



## Item No. 16

Meeting Date      Wednesday 7<sup>th</sup> February 2018

### Glasgow City Integration Joint Board Finance & Audit Committee

**Report By:**                      Sharon Wearing, Chief Officer, Finance and Resources

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<p style="text-align: center;"><b>GLASGOW CITY INTEGRATION JOINT BOARD BUDGET MONITORING FOR MONTH 8 AND PERIOD 9 2017/18</b></p>
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<b>Purpose of Report:</b>	This report outlines the financial position of the Glasgow City Integration Joint Board as at 30 November 2017 (Health) and 24 November 2017 (Council), and highlights any areas of budget pressure and actions to mitigate these pressures.
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<b>Background/Engagement:</b>	The financial position of the Glasgow City Integration Joint Board is monitored on an ongoing basis throughout the financial year and reported to each meeting of the Board.
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<b>Recommendations:</b>	The IJB Finance & Audit Committee is asked to: a) note the contents of this report.
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**Relevance to Integration Joint Board Strategic Plan :**

This report outlines expenditure against budget in delivery of the range of Health and Social Care services described within the Integration Joint Board Strategic Plan.
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## Implications for Health and Social Care Partnership:

<b>Reference to National Health &amp; Wellbeing Outcome:</b>	Not applicable at this time.
<b>Personnel:</b>	Not applicable at this time.
<b>Carers:</b>	Expenditure in relation to Carers' services is included within this report.
<b>Provider Organisations:</b>	Expenditure on services delivered to clients by provider organisations is included within this report.
<b>Equalities:</b>	Not applicable at this time.
<b>Financial:</b>	Actions required to ensure expenditure is contained within budget.
<b>Legal:</b>	Not applicable at this time.
<b>Economic Impact:</b>	Not applicable at this time.
<b>Sustainability:</b>	Not applicable at this time.
<b>Sustainable Procurement and Article 19:</b>	Not applicable at this time.
<b>Risk Implications:</b>	None at this time.
<b>Implications for Glasgow City Council:</b>	None at this time.
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None at this time.

## 1. Introduction

- 1.1 This monitoring statement provides a summary of the financial performance of the Glasgow City Integration Joint Board for the period 1 April 2017 to 30 November 2017 (Health), and to 24 November 2017 (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 Net expenditure is £3.208m less than budget to date. Gross expenditure is £2.859m (0.38%) underspent, and income is over-recovered by £0.349m (0.48%). If this position continued to the end of the financial year, the net underspend would be transferred to reserves.
- 2.2 Appendix 1 shows the current budget variance by both care group and subjective analysis.

## 3. Budget Changes

- 3.1 Throughout the financial year, adjustments are made to the original approved budget as a result of additional funding allocations and service developments. During Month 8/Period 9 the net expenditure budget has increased by £6.598m. The changes to the gross expenditure and income budgets are analysed in the table below.

<b>Explanation</b>	<b>Changes to Expenditure Budget</b>	<b>Changes to Income Budget</b>	<b>Net Expenditure Budget Change</b>
Lord Provost Fund	+£39,000	+£39,000	+£0
IJB Disregard to Value of War Pensions from SWS Financial Assessments	+£100,000	+£100,000	+£0
Decrease in Income and Expenditure Budgets from External Sources	-£50,000	-£50,000	+£0
Smoking Prevention Funds	+£457,000		+£457,000
Mental Health Innovation Funds	+£300,000		+£300,000
Alcohol Brief Interventions	+£146,116		+£146,116
Other Minor Allocations/Adjustments	+£17,391		+£17,391
Drawdown of Earmarked Reserves	+£4,008,600	-£1,668,338	+£5,676,938
Other Income Offsets	+£312,156	+£312,156	+£0
<b>Totals</b>	<b>+£5,330,263</b>	<b>+£1,267,182</b>	<b>+£6,597,445</b>

- 3.2 In addition there have been a number of budget transfers during the period to reflect service reconfigurations.
- 3.3 Whilst the staffing budget includes a pressure in relation to the increased pay award, this will be managed bottom-line this financial year. However, it has been agreed that the additional budget will be made available next financial year.

#### **4. Transformation Programme**

- 4.1 The overall savings target for 2017/18 is £17.935m with expected achievement of £17.029m, leaving a shortfall of £0.906m within Adult Mental Health, Children's and Families and Elderly Mental Health.

#### **5. Reasons for Major Budget Variances**

##### **5.1 Children and Families**

- 5.1.1 Net expenditure is underspent by £0.845m.
- 5.1.2 Residential School placement numbers have decreased by 5 since Period 8 to 79, with a full-year commitment of £16.646m. This represents a total reduction of 17 from the start of the year. The underspend to date is £0.756m and includes 1 placement within a secure establishment.
- 5.1.4 Purchased placements have also decreased by 5 since Period 8 to 393, with a full-year commitment of £24.178m, and an underspend to date of £0.923m. The majority of placements are in purchased fostering.
- 5.1.5 In other areas of the service there are underspends in provided foster care due to reducing placement numbers (£0.633m), kinship care (£0.154m), and shared care and community respite (£0.212m).
- 5.1.6 These underspends are partially offset by an overspend in transport costs (£0.817m) mainly in respect of young people in care being taken for contact visits with family or to school. This service is currently developing plans to bring spend within budget. Employee costs (£0.869m) are also overspent mainly as a result of the cost of operating the temporary residential unit for Unaccompanied Asylum Seeking Young Women until the end of September, which involved the recruitment of additional staff and overtime working. Overtime has also been required to cover for staff absence in relation to sickness and maternity leave.
- 5.1.7 Some progress has been made towards the NHS Children's Services savings programme but there currently remains a gap, resulting in a year to date overspend of £0.095m and £0.143m on a full year basis. This is due to turnover savings allocated within this service which have been difficult to achieve due to the need to maintain health visiting numbers. This position will continue to be monitored across the service.
- 5.1.8 Health Visiting development funding from the Scottish Government has been partially distributed and will give provision for growth in the trained staff cohort. The staffing growth mirrors the academic year rather than the fiscal year and this presents some phasing challenges which it is proposed to address utilising the carry forward facility for earmarked reserves. An estimated value of carry forward required is £0.300m.

## **5.2 Prison Healthcare and Criminal Justice**

5.2.1 Net expenditure is overspent by £0.112m.

5.2.2 Clinical supplies account for the majority of the Prison Healthcare overspend. Within employee costs, there are some pressures associated with Medical costs and a Health Improvement post which are offset by vacancies and turnover in other professions. The use of bank staff to partially cover turnover is ongoing.

## **5.3 Older People and Physical Disability**

5.3.1 Net expenditure is underspent by £1.483m.

5.3.2 There is an underspend of £0.859m mainly in relation to slippage within the Older People's Residential and Day Care Strategy. Income is also over-recovered (£0.355m) mainly in relation to client contributions for Homecare charges and recovery of Direct Payments.

5.3.3 A number of other services are also experiencing underspends including:-

- Adaptations (£0.130m) due to a downturn in activity in the supply of hoists and stairlifts in service user homes.
- Residential (£0.111m) and Supported Living (£0.112m) linked to demand
- Staff within Out of Hours, Senior and District Nursing and Rehabilitation Services due to staff turnover (£0.406m)

5.3.4 This has been offset with an overspend in Personalisation (£0.498m) and Older People's System of Care programme (£0.101m) which is attributable to unachieved savings mainly from 2016/17. These areas are the subject of current transformation programmes and work will be undertaken to secure delivery through these programmes.

## **5.4 Addictions**

5.4.1 Net expenditure is underspent by £0.865m.

5.4.2 This is mainly attributable to Purchased Services (£0.500m), where occupancy levels within residential rehabilitation services have reduced. There is a non-recurring underspend mainly within the Community Addiction Teams (£0.373m) due to staff turnover, and recruitment is ongoing.

## **5.5 Elderly Mental Health**

5.5.1 Net expenditure is overspent by £2.505m.

5.5.2 The main cause of the overspend is within inpatient services (£1.696m) and is due to unachieved savings from 2016/17 (£1.296m) and 2017/18 (£0.400m). Work is underway to progress plans to secure delivery of these savings.

5.5.3 There are ongoing costs of beds in Darnley and Quayside, accommodating adults with incapacity ('AWI') who have been discharged from acute services. There is no specific budget for these costs which, year-to-date, amount to £1.092m.

5.5.4 This is off-set with an underspend within other community staffing budgets linked to turnover (£0.283m).

## **5.6 Learning Disability**

5.6.1 Learning Disability services are underspent by £0.252m.

5.6.2 This is as a result of income over recovery (£0.177m) in respect of Direct Payments and outstanding client contributions and an underspend in Supplies and Services within provided Day Services (£0.126m).

5.6.3 This is partially off-set with an overspend within employee costs (£0.052m). This reflects an overspend within Assessment and Care Management of (£0.175m), which is partially offset by vacancies within the NHS Community Teams.

## **5.7 Homelessness**

5.7.1 Homelessness services are overspent by £0.028m.

5.7.2 Income is under-recovered by £0.449m in relation to recovery of rental income and unsubsidised Housing Benefit.

5.7.3 Property rates (£0.231m) are overspent across various properties, and City Building recharges are overspent for Temporary Furnished Flats (TFFs) (£0.131m). There is also an overspend in relation to interpreting services (£0.157m).

5.7.4 This is off-set with an underspend in relation to net savings made from prior year tendering activity (£0.694m) and an underspend which is mainly attributable to vacancies across Occupational Therapy, Nursing and Admin in the Health team (£0.364m).

## **5.8 Adult Mental Health**

5.8.1 Adult Mental Health services are underspent by £0.767m.

5.8.2 There are underspends in a number of services largely due to periods of vacancies and turnover (£1.048m). Within Mental Health there has also been a benefit from the release of accruals of expenditure from last financial year which has been incurred at a lesser cost, releasing an underspend of £0.200m. There is also an underspend relating to Direct Payments (£0.117m) and short stay wards across the city (£0.201m).

5.8.3 There are overspends across the city in respect of Psychiatric Medical staffing (£0.190m), due to maternity leave cover and unfunded sessions which are currently under review. In addition to this Junior Doctor rotations (£0.200m) is overspent. Funding is received from NHS Education (NES) to support an approved number of Doctors post graduate training however funding is received at mid-point of the grade

and no allowance is made for vacancies. There are therefore a number of component parts contributing to the emerging variance. Work is ongoing with Medical Staffing, Clinical Director Mental Health, Mental Health Business Support and Acute finance colleagues to ascertain the pressures linked to incremental drift, vacancy cover and potential over establishment.

- 5.8.4 Savings unachieved amount to £0.183m year to date. These relate to Citywide or Hosted services and work is underway to progress plans to secure delivery of these savings.

## **5.9 Hosted Services**

- 5.9.1 Hosted Services are underspent by £0.219m.
- 5.9.2 This is largely as a result of medical and nursing vacancies within the Police Custody Healthcare service (£0.227m).

## **5.10 Other Services**

- 5.10.1 Other Services are underspent by £1.360m. This relates largely to the Contingency budget which has some commitments against it for new service provision but expenditure has slipped in the current year.

## **5.11 Prescribing Costs**

- 5.11.1 A break-even position has been reported at Month 08, however the risks on short supply, off patent savings, increased demand and price inflation should be noted, with the potential impact for 2018/19.

## **6. Action**

- 6.1 The Chief Officer, along with the Health and Social Care Partnership senior management team, continues to manage and review the budget across all areas of the Partnership. In particular, work is underway on the review of Adult and Older People Mental Health and there will be a report to the IJB in due course.

## **7. Conclusion**

- 7.1 Net expenditure is £3.208m less than budget to date, with the recent Probable Outturn projecting a year end underspend of £3.946m. The overall position will be kept under review to the end of the financial year to ensure any material changes are identified, such as performance during the approaching winter months. A number of NHS savings initiatives through the transformation programme have yet to achieve the required level of savings. These initiatives are being critically reviewed and closely monitored by the IJB's Integration Transformation Board and will be reported on in future monitoring statements.
- 7.2 In line with the approved Reserves Policy, any net underspend which may occur within 2017/18 will be transferred to reserves at the end of the financial year in order to provide future security against unexpected cost pressures and aid financial

stability. Alternatively, general reserves may be required to mitigate against the budget pressures referred to within this report. Earmarked reserves will be released as expenditure is incurred.

7.3 A number of potential risks are highlighted throughout this monitoring report which will require to be mitigated going forward, and consideration will be given to providing for ear-marked reserves in these areas.

## **8. Recommendations**

8.1 The IJB Finance & Audit Committee is asked to:

a) note the contents of this report.



## Glasgow City Integration Joint Board

## Budget Monitoring Statement to end November/Period 9 2017/18

## Budget Variance by Care Group

Annual Gross Expenditure Budget	Annual Income Budget	Annual Net Expenditure Budget		Actual Net Expenditure to Date	Budgeted Net Expenditure to Date	Variance to Date
£000	£000	£000		£000	£000	£000
154,457	2,475	151,982	Children and Families	99,650	100,495	-845
23,591	18,385	5,206	Prisons Healthcare and Criminal Justice	3,974	3,862	112
261,772	22,563	239,209	Older People/Physical Disability	144,355	145,838	-1,483
42,691	1,441	41,250	Addictions	26,392	27,257	-865
2,124	317	1,807	Carers	993	1,000	-7
29,296	1,076	28,220	Elderly Mental Health	22,307	19,802	2,505
66,500	392	66,108	Learning Disability	40,311	40,563	-252
105,901	13,028	92,873	Mental Health	60,427	61,194	-767
77,145	29,445	47,700	Homelessness	28,164	28,192	-28
127,530	0	127,530	Prescribing	86,234	86,233	1
181,666	8,772	172,894	Family Health Services	117,063	117,063	0
16,141	1,320	14,821	Hosted Services	8,197	8,416	-219
61,766	5,711	56,054	Other Services	31,479	32,839	-1,360
<b>1,150,579</b>	<b>104,925</b>	<b>1,045,654</b>		<b>669,546</b>	<b>672,754</b>	<b>-3,208</b>

	Funded By :-
386,912	Glasgow City Council
653,065	NHS Greater Glasgow & Clyde
5,677	Drawdown of Earmarked Reserves
<b>1,045,654</b>	

Add Transfer to Reserves			<b>3,208</b>
Net Balance			0

## Budget Variance by Subjective Analysis

Annual Budget		Actual to Date	Budget to Date	Variance to Date
£000	Expenditure	£000	£000	£000
332,082	Employee costs	217,627	217,937	-310
24,620	Premises Costs	16,646	16,009	637
4,366	Transport Costs	3,320	2,402	918
74,892	Supplies and Services	42,442	44,146	-1,704
372,983	Third party Costs	232,563	236,975	-4,412
29,246	Transfer Payments	16,515	16,547	-32
840	Capital Financing Costs	0	0	0
133,780	Prescribing	90,433	90,425	8
181,526	Family Health Services	123,039	123,035	4
-3,756	Unachieved Savings	0	-2,032	2,032
<b>1,150,579</b>	<b>Total Expenditure</b>	<b>742,585</b>	<b>745,444</b>	<b>-2,859</b>
<b>104,925</b>	<b>Income</b>	<b>73,040</b>	<b>72,691</b>	<b>349</b>
<b>1,045,654</b>	<b>Net Expenditure</b>	<b>669,545</b>	<b>672,753</b>	<b>-3,208</b>