

**Integration Joint Board**

**Agenda item:**

**Date of Meeting: 25 March 2020**

**Title of Report: Budget Monitoring as at 31 January 2020**

**Presented by: Judy Orr, Head of Finance and Transformation**

**The Integration Joint Board is asked to:**

- Note the forecast outturn position for 2019-20 is a forecast overspend of £1.165m as at 31 January 2020 and that there is a year to date overspend of £1.365m as at the same date.
- Note the above position excludes any provision for the on-going dispute with NHS Greater Glasgow & Clyde
- Discuss and consider any further steps to be taken in relation to 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 January 2020.
- 1.2 There is a year to date overspend of £1.365m as at 31 January 2020. This consists of an overspend of £1.406m within Social Work delivered services offset by a year to date underspend of £41k within Health. The position has deteriorated by £400k in the month most of which relates to Social Work. The adverse movements are mainly in Child Protection; Learning Disability; and Older People offset by an improvement in Mental Health (which was affected by timing differences last month).
- 1.3 The forecast outturn position for 2019-20 is a forecast overspend of £1.165m. This consists of an overspend of £1.186m within Social Work delivered services and an underspend of £21k within Health. This has improved by £145k in the month – £124k Social Work and £21k for Health. The improvement has largely been in Older Adults due to a combination of turnover in care homes, recovery of care home fees from an estate, and a reduction in expected expenditure on respite care. 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 January 2020 – 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.
- 3.1.2 There is a year to date overspend of £1.406m as at 31 January 2020. This is an increase in overspend of £0.375k since end of January. 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 now has an underspend YTD of £46k despite an overspend on Looked After Children in residential placements.

#### **3.2 Year to Date Position as at 31 January 2020 – Health**

- 3.2.1 Within Health, there is a deterioration of £25k from the underspend of £66k reported at the end of December. There are a number of significant cost pressures that are being absorbed within the overall financial position. The main ones are:

- Mull GP services - £481k overspent due to extensive reliance on GP locums
- Psychiatric medical services - £533k overspent due to reliance on locums
- LIH general medical services - £242k overspent due to locums and loss of income from NES
- LIH Ward B - £126k overspent due to extensive use of agency nurses (£264k spend to date)
- LIH Laboratory - £164k over mainly due to agency staffing and increased biochemistry costs
- Rothesay Victoria Hospital Nursing - £106k over due to extensive sickness absence cover
- GP prescribing- £191k over due to new medications and high cost patients
- Kintyre Medical Group - £77k over due to use of locum GPs

More detail is given at Appendix 1.

#### **3.3 Forecast Outturn Position as at 31 January 2020 – Social Work**

- 3.3.1 The forecast outturn position for Social Work for 2019-20 is a forecast overspend of £1.186m which is an improvement of £124k from the position reported at end of December. Further information is provided within

## Appendix 2.

- 3.3.2 Over the remaining 2 months of the year, concerted efforts will continue to be made in order to deliver an outturn which is a little closer to a balanced budget. Updated forecasts continue to 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 £225k driven mainly by an overspend on Looked After Children in residential placements of £514k (increased by £100k since last month) offset by underspends on Fostering and Child Protection and Criminal Justice. 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. As previously reported, Life Changes Trust funding is uncertain and might still improve the reported position.
- 3.3.5 The Older People forecast has improved by £202k. This is due to a combination of turnover in care homes, recovery of care home fees from an estate, and a reduction in expected expenditure on respite care.
- 3.3.6 The biggest single area of Social Work overspend continues to be on Learning Disability (£1.301m) 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 is unchanged since last month.
- 3.3.8 Overall for social work, the forecast outturn is better than the year to date position because additional vacancy savings are expected for the remaining 2 months.

### **3.4 Forecast Outturn Position as at 31 January 2020 – Health**

- 3.4.1 Within Health delivered services the forecast overspend is £21k underspend which is £21k better than last month's forecast. The main areas which have worsened are Adult Services West (by £116k) and Adult Services East (by £111k), and Commissioned Services Other by £134k (due to phasing of flu vaccine costs) and Estates (by £220k), but this has been offset by an improvement in Budget Reserves (by £500k) and Children & Families (by £103k). 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. There is therefore a disputed sum of £1.534m which is outwith

our reported position and is also excluded from our forecast outturn position.

### **3.5 Savings Delivery**

3.5.1 As at end of January, £6.962m of the target £10.877m savings have been delivered, 64% of the total. This has increased by £0.533m since last reported at end of December. However £406k of the increase consists of non-recurring savings. Including these non-recurring savings, we are now forecasting to deliver £7.903m of the savings in total by the year end, 73% of the total – increased by £193k from the position at the end of December. Further information is provided at Appendix 3a.

3.5.2 The forecast outturn shortfall for Social Work is £2.974m. This has increased by £128k from £2.846m at the end of December. The increase in shortfall is due to the reduction in forecast probability of achieving the recovery plan. This is due to 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 £1.080m is now fully offset by non-recurring savings many of which relate at least in part but where the saving cannot yet be regarded as recurring. 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.

3.5.5 It is clear that the failure to deliver on all savings (overall shortfall of £2.974m predicted) is the key driver in the forecast outturn overspend of £1.165m. As these savings will be carried forward to next year too, 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.

### **3.6 Reserves**

3.6.1 The only reserve continues to be the £50,000 for supporting the move from Analogue to Digital for 200 telecare service users. It remains 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 £1.165m as at 31 January 2020. 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 or 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 January 2020. The forecast outturn position for 2019-20 is a forecast overspend of £1.165m which has improved by £145k from that forecasted at end of December.

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

### 13. DIRECTIONS

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	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 January 2020

Appendix 2 – Forecast Outturn for 2019-20 as at 31 January 2020

Appendix 3a – Savings achieved and forecast as at 31 January 20202019

Appendix 3b – Savings action tracker as at 14 February 2020