

Integration Joint Board

Agenda Item:

Date of Meeting: 27 November 2019

Title of Report: Social Work Financial Reporting

Presented by: David Forshaw

The board is asked to:

- Note the planned actions set out in the report aimed at improving reporting of the social work year to date financial position in reports to the IJB, Council and the HSCP management team and which provide an opportunity for efficiency gains in the processing of payments to care providers.

1. EXECUTIVE SUMMARY

- 1.1 Members of the IJB and Quality and Finance Board have raised concerns with officers regarding the reliability of the year to date reporting on the social work financial position and the potential subsequent impact on the social work forecast outturn.
- 1.2 Following discussion of several options to improve the situation at the Quality and Finance Board meeting on 10 September 2019, this report has been prepared to advise the IJB of the outcome of the discussions and about the work which will commence shortly to address the perceived shortcomings of the current process, improve the relevance of the year to date variance reported and ensure that members can have confidence in the forecast outturn projection for social work.

2. INTRODUCTION

- 2.1 In order to address the shortcomings of the current approach and ensure confidence in the forecast outturn, a range of options for change were prepared and discussed at the Quality and Finance Board meeting on 10 September 2019 following which a decision was made to support the option recommended by officers, to move to a self-billing payment model for payments to care providers.

3. DETAIL OF REPORT

- 3.1 The monthly social work financial reports are completed on a cash basis with the main focus of attention being the forecast outturn projection. The

Council's processes place less emphasis on the year to date variance and this has caused concerns for IJB members, not least due to substantial issues with budget profiling which significantly distorted the financial reporting during the 2018/19 financial year in relation to the delivery of efficiency savings and payments to care suppliers.

- 3.2 To improve the reliability of the reporting in 2019/20, a different approach for profiling both of the above budgets has been implemented. Savings have been profiled based on the expected delivery pattern, adjusted for lead times, and payments to suppliers have been profiled based on the pattern of payments from 2018/19. The latter naturally takes account of delays in the submission, processing and payments of supplier invoices based on the experience in 2018/19 however there remains a risk that activity in 2019/20 will not exactly match that of 2018/19.
- 3.3 The outcome of these changes has been that the 2019/20 year to date reporting has improved significantly however members remain concerned at the use of a cash accounting approach, compared to the accrual accounting policy applied by the NHS, and that the accounts of the two partners cannot be easily joined up.
- 3.4 With regard to the calculation of the forecast outturn, it should be noted that, for the two budget areas mentioned above, projections are not based on the year to date spend or year to date variance. The savings projection reflects the information available to finance from social work management on progress in delivering their savings and upon the impact of changes to actual spending (eg removal of posts, reduction in care packages etc). The forecast for the supplier payments which have caused concern to members and have the biggest impact on the year to date variance – affecting home care, supported living and care home placements – are based on commitment records for the year which are held on the CareFirst system and do not reflect year to date payments or the year to date variance.

4. RECOMMENDATION

- 4.1 In identifying a solution to the concerns raised by Board members, five options were identified which looked at continuing with the current approach, moving to an accruals based accounting policy to match the policy used by NHS Highland or moving to a self-billing payment model.
- 4.2 The analysis undertaken sought to determine the advantages and disadvantages of each of the options and a recommendation was made in relation to option 5, moving to a self-billing payment model. The decision was made on the basis option 5 was the only option which delivered improvements to the reliability and relevance of the financial reporting to the IJB and HSCP management, eliminated the need for two accounting policies in social work, removed the need for duplicate ledgers to accommodate accrual accounting (within the Council or across the partners) and delivers potentially cashable efficiencies for the HSCP, Council and care suppliers.
- 4.3 The new model would seek to remove the need for care providers to submit invoices for care services provided by them, with providers instead notifying the Council of changes to care packages and/or client attrition and the Council then generating their payment from the CareFirst system. Aside from the efficiency benefits offered, the new model is expected to largely eliminate the payment timing issues which currently

affect the YTD spend monitoring, ensuring that the YTD spending and budget profile are in alignment, at least in terms of payment periods. To provide a sense of scale, in 2018/19, 19,950 care invoices from 207 providers with a total value of £33.9m were processed on the CareFirst system.

- 4.4 To deliver the new model, a pilot project will commence in January 2020 to initially scope and develop the processes required to implement self-billing. An initial pilot involving a small group of providers will commence in May 2020 and the new processes will roll out to all care providers whose invoices are processed via the CareFirst system during the 2020/21 financial year with a target of having all providers operating under self-billing by the end of February 2021.
- 4.5 The budget profile will be actively maintained during the roll out period to reflect the expected reduction in payment delays and by the end of the year, the payment and budget profiles should be in alignment and producing reliable financial information without substantial monthly maintenance of the budget profile or the need to calculate and process monthly accruals.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

The provision of reliable financial information which provides IJB members and the HSCP management team with a true and fair view of the financial position of the social work service is essential to ensure effective budget management and support sound decision making. The self-billing model set out in this paper seeks to provide a proportionate, deliverable mechanism to address the concerns raised by IJB members which provides an opportunity to deliver further efficiencies to the HSCP and avoids expending limited resources on the development and running of two separate accounting policies and systems for social work.

6. GOVERNANCE IMPLICATIONS

6.1 Financial Impact

No adverse financial impact is anticipated and the project will be delivered using existing staff and resources. Once implemented, the new model may afford opportunities to deliver cashable savings in future years.

6.1 Staff Governance

Finance and accounts payable staff and providers will need to be consulted over the changes with additional training, systems and support needed to successfully implement the new model.

6.2 Clinical Governance

Not applicable.

7. EQUALITY & DIVERSITY IMPLICATIONS

Not applicable.

8. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

Not applicable.

9. RISK ASSESSMENT

Not applicable.

10. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

Not applicable.

11. CONCLUSIONS

It is recognised that the financial information provided to the IJB in relation to year to date financial performance during 2018/19 did not produce a true and fair view of the financial situation of the social work service and was neither reliable nor relevant to the needs of the IJB members. Substantial improvements have been made in 2019/20 but more needs to be done to further improve the ongoing reliability and relevance of the information and regain the confidence of IJB members. This paper provides a brief description of the action which the Social Work Finance Team will take to address the concerns raised and to provide processing efficiencies for the HSCP and care providers.

12. DIRECTIONS

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

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