

Item No. 11

Meeting Date **Monday, 12th September 2016**

Integration Joint Board Finance and Audit Committee

Report By: Chief Officer, Finance and Resources

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GLASGOW CITY IJB BUDGET MONITORING FOR MONTH 4 AND PERIOD 5

Purpose of Report:	This report outlines the financial position of the Glasgow City IJB as at 31 July 2016 (Health) and 5 August 2016 (Council), and highlights any areas of budget pressure and actions to mitigate these pressures.
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Recommendations:	<p>The Finance and Audit Committee is asked to:</p> <ul style="list-style-type: none"> i) note the contents of this report, ii) note the actions identified in paragraph 5.1, and iii) note that further detailed proposals for reform and efficiencies will be presented to the IJB in September, iv) refer the report to the IJB for consideration.
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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.
Sustainability:	Not applicable at this time.
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 IJB for the period 1 April 2016 to 31 July 2016 (Health), and to 5 August 2016 (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 £1.590m (0.5%) greater than budget to date. Gross expenditure is £1.371m (0.4%) overspent, and income is under-recovered by £219,000 (0.4%). 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 4.6 below.

3. Budget Changes

- 3.1 Details to follow.

4. Reasons for Major Budget Variances

4.1 Children and Families

4.1.1 Net expenditure is overspent by £1.326m.

4.1.2 Residential School placement numbers have decreased by 2 since period 4 to 103, with a decrease in full year commitment of £282,000. The overspend to date is £465,000 and includes 6 placements within secure establishments of which 2 are on remand. The full year projected overspend is £1.2m.

4.1.3 Purchased placements have decreased by 10 since period 4 to 403. The overspend to date for purchased placements is £134,000. The full year projected overspend is £347,000.

4.1.4 Further pressures include an overspend in employee costs (£304,000) as a consequence of turnover being lower than that anticipated within the Transformation Programme, and Cordia Transport (£242,000).

4.2 Older People

4.2.1 There is a net underspend of £1.161m in the provision of services to Older People.

4.2.2 There is an underspend of approximately £1m relating to the phased introduction of the additional supported living services, and an underspend of £200,000 in respect of employee costs. 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.

4.2.3 The continence service (covering specialist nursing and physio staff providing advice, treatment and support, together with the supply of product) is overspent by £61,000. The overspend occurs in the supply of product.

4.2.4 The supply of community equipment to aid hospital discharge or prevent admission is overspent by £125,000. 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. In recognition of the considerable pressure in this area, additional funding amounting to £240,000 has been added.

4.2.5 These pressures are also offset by an underspend within a number of nursing services (Out of Hours Nursing, Treatment Room Nursing and Other Nursing) of £96,000, as a result of staff turnover.

4.3 Addictions

4.3.1 Addictions are underspent by £253,000. This is largely within the Community Addiction Teams. Funding has been provided at the top of scale from the NHS Board-wide Resource Allocation Model, resulting in non-recurring savings in-year.

4.4 Homelessness

4.4.1 There is a net overspend of £478,000 within Homelessness services.

4.4.2 Approximately £530,000 of this is attributable to an under recovery in housing benefit subsidy.

4.4.3 This is partially offset by an under spend of £129,000 as a result of the turnover and vacancies within Health staffing.

4.5 Mental Health

4.5.1 Mental Health services are underspent by £385,000.

4.5.2 There is an underspend of £147,000 within Adult Inpatient Services (mainly North West wards), resulting from accommodation cost savings on the Gartnavel site together with lower bank and agency costs than anticipated.

4.5.3 There is an underspend of £165,000 across the range of Purchased Services.

4.6 Support Services

4.6.1 Support Services are overspent by £2.086m.

4.6.2 The Support Services care group includes the effects of additional savings allocation of £4,849,000 (full-year) from the NHS Board. The year-to-date impact of this is £1,616,000 and is the main reason for the net overspend.

4.6.3 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.

4.6.4 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.

4.6.5 The bulk of the remainder of the overspend in this area relates to accommodation costs, including the double running costs of Possilpark (Glenfarg) which was kept operational due to the lack of suitable accommodation for some of the services being provided from there, such as Specialist Children's Services. As noted below, it is intended that this property be closed by the end of September. In addition, savings, which although identified as workforce turnover savings within sectors, have not yet been specifically allocated to services.

4.7 Prescribing Costs

4.7.1 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.

4.7.2 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.

5. Action

5.1 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 cost reduction from the rationalisation of estate, including the closure of Possilpark (Glenfarg) by the end of September.
- service redesign to support the 0.5% savings taken from pay within the Health element of the budget as a contribution towards the additional savings referred to above in paragraph 4.6.
- 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.

6. Conclusion

6.1 A net overspend of £1.590m 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.

7. Recommendations

7.1 The Finance and Audit Committee is asked to:

- i) note the contents of this report,
- ii) approve the actions identified in paragraph 5.1, and
- iii) request that further detailed proposals for reform and efficiencies be presented to the IJB in September.

Glasgow City Integration Joint Board

Budget Monitoring Statement to end July/Period 5

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
150,632	1,613	149,019	Children and Families	53,803	52,477	1,326
24,087	19,420	4,667	Prisons Healthcare and Criminal Justice	897	905	-8
232,598	21,674	210,924	Older People	58,748	59,909	-1,161
48,268	1,137	47,131	Addictions	15,693	15,946	-253
2,097	316	1,781	Carers	681	681	0
24,796	939	23,857	Elderly Mental Health	7,934	7,889	45
89,493	12,156	77,337	Learning/Physical Disability	20,917	21,368	-451
109,484	12,259	97,225	Mental Health	29,650	30,035	-385
76,289	35,641	40,648	Homelessness	6,530	6,052	478
129,443	0	129,443	Prescribing	42,520	42,520	0
173,415	8,815	164,600	Family Health Services	54,568	54,568	0
11,392	1,069	10,323	Hosted Services	3,583	3,670	-87
71,506	6,151	65,355	Support Services	19,124	17,038	2,086
1,143,500	121,190	1,022,310	Totals	314,649	313,059	1,590

Budget Variance by Subjective Analysis

Annual Budget		Actual to Date	Budget to Date	Variance to Date
£000	Expenditure	£000	£000	£000
324,533	Employee costs	110,498	110,451	47
31,558	Premises Costs	9,423	9,178	245
4,233	Transport Costs	1,782	1,326	456
75,205	Supplies and Services	20,448	20,750	-302
373,983	Third party Costs	125,822	126,672	-850
27,411	Transfer Payments	3,801	3,599	202
987	Capital Financing Costs	0	0	0
137,164	Prescribing	45,065	45,110	-45
173,275	Family Health Services	57,394	57,392	2
-4,849	Unallocated Savings	0	-1,616	1,616
1,143,500	Total Expenditure	374,233	372,862	1,371
121,190	Income	59,584	59,803	-219
1,022,310	Net Expenditure	314,649	313,059	1,590