

Integrated Joint Board

Agenda item: 9 a

Date of Meeting: 29 January 2020

Title of Report: Budget Monitoring as at 31 December 2019

Presented by: Judy Orr, Head of Finance and Transformation

The Finance & Policy Committee is asked to:

- Note the forecast outturn position for 2019-20 is a forecast overspend of £1.310m as at 31 December 2019 and that there is a year to date overspend of £0.965m as at the same date.
- Note the above position excludes any provision for the on-going dispute with NHS Greater Glasgow & Clyde

1. EXECUTIVE SUMMARY

1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 31 December 2019.

1.2 There is a year to date overspend of £0.965m as at 31 December 2019. This consists of an overspend of £1.031m within Social Work delivered services offset by a year to date underspend of £0.066m within Health. The position has deteriorated by £291k in the month. The Social Work position is incorrectly stated for Mental Health due to timing issues with payments and income which there was no opportunity to re-profile. If corrected, the position would have been better by c £187k. This does not affect the forecast outturn.

1.3 The forecast outturn position for 2019-20 is a forecast overspend of £1.310m. This consists of an overspend of £1.310m within Social Work delivered services and a breakeven position within Health. This has improved by £366k in the month – £66k Social Work and £300k for Health. The improvement in Health is largely related to New Medicines Funding where additional funding was notified of £660k which was more than expected, partially offset by additional drug costs which relate, and a staff settlement payment. It should be noted that the dispute with NHS Greater Glasgow & Clyde continues and the gap between the payment being sought and what we have offered is c £1.5m and this is not reflected in the forecast outturn position or year to date expenditure reported above.

3. DETAIL OF REPORT

3.1 Year to Date Position as at 31 December 2019 – Social Work

- 3.1.1 As previously advised, accrual accounting is not in place for Social Work and self-billing, although planned, is not in place yet. There were some big swings in terms of third party payment around the month end. Review is still underway to ascertain how well these payments match the profiled budget. Reporting timescales have not allowed any budget profiling adjustments to be made at this month end. This means that there should be some caution around precise movements in the year to date position. This has particularly affected the position re mental health where we estimate that the year to date position reported is £187k worse than it should have been. Christmas and New Year timings restricted our ability to correct the budget profiling in line with actual expenditure and income. It should be stressed that this does not apply to the forecast outturn position.
- 3.1.2 There is a year to date overspend of £1.031m as at 31 December 2019. This is an increase in overspend of £0.148k since end of November but as stated above the position for Mental health is incorrect. If that has been corrected, then there would have been an improvement of £39k. Further information is provided within Appendix 1.
- 3.1.3 The overspends are mainly on Adult Services - Older People Care Home placements, Learning Disability Joint Residential and Supported Living, and Physical Disability 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 £27k despite an overspend on Looked After Children in residential placements.

3.2 Year to Date Position as at 31 December 2019 – Health

- 3.2.1 Within Health, there is a deterioration of £143k from the underspend of £209k reported at the end of November. There are, a number of significant cost pressures that are being absorbed within the overall financial position. The main ones are:
- Mull GP services - £499k overspent due to extensive reliance on GP locums
 - Psychiatric medical services - £452k overspent due to reliance on locums
 - LIH general medical services - £215k overspent due to locums and loss of income from NES
 - LIH Ward B - £133k overspent due to extensive use of agency nurses (£264k spend to date)
 - LIH Laboratory - £126k over mainly due to agency staffing and increased biochemistry costs
 - Charges from other HBs (excl. GG&C) - £144k over, main factor is a patient in New Craigs plus TAVI procedures
 - Rothesay Victoria Hospital Nursing - £100k over due to extensive sickness absence cover
 - GP prescribing, Campbeltown Practice - £100k over due to new medications and high cost patients
 - Kintyre Medical Group - £77k over due to use of locum GPs
 - GP prescribing, Millig practice Helensburgh - £74k over due to not

reviewing prescribing practice

The last two items above were not previously reported, and others have all grown. The pressure previously reported due to cystic fibrosis charges has been offset by additional New Medicines Funding. More detail is given at Appendix 1.

3.3 Forecast Outturn Position as at 31 December 2019 – Social Work

- 3.3.1 The forecast outturn position for Social Work for 2019-20 is a forecast overspend of £1.310m which is an improvement of £66k from the position reported at end of November. Further information is provided within Appendix 2.
- 3.3.2 Over the remaining 3 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.
- 3.3.3 The overspends are mainly on Adult Services - Older People Care Home placements and Older People Other costs, Learning Disability Joint Residential and Supported Living, and Physical Disability Residential and Supported Living arising due to service demand and a failure to deliver planned savings.
- 3.3.4 Children and Families overall has a forecast outturn overspend of £143k driven mainly by an overspend on Looked After Children in residential placements of £414k offset by underspends on Fostering and Child Protection. In addition the management restructure saving of £150,000 has not yet been delivered as the new structure will only be implemented from the start of 2020/21. This is largely unchanged from the position reported at last month end. However this conceals a couple of large offsetting changes in the month. Life Changes Trust funding is less certain and the forecast has been adjusted to reduce the expectation by c £99k (although recent indications are that this may be achieved). This has been offset by a forecast reduction in third party payments for contact and welfare of c £42k and a similar reduction under service strategy & regulation of £50k, both based on patterns of expenditure year to date which improve the forecast position. An improvement if the position on Life Changes Trust income would do much to bring the Children & Families overall position much closer to breakeven.
- 3.3.5 The Older People forecast has improved very slightly overall by £11k. This masks a further deterioration in homecare of £35k (caused by rising demand) which is offset by small improvements in progressive care, residential units and in Older People Other.
- 3.3.6 The biggest single area of Social Work overspend continues to be on Learning Disability (£1.291m) where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand. This has changed little in the month.
- 3.3.7 The next largest area of forecast overspend is Physical Disability at £672k,

mostly on supported living and this has changed little within the last month.

- 3.3.8 Overall for social work the in-month improvement of £66k is largely driven by additional income in Learning Disability and Mental health supported living income. Additional vacancy savings have been recognised of £113k, but this offsets a deterioration shown in cost savings delivered of £126k. Although shown this way, this does not detract from an overall improving situation. The savings position reflects a failure to apportion the benefits to the savings actions, rather than a failure to deliver any improvement.

3.4 Forecast Outturn Position as at 31 December 2019 – Health

- 3.4.1 Within Health delivered services the forecast overspend is breakeven which is £300k better than last month's forecast. The main areas which have worsened are Adult Services West (by £102k) and Adult Services East (by £66k), and Estates by £52k, but this has been offset by an improvement in Services Commissioned from NHS GG&C (£200k) and Budget Reserves (by £250k) and Children & Families (by £70k). Adult Services is affected by increases in prescribing costs. The new medicines funding announced in December of an additional £660k is causing the improvement in month in NHS GG&C and Budget Reserves. The main reasons for the overspend areas are as set out at 3.2.1 above. More detail is given at Appendix 2
- 3.4.2 We continue to have an outstanding dispute with NHS Greater Glasgow & Clyde regarding the value of the SLA for hospital services provided by them. We have offered payment of £55.085m and they are seeking payment of £56.142m. However this gap of £1.057m has now grown by £477k as further work has shown that our offer included services provided by WestMARC (West of Scotland Mobility and Rehabilitation Service) and theirs excluded this.
- 3.4.3 There is therefore a disputed sum of £1.534m which is outwith our reported position and is also excluded from our forecast outturn position. The additional cost pressures for the NHS GG&C services outwith the main SLA are mainly for cystic fibrosis drug costs and are largely accounted for within the forecast outturn position and covered by New Medicines Funding announced for this year and next year.

3.5 Savings Delivery

- 3.5.1 As at end of December, £6.429m of the target £10.877m savings have been delivered, 59% of the total. This has increased by £1.288m since last reported at end of October. However £674k of the increase consists of non-recurring savings, and £500k of these are general vacancy savings which do not necessarily relate to the originally agreed savings. In December we declared an additional £402k on slippage on in year allocations and budget reserves, and an addition £87k on GP prescribing. Including these non-recurring savings, we are now forecasting to deliver £7.710m of the savings in total by the year end, 71% of the total – increased by £455k from the position at the end of October. Further information is provided at Appendix 3a.
- 3.5.2 The forecast outturn shortfall for Social Work is £2.846m. This has increased by £119k from £2.627m at the end of October. The increase in

shortfall is due to the reduction in forecast probability of achieving the recovery plan. In November and December no savings have been achieved – this is mainly because of the difficulty in declaring actual savings made on homecare against the individual savings lines – however the forecast on homecare outturns is improving so we know these actions taken are providing positive benefits.

3.5.3 The forecast outturn shortfall for Health of £0.995m is unchanged from end of October. 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 rolled out to Social Work savings through the Finance team and fortnightly meetings to review the savings are well embedded.

3.5.4 Current progress on the unachieved savings is set out in the action tracker included at Appendix 3b. Where managers have not provided recent updates on actions, these rows are highlighted in Yellow.

3.5.5 It is clear that the failure to deliver on all savings (overall shortfall of £3.167m predicted) is the key driver in the forecast outturn overspend of £1.310m. In order to return to financial balance in year, it is imperative that efforts to deliver the previously agreed savings are continued. With permanent heads of service now in post across all areas, this should be easier going forward.

Reserves

3.6

3.6.1 The report to the IJB of 27 November advised that the reserve for the Primary Care Transformation Fund had been fully utilised for the purposes that they had been set aside for, and approved the release of £29,700 from the TEC reserve as it was no longer required. That release was processed in December and the reserve is now sitting at £50,000, being the monies for supporting the move from Analogue to Digital for 200 telecare service users. This is now the only balance in earmarked reserves.

3.6.2 We are still waiting for the digital platform before we are in a position to purchase the digital units. There is a small scale planned with Hanover of approx. 6 units. The DHI (Digital Health and Care Institute) have now published their digital playbook and started to take hold of the digital work, therefore we are hoping that will progress will now be faster, but it is now most unlikely that these monies will be spent before the end of this financial year.

4. RELEVANT DATA AND INDICATORS

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

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 £1.310m as at 31 December 2019. A further financial recovery plan was agreed by IJB on 25 September 2019 and this is being progressed. The IJB has also strengthened its workforce monitoring with a freeze on all non-essential posts following the meeting on 27 November. These actions are resulting in an improving financial position.
- 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 may affect the outturn. These are reviewed at 2 monthly intervals by the IJB. The single biggest risk is the continuing dispute with NHS Greater Glasgow and Clyde where the gap between the payment they are seeking and what we have offered is c £1.5m. This is not allowed for in either the year to date position of the forecast financial outturn.

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 as at 31 December 2019. The forecast outturn position for 2019-20 is a forecast overspend of £1.310m which has improved by £366k from that forecasted at end of November.

- 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 31 December 2019

Appendix 2 – Forecast Outturn for 2019-20 as at 31 December 2019

Appendix 3a – Savings achieved and forecast as at 31 December 2019

Appendix 3b – Savings action tracker as at 9 January 2020