Monies Received to Period 3:		
Scottish Government	£1,524,383	
NHS Adjustments	<u>£832,722</u>	£2,357,105
Reserves:		
Carry Forward Brought Down NHS	£1,229,063	
Carry Forward still to be brought down NHS	£3,952,649	
Carry Forward brought down ACC	<u>£3,130,000</u>	<u>£8,306,965</u>
		£313,098,802
Funding Assumptions:		
Less: Reserves		(£8,306,965)
New Funding PCIP\Action 15 = 30%		£579,000
		<b>£305,370,837</b>
New Monies Received Q2 & Q3		<b>£3,133,901</b>
<b>Reported at Month 9</b>		<b>£308,504,738</b>

Additional allocations received during quarter 4 (as per Appendix E)

Waiting Times	£1,552
Orthopaedic Project	£16,292
Hosted Services Recharge	£3,587
Shingles	£10,109
Call Down Capacity Building	£133,363
Call Down Innovation	£78,024
Non Medical Prescribing	£4,000
Child Flu	£22,272

Tec Enabled Care	£7,894	
SOAR Management Structure	(£89,837)	
HIV Lead	£3,951	
Plasma Project	£53	
SOAR Management Structure	£82,237	
Hosted Budget Adjustment period 11	£71,495	
GMED Hosted	£26,651	
Pharmacy Transfer	(£22,469)	
GP Fellowship Paediatrics	£143,000	
CMS Medical	£3,800	
MEN B	£17,064	
Rotavirus	£4,751	
ANP NES Course Fees	£3,350	
Hosted Budget Adjustment period 12	£29,052	
Set A Side Budget Adjustment	£5,907,000	
Hosted Transfer To IJB	£10,818	
Adult Social Care Directorate (Staff Costs)	£706	
Veterans Funding	£183,300	
<b>Total</b>		<b>£6,652,015</b>
<b>Reported at Month 12</b>		<b>£315,156,753</b>

## Appendix E: Virements

Health 10-12	£
Waiting Times	1,552
Orthopaedic Project	16,292
Hosted Services Recharge	3,587
Shingles	10,109
Call Down Capacity Building	133,363
Call Down Innovation	78,024
Non Medical Prescribing	4,000
Child Flu	22,272
Tec Enabled Care	7,894
SOAR Management Structure	(89,837)
HIV Lead	3,951
Plasma Project	53
SOAR Management Structure	82,237
Hosted Budget Adjustment period 11	71,495
GMED Hosted	15,792
Pharmacy Transfer	(22,469)
GP Fellowship Paediatrics	143,000
CMS Medical	3,800
MEN B	17,064
Rotavirus	4,751
ANP NES Course Fees	3,350
Hosted Budget Adjustment period 12	29,052
Waiting Times	10,859
Set A Side Budget Adj	5,907,000
Hosted Transfer To IJB	10,818
Adult Social Care Directorate (Staff Costs)	706
Veterans Funding	183,300
<b>Total Virements</b>	<b>6,652,015</b>

Social Care 7-12	£
Adult Svcs Op & Physical Dis (Commissioning Services)	155,720
Adult Svcs Op & Physical Dis (Income)	(130,000)
Adult Svcs Op & Physical Dis (Premises Costs)	(6,600)
Adult Svcs Op & Physical Dis (Transfer Payments)	0
Adult Svcs Op & Physical Dis (Transport Costs)	6,600
Criminal Justice (Premises Costs)	0
Learning Disabilities (Premises Costs)	0
Transformation Fund (Commissioning Services)	362,000
Transformation Fund (Income)	22,034
Transformation Fund (Staff Costs)	(29,754)
Transformation Fund (Supplies & Services)	(380,000)
<hr/> Total Virements	<hr/> 0