

Integrated Joint Board

Agenda item: Item 4

Date of Meeting: 25 November 2019

Title of Report: Budget Monitoring as at 30 September 2019

Presented by: Judy Orr, Head of Finance and Transformation

The Integrated Joint Board is asked to:

- Note the forecast outturn position for 2019-20 is a forecast overspend of £1.989m as at 30 September 2019 and that there is a year to date overspend of £0.911m as at the same date.

1. EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 September 2019.
- 1.2 There is a year to date overspend of £0.911m as at 30 September 2019. This consists of an overspend of £1.163m within Social Work delivered services offset by a year to date underspend of £0.253m within Health.
- 1.3 The forecast outturn position for 2019-20 is a forecast overspend of £1.989m. This consists of an overspend of £1.671m within Social Work delivered services and a overspend of £0.318m within Health.

2. INTRODUCTION

- 2.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 September 2019. Information is provided on both the year to date position and the forecast outturn position and is summarised at a service/activity level.

3. DETAIL OF REPORT

3.1 Year to Date Reporting within Partner Organisations

- 3.1.1 In terms of the year to date position, it should be noted that on an overall Health and Social Care Partnership basis, the year to date figures may not directly link to the forecast outturn position. This is because the Council does not undertake accrual accounting and there may be a delay in receiving invoices.

- 3.1.2 Health undertake high level monthly accrual accounting which means that expenditure and income adjustments are made at the end of each month to align expenditure and income to the correct month. There should be a correlation in the year to date position and the forecast outturn position.
- 3.1.3 Currently we have to accept that the Health and Social Care Partnership finances are recorded across two different organisations with differing financial reporting procedures. However, both parts of the organisation produce the financial forecasts on a similar basis.

3.2 Year to Date Position as at 30 September 2019

- 3.2.1 There is a year to date overspend of £0.911m as at 30 September 2019. This is an increase in overspend of £439k since end of August. This consists of an overspend of £1.163m within Social Work delivered services offset by a year to date underspend of £0.253m within Health. Further information is provided within Appendix 1.
- 3.2.2 Within Health delivered services the underspend is mainly due to successful appeal of rateable values following the last revaluation, rebates received, increased income following implementation of revised tariffs, and vacancy savings. There are overspends on Adult Services linked to savings not being achieved in addition to increased costs for agency/locum staff and GP prescribing. There is also an overspend as we have not yet met our target for slippage on budget reserves which includes one-off in year allocations. The net underspend has increased by £54k since end of August, mainly due to the increased income, offset by further overspend on Adult Services – West following a similar pattern to earlier in the year.
- 3.2.3 Within Social Work, the overspend has increased in the month by £493k. The overspends are mainly on Adult Services - Older People Care Home placements, Learning Disability Joint Residential and Supported Living, and Physical Disability Joint Residential and Supported Living arising due to service demand and a failure to deliver planned savings. Children and Families overall has an underspend YTD of £115k.

3.3 Forecast Outturn Position as at 30 September 2019

- 3.3.1 The forecast outturn position for 2019-20 is a forecast overspend of £1.989m. This consists of an overspend of £1.671m within Social Work delivered services and a forecast overspend of £0.318m within Health. Further information is provided within Appendix 2.
- 3.3.2 Within Health delivered services the forecast overspend is £0.318m which is £0.018m worse than last month's forecast. The deterioration is mainly linked to expecting budget reserves to reduce back to budgeted levels, offset by additional income now expected to come in. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The overspend has been offset to an extent by vacancy savings and also prior year non-recurring rates rebates, and additional income following implementation of the new tariffs. It is expected that this overspend should be containable through on-going grip and control of expenditure and through

the cross-cutting workstreams directed through the NHS Highland Project Management Office during the remainder of the financial year, and increased focus on delivering savings not yet achieved.

- 3.3.3 Within Social Work the forecast overspend is £1.671m. This is a small improvement of £41k on the position at the end of month 5. Over the remaining 6 months of the year, concerted efforts will continue to be made in order to deliver an outturn which is considerably closer to a balanced budget. Updated forecasts will be prepared each month so that progress can be tracked.
- 3.3.4 The biggest change is shown against Chief Officer, which reflects the new financial recovery plan approved on 7 August for £700k savings and all of these are currently forecast as expected to be achieved. This has been offset by additional slippage on previously agreed savings for Older People (deterioration of £296k) and for Learning Disability (deterioration of £301k).
- 3.3.5 The biggest single area of Social Work overspend is on Learning Disability (£1.1245m) where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand. This links closely with the year to date position. Again both are affected by the same factors. The next two largest areas of forecast overspend are Physical Disability (£653k) and Older People (£741k).
- 3.3.6 The most significant risk affecting the forecast outturn position for Health is the SLA for Greater Glasgow and Clyde. The IJB made a decision to reject the increase and the forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by £2m to £3m. Discussions are continuing with NHS-GG&C on this matter.

3.4 Savings Delivery

- 3.4.1 As at end of September, £4.949m of the target £10.523m savings have been delivered – 47% of the total. This has increased by £123k in the last month. At this stage of the year, we are forecasting to deliver £7.1m of the savings in total by the year end – 68% of the total – reduced by £372k from the position at the end of August. Further information is provided at Appendix 3a.
- 3.4.2 The shortfall for Social Work is £2.173m. This has increased from £1.251m at the end of August as expected, and for the reasons explained in the previous budget monitoring report. Where there are changes in the forecast, these figures are highlighted at Appendix 3a.
- 3.4.3 The shortfall for Health of £1.24m has increased compared to the position at end of August by £150k because of delays with bed closure at Dunoon. However, savings are being made in this area through vacancies which are reflected in both forecast and year to date, but as they are non-recurring, these have not been declared as savings. In September, £123k of savings have been achieved with £100k of these on closure of West House / A&B hospital site. As previously indicated, the main risk relates to delivery of the new savings agreed for 2019/20 where actions are still underway. The

Health savings are being tracked through the Project Management Office approach co-ordinated by NHS-Highland which includes greater visibility of progress against agreed milestones. This approach is now in the process of being rolled out to Social Work savings through the Finance team.

- 3.4.4 Current progress on the unachieved savings is set out in the action tracker included at Appendix 3 b.
- 3.4.5 The new Social Work savings agreed as part of the Financial Recovery Plan by IJB on 7 August are now included. A further recovery plan was presented to the IJB on 25 September 2019 with additional savings of £386k proposed, and £354k was approved. These are not yet reflected in these reports. These measures are primarily aimed at reducing overspends, rather than reducing year on year budgets. Even with these additional measures, this would just reduce the forecast outturn position to an overspend of c £1.6m.
- 3.4.6 It is clear that the failure to deliver on all savings (overall shortfall of £3.413m predicted) is the key driver in the forecast outturn overspend of £1.989m. In order to return to financial balance in year, it is imperative that efforts to deliver the previously agreed savings are redoubled.

4. RELEVANT DATA AND INDICATORS

- 4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. This needs to be considered when options are developed to balance the budget.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £1.989m as at 30 September 2019. A further financial recovery plan was agreed by IJB on 25 September 2019 and this is being progressed. The new savings agreed at that meeting will be tracked in future budget monitoring reports.

- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

- 6.3 Clinical Governance - None

7. PROFESSIONAL ADVISORY

- 7.1 Professional Leads have been consulted on implications of all savings.

8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 No issues arising directly from this report.

10. RISK ASSESSMENT

10.1 There are a number of financial risks which are worth highlighting:

- We are accounting for costs relating to services provided by NHS Greater Glasgow & Clyde as generally in line with budget. There is a significant risk associated with this approach as we are aware that NHS GG&C is likely to seek a substantially higher payment than we are willing to offer. The scale of this risk could be up to £3m.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

12. CONCLUSIONS

12.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 September 2019. The forecast outturn position for 2019-20 is a forecast overspend of £1.989m. A further financial recovery plan was agreed by IJB on 25 September 2019, and these additional savings plans are not yet reflected in the forecast outturn position. The position at end of September has improved by £23k from that forecasted at end of August.

12.2 The Strategic Leadership Team continues to meet on a regular basis to gain grip and control of the financial position. It is hoped the financial position will improve over the remaining months of this financial year.

13. DIRECTIONS

Directions required to Council, NHS Board or both.	Directions to:	tick
	No Directions required	✓
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

REPORT AUTHOR AND CONTACT

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APPENDICES:

Appendix 1 – Year to Date Position as at 30 September 2019

Appendix 2 – Forecast Outturn for 2019-20 as at 30 September 2019

Appendix 3a – Savings achieved and forecast as at 30 September 2019

Appendix 3b – Savings action tracker as at 18 October 2019