



Item No: 4

Meeting Date: Monday, 29th August 2016

Glasgow City IJB Executive Committee

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GLASGOW CITY HSCP BUDGET MONITORING FOR MONTH 3 AND PERIOD 4

Purpose of Report:	This report outlines the financial position of the Glasgow City HSCP as at 30 June 2016 (Health) and 8 July 2016 (Council), and highlights any areas of budget pressure and actions to mitigate these pressures.
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Recommendations:	The IJB-Executive Committee is asked to: i) note the contents of this report, ii) approve the actions identified in paragraph 4.1, and iii) request that further detailed proposals for reform and efficiencies be presented to the IJB in September.
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Implications for IJB:

Financial:	Actions required to ensure expenditure is contained within budget.
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Personnel:	Not applicable at this time.
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Legal:	Not applicable at this time.
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Economic Impact:	Not applicable at this time.
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Sustainability:	Not applicable at this time.
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Sustainable Procurement and Article 19:	Not applicable at this time.
Equalities:	Not applicable at this time.
Implications for Glasgow City Council:	None at this time.
Implications for NHS Greater Glasgow & Clyde:	None at this time.

1. Introduction

- 1.1 This monitoring statement provides a summary of the financial performance of the Glasgow City HSCP for the period 1 April 2016 to 30 June 2016 (Health), and to 8 July (Council).
- 1.2 It is based on information contained in the respective financial systems and includes accruals and adjustments in line with its financial policies.

2. Summary Position

- 2.1 Gross expenditure is £1,044,000 (0.8%) greater than budget and income is £193,000 less than budget, resulting in net expenditure of £1,237,000 (0.8%) greater than budget. The main reason for the overspend is the additional savings allocation from the NHS Board amounting to £4.8m for the full year. This is discussed further in paragraph 3.5 below.

3. Reasons for Major Budget Variances

3.1 Children and Families

- 3.1.1 Gross expenditure is overspent by £1.1 million.
- 3.1.2 Residential School placement numbers have decreased by 3 since period 2 to 105, with an increase in full year commitment of £10,000. The overspend to date is £459,000 and includes 6 placements within secure establishments of which 2 are on remand. The full year projected overspend is £1.5m.

3.1.3 Purchased placements have decreased by 4 since period 2 to 413. The overspend to date for purchased placements is £131,000. The full year projected overspend is £425,000.

3.1.4 Further pressures include an overspend in employee costs (£299,000) as a consequence of turnover being lower than that anticipated within the Transformation Programme, and Cordia Transport (£181,000).

3.2 Older People

3.2.1 There is an underspend of £947,000 in the provision of services to Older People.

3.2.2 There is an underspend of approximately £1 million relating to the phased introduction of the additional supported living services. A programme of work to significantly grow the use of supported living utilising Cordia is currently being developed with a view to remedying the current underspend in the second half of the financial year.

3.2.3 The continence service (covering specialist nursing and physio staff providing advice, treatment and support, together with the supply of product) is overspent by £46,000. The overspend occurs in the supply of product.

3.2.4 The supply of community equipment to aid hospital discharge or prevent admission is overspent by £173,000. It is acknowledged that initiatives undertaken through the Change Fund and Integrated Care Fund have resulted in a higher level of spend in this area and so further funding is to be allocated in here from Delayed Discharge funding. There will remain a pressure which service managers will be expected to manage.

3.2.5 These pressures are also offset by an underspend within nursing services (District Nursing, Out of Hours Nursing, Treatment Room Nursing and Other Nursing) of £101,000, as a result of staff turnover.

3.3 Homelessness

3.3.1 There is a net overspend of £329,000 within Homelessness services.

3.3.2 Approximately £400,000 of this is attributable to an under recovery in housing benefit subsidy.

3.3.3 This is partially offset by an underspend of £85,000 within Nursing and Occupational Therapy staffing, as a result of staff turnover and vacancies.

3.4 Mental Health

3.4.1 Mental Health services are underspent by £258,000.

3.4.2 There is an underspend of £135,000 within Adult Inpatient Services (North West wards).

3.4.3 There is an underspend of £115,000 across the range of Purchased Services.

3.5 Support Services

3.5.1 Support Services are overspent by £1,567,000.

3.5.2 The Support Services care group includes the effects of a budget reduction of £4,849,000 (full-year) from the NHS Board. The year-to-date impact of this is £1,212,000 and is the main reason for the overspend.

3.5.3 The Health Board has identified in its financial plan that £32.0m of non-recurring relief (across all parts of the NHS Board) is potentially available to offset the in-year shortfall against savings targets.

3.5.4 Discussions are underway to determine how non-recurring funding will be allocated to Partnerships for the current-year shortfall against savings targets. This will be quantified and allocated in the month 5 accounting period.

3.5.5 The remainder of the overspend in this area relates to accommodation costs – including the double running costs of Possilpark (Glenfarg) and savings which, although identified as workforce turnover savings within sectors, have not yet been specifically allocated to services. However, this will be completed by month 4 reporting period.

3.6 Prescribing Costs

3.6.1 Prescribing spend is currently managed on a risk-sharing basis across all partnerships and the NHS Board. Accordingly, a break-even position is currently being reported. The Board's financial plan for 2016/17 noted prescribing costs as a key area of risk and added that Prescribing costs are demand driven and vary throughout the year. Although we believe that our projections of costs and savings are realistic, we continue to monitor this area closely to ensure that we are aware of any changes in prescribing patterns.

3.6.2 In 2015/16, the NHS Board was overspent by £3.6m, with Glasgow City being overspent by £1.3m. Although, proportionately, this was the second lowest figure of any HSCP, it remains a significant risk overall.

4. Action

4.1 The Chief Officer, along with the senior management team, continues to manage and review the budget across all areas of the HSCP in conjunction with the senior management team. Paragraph 3.5 identifies the main cause of the current overspend and that the expected solution in-year is the further allocation of additional NHS Board funding. Work is being undertaken to achieve the shortfall in savings on a recurrent basis by 31 March 2017, and includes the following actions:

- a review of possible savings from the rationalisation of estate, including the closure of Possilpark (Glenfarg) by the end of September.
- management of employee cost budget to mitigate reduction in pay uplift of 0.5% within Health element of budget.
- management of Aids and Equipment within revised budgets.
- a transformational review of services and workforce redesign. A paper covering the detail of these reviews will be taken to the IJB in September.

5. Conclusion

5.1 An overspend of £1,237,000 is reported to date. This position continues to be reviewed and will be updated through the normal monitoring process where any material change is identified over the course of the financial year.

6. Recommendations

6.1 The IJB-Executive Committee is asked to:

- i) note the contents of this report,
- ii) approve the actions identified in paragraph 4.1, and
- iii) request that further detailed proposals for reform and efficiencies be presented to the IJB in September.

Appendix 1 – Budget Variance by Care Group

	Annual Budget		Actual to date	Budget to date	Variance
Care Group	£000		£000	£000	£000
Expenditure					
Children and Families	150,480		42,606	41,477	1,129
Prisons Healthcare and Criminal Justice	23,796		5,724	5,746	(22)
Older People	232,455		54,671	55,618	(947)
Addictions	48,354		12,060	12,272	(212)
Carers	2,097		584	585	(1)
Elderly Mental Health	24,847		6,185	6,151	34
Learning/Physical Disability	89,463		23,634	23,764	(130)
Mental Health	109,113		27,430	27,688	(258)
Homelessness	76,313		13,597	13,670	(73)
GP Prescribing	129,443		32,707	32,707	0
Family Health Services	173,415		41,731	41,731	0
Hosted Services	11,568		2,912	2,955	(43)
Support Services	103,723		25,252	23,685	1,567
Total Gross Expenditure	1,175,067		289,093	288,049	1,044
Income	153,449		68,560	68,753	(193)
Net Expenditure	1,021,618		220,533	219,296	1,237

Appendix 2 – Budget Variance by Subjective analysis

	Annual Budget		Actual to date	Budget to date	Variance
Subjective Analysis	£000		£000	£000	£000
Expenditure					
Employee costs	323,496		84,402	84,313	89
Premises Costs	31,245		7,227	7,086	141
Transport Costs	4,228		1,350	990	360
Supplies and Services	74,275		16,856	16,817	40
Third party Costs	407,819		100,000	100,832	(832)
Transfer Payments	27,411		3,005	2,871	134
Capital Financing Costs	987		0	0	0
Prescribing	137,180		34,567	34,668	(101)
Family Health Services	173,275		41,687	41,685	2
Unallocated Savings	(4,849)		0	(1,212)	1,212
Total Gross Expenditure	1,175,067		289,093	288,049	1,044
Income	153,449		68,560	68,753	(193)
Net Expenditure	1,021,619		220,533	219,296	1,237