

## REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD – 20 December 2017

### FINANCE UPDATE

#### 1 Recommendation

The Integration Joint Board (IJB) is recommended to:

- 1.1 Consider and comment on the financial position set out in the report;
- 1.2 Discuss the proposed actions in the current year relating to the financial position;
- 1.3 Approve the budget adjustments detailed at appendix 3;
- 1.4 Agree to receive further updates through budget monitoring reports.

#### 2. Risks

- 2.1 IJB Risk 1 Sufficiency and affordability of resource.
- 2.2 This report is pivotal to managing this risk as it highlights areas that will inform the implementation of actions by officers to improve the financial position currently forecast.
- 2.3 The current forecast position for 2017/18 is an overspend of £2.948 million plus a forecast overspend on Prescribing of £1.811 million totalling £4.759 million or approximately 1.6 % of budget.

#### 3. Current Financial Position

- 3.1 This report covers the financial position at the end of October 2017 and the forecast position to the end of the financial year. A summary table appears below with more detail appearing in appendices 1 and 2.
- 3.2 The summarised financial position is set out in two sections: the first section covers all business except Prescribing, with the second section covering only Prescribing. The reason for this is to highlight the. measures, direct control of the costs is not as manageable when compared to other business elements within the IJB remit.

## Summary Financial Forecast 2017/18

	Revised Budget 2017/18 £000's	Actual to 31 October 2017 £000's	%	Forecast to 31 March 2018 £000's	Variance £000's
<b>Section 1</b>					
Health & Social Care	229,536	126,850	55.3	234,113	4,577
Funds	3,499	1,092	31.2	2,109	(1,390)
SG Resources	709	0	0	479	(230)
Set aside budget	26,665	0	0	26,665	0
<b>2017/18 Position</b>	<b>260,409</b>	<b>127,942</b>	<b>49.1</b>	<b>263,366</b>	<b>2,957</b>
<b>Section 2</b>					
Prescribing	<b>43,649</b>	<b>26,485</b>	<b>60.7</b>	<b>45,460</b>	<b>1,811</b>
<b>B/f from 2016/17</b>	9	0	0	0	(9)
<b>Total IJB Resources</b>	<b>304,067</b>	<b>154,427</b>	<b>50.8</b>	<b>308,826</b>	<b>4,759</b>

- 3.3 When the August financial information was reported, a recovery plan was also discussed to enable the forecast overspend position to be improved. When comparing the forecast position in this report to the one reported last time, the overall net position has deteriorated by £592,000, from £4.167 million to £4.759 million.
- 3.4 Since the August financial information was reported a significant amount of action has been taken in line with the recovery plan which has resulted in a number of individual budget lines forecasting an improved position by £1.531 million. These improved budget lines include: Community Hospitals, Care Management and Residential Care.
- 3.5 However, a number of other budget lines, including Community Care, Mental Health and Home Care are forecasting a worse position when compared to August.
- 3.6 In addition to this, the Prescribing budget line continues to forecast an overspend position. At August this was £1.042 million but now at October the position is £1.811 million – a deterioration of £769,000.
- 3.7 Taking all of the above information together produces a net overspend for all IJB services of £4.759 million.
- 3.8 The areas of spend which are forecast to be over budget and indeed those forecast to be within budget are not new to the IJB. However, the forecast overspend for the year continues to represent a very challenging position. The challenge still remains around balancing service delivery whilst reducing costs.
- 3.9 Therefore, the continued implementation of a proportionate and prioritised financial savings plan is key for this year and future years.

- 3.10 At this stage, it is realistic to conclude that the recovery plan will mitigate the current forecast position rather than eliminate it to a break even position. Therefore the financially responsible action agreed by the IJB was to write to both NHS Grampian and Aberdeenshire Council to advise them of the forecast position. This was done and constructive responses were received reinforcing the strength of our partnership.
- 3.11 The involvement of NHS Grampian and Aberdeenshire Council is important at this stage. Therefore, discussions will now be held between officers to agree a mechanism which would enable an overspend in the current year to be financially supported by all partners.

#### **4. Medium Term Financial Strategy**

- 4.1 The IJB's Medium Term Financial Strategy (MTFS) is being prepared in order to support the objectives and priorities of delivering an integrated health and social care service across Aberdeenshire. Therefore by building the IJB's MTFS around the Strategic Plan will ensure that resources are allocated to priorities and that outcomes can be measured.
- 4.2 A key basis for the MTFS is drawn from a defined set of work programmes which will be discussed and agreed with the IJB early in the New Year and ahead of the budget setting date.
- 4.3 Whilst the time line is short between this meeting and setting the budget in January, a number of key pieces of information are not known at the time of writing this report, such as, the financial Settlement from the Scottish Government and the resources available to NHS Grampian and Aberdeenshire Council. However, officers are in constant dialogue with partners to ensure that the IJB's financial position is known and understood, not only for this year but for future years too.

#### **5 Consultation**

- 5.1 The Chief Officer and the Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and any comments have been incorporated.

#### **6 Equalities, Staffing and Financial Implications**

- 6.1 An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.
- 6.2 Any staffing and financial implications arising directly as a result of this report will be reported back to the IJB.

**Alan Wood**  
**Chief Finance Officer**

	REVISED BUDGET 2017/18 as at 31/10/17 £'000	ACTUAL TO 31-Oct-2017 £'000	%	OCT 17 FORECAST 2017/18 £'000	FORECAST VARIANCE £'000	NOTE
<b>Health &amp; Social Care</b>						
<b>NHSG Core Services</b>						
a)	Alcohol & Drugs Partnership	1,297	790	60.90%	1,297	0
b)	Allied Health Professionals	7,157	4,340	60.64%	7,410	253
c)	Community Hospitals	16,747	10,724	64.04%	18,314	1,567
d)	Shire Community Mental Health	644	378	58.72%	644	0
e)	Dental	2,507	1,446	57.69%	2,507	0
f)	Devolved Primary Care	0	0	-	0	0
g)	District Nursing	4,109	2,613	63.58%	4,510	401
h)	Health Centres Management	(711)	(395)	55.53%	711	0
i)	Health Visiting	3,983	2,458	61.71%	4,257	274
j)	Other Direct Patient Care	1,383	635	45.89%	1,026	(357)
k)	Public Health	700	334	47.74%	700	0
l)	Specialist Nursing	368	205	55.73%	368	0
m)	Support Services excl veterans' funding	3,119	2,025	64.92%	2,970	(149)
<b>1</b>	<b>NHSG Core Services Total</b>	<b>41,303</b>	<b>25,554</b>	<b>61.87%</b>	<b>43,292</b>	<b>1,989</b>
2	Primary Care	36,990	21,654	58.54%	36,990	0
3	Prescribing	43,649	26,485	60.68%	45,460	1,811
4	Community Mental Health	7,411	4,337	58.52%	7,411	0
5	Inw Rech Hosted Serv	12,560	7,722	61.48%	13,100	540
6	Out Of Area	1,782	944	52.99%	1,909	127
	<b>TOTAL OF ABOVE</b>	<b>143,695</b>	<b>86,696</b>	<b>60.33%</b>	<b>148,162</b>	<b>4,467</b>
7	Resource Transfer	0	0	-	0	0
8	IJB Costs	0	0	-	0	0
9	General Fieldwork	573	(154)	(26.88)%	573	0
10	Business Services	3,860	2,308	59.79%	3,973	113
11	Out of Hours Service	205	108	52.68%	205	0
12	Criminal Justice Service - Grant Funded Services	50	0	-	50	0
13	Criminal Justice Service - Prison Social Work	0	0	-	0	0
14	Community Justice Authority	0	0	-	0	0
15	Adult Services - Community Care	36,279	17,285	47.64%	36,642	363
16	Adult Services - Day Care	6,002	3,271	54.50%	6,002	0
17	Adult Services - Residential Care	1,596	888	55.64%	1,596	0
18	Adult Services - Employment Development	508	301	59.25%	508	0
19	Adult Services - Mental Health	5,417	2,497	46.10%	5,570	153
20	Adult Services - Substance Misuse	1,570	724	46.11%	1,570	0
21	Physical Disabilities - Community Occupational Therapy Service	3,270	1,898	58.04%	3,270	0
22	Physical Disabilities - Joint Equipment Service	(37)	54	(145.95)%	(37)	0
23	Specialist Services & Strategy	1,728	989	57.23%	1,728	0
24	Adult Support Network	263	137	52.09%	263	0
25	Older People - Care Management	41,859	20,598	49.21%	41,859	0
26	Integrated Care Fund	0	0	-	0	0
27	Older People - Day Care	1,087	478	43.97%	856	(231)
28	Older People - Home Care	13,667	8,409	61.53%	15,040	1,373
29	Older People - Residential Care	8,015	4,661	58.15%	8,015	0
30	Older People - Very Sheltered Housing	3,578	2,187	61.12%	3,729	151
	<b>129,490</b>	<b>66,639</b>	<b>51.46%</b>	<b>131,412</b>	<b>1,922</b>	
<b>Scottish Government Resources</b>						
31	Social Care via NHS - see Appendix 5	709	0	-	479	(230)
	<b>130,199</b>	<b>66,639</b>	<b>51.18%</b>	<b>131,891</b>	<b>1,692</b>	
<b>Funds</b>						
32	Integrated Care Fund (r)	1,833	1,092	59.57%	1,833	0
33	Delayed Discharge (r)	149	0	-	0	(149)
34	Prim Care Transformation Fund (2yr fndg, ends 2017/18)	652	0	-	0	(652)
35	Carers' Information Strategy (r)	198	0	-	0	(198)
36	Pharmacists in GP Surgeries Funding (r)*	245	0	-	107	(139)
37	Six Essential Actions Unscheduled Care Funding (nr)	135	0	-	0	(135)
38	Mental Health Access Fund (4yr fndg, ends 2019/20)	120	0	-	120	0
39	Mental Health Innovation Fund	49	0	-	49	0
40	Winter Pressures	118	0	-	0	(118)
41	Balance brought forward from 2016/17	9	0	-	0	(9)
	<b>3,508</b>	<b>1,092</b>	<b>31.13%</b>	<b>2,109</b>	<b>(1,400)</b>	
	<b>Sub total</b>	<b>277,402</b>	<b>154,427</b>	<b>55.67%</b>	<b>282,162</b>	<b>4,759</b>
42	Set Aside Budget	26,665	0	-	26,665	0
	<b>2017/18 Position</b>	<b>304,067</b>	<b>154,427</b>	<b>50.79%</b>	<b>308,826</b>	<b>4,759</b>

**Funded By**

Funds c/f 1 April 17	9
NHSG	175,174
Council	102,219
Set Aside	26,665

Variance October 2017

Appendix 2

<u>Note</u>	<u>Service</u>	Projected Over/(within) budget 2017/18 £'000	<u>Narrative</u>
A	Allied Health Professionals (AHP's)	253	<b>Allied Health Professionals forecast to overspend by £253,000.</b> Contained within this heading are the AHP staffing groups i.e. Podiatry , Speech and Language Therapy , Physiotherapy, Occupational Therapy, Dietetics etc and the Joint Equipment Store (JES). The AHP Staffing groups are forecast to generate a net underspend of approximately £110k due to continued turnover of staff and difficulty in recruitment. A £310k overspend on supplies is forecast, of which the JES is forecast to generate £243k, which reflects the increasing emphasis on caring for patients at home with equipment being increasingly ordered by the hospital based prescriber. A £52k under recovery against budgeted income is also expected which mainly relates to Surestart income, recoverable from the Council's Education Service, in respect of speech and language therapy posts. The forecast under recovery is the result of chargeable posts being vacant.
B	Community Hospitals	1,567	<b>Community Hospitals forecast to overspend by £1,563,000.</b> Bank and agency nursing are contributing to the average numbers of staff in post exceeding establishment by an average of approximately 36 wte at an estimated cost over budget for the year of £1.3m. Medical supplies costs in community hospitals are forecast to exceed budget by £121k. Unfunded service charges at the Conglass wing replacement for the Ashcroft ward, formerly on the Inverurie Hospital site, are forecast to be £114k and the overspend on community hospital equipment is forecast to be £117k.
C	District Nursing	401	<b>District Nursing Services forecast to overspend by £401,000</b> The bulk of the forecast overspend (£385k) is the result of the number of staff of long service (incremental drift), although an additional contributing factor is that the average number of staff in post during the period from April to October exceeded the budgeted establishment by 2.4.
D	Health Visting	274	<b>The Health Visiting service forecast to overspend by £274,000</b> The bulk of the forecast overspend (£184k) is the result of the number of staff of long service (incremental drift), with the remainder of the forecast (£105k) overspend resulting from higher than budgeted expenditure on supplies.
E	Other Direct Patient Care	(357)	<b>Other Direct Patient Care is forecast to underspend by £357,000</b>  This forecast underspend is primarily the result of vacant posts and medical sessions. Included under this heading are services such as salaried GP practices, cardiology units, ultrasound, near patient testing (i.e. tests carried out in the community that would otherwise have to be conducted in a hospital setting) and clinics. In addition, £54,000 of the forecast overspend results from the financial benefit arising from the renegotiation of a contract for the provision of glassware and sample kits.
F	Support Services	(149)	<b>Support Services forecast to underspend by £149,000</b> This variance primarily consists of £160k of funding for the Health Visiting Service, pending allocation to teams as posts are populated.
G	Prescribing	1,811	<b>Prescribing forecast to overspend by £1.811M</b> The prescribing position has deteriorated markedly, due to two primary causes. Firstly, a small number of drugs are in short supply which led to a significant increase in the average unit cost per item prescribed. This impact of this price movement may not be temporary as previously assumed as alternative medicines may not be available with an impact across Grampian of £4.7M. Secondly, an actual volume increase to September of 0.62% which is in line with budget expectation. The budget set for 2017/18 includes the assumption that a range of drug tariff reduction will take place in the year including the most material change relating to Pregabalin with expenditure reduction expected from August. A price reduction has been negotiated for Scotland and has now been implemented.
H	Inward Recharge of Hosted Services	540	<b>Inward Recharges of Hosted Services projected overspend of £540,000</b>  This represents Aberdeenshire IJB's share of a net overspend on services hosted by all IJBs, including those hosted by Aberdeenshire. This includes services such as the Sexual Health Service (£60k overspend), HMP & YOI Grampian (119k underspend), GMED (£356k overspend), Forensic medical examiners (£95k overspend), the Marie Curie nursing service (£8k overspend), diabetes/retinal screening (£37k underspend) and Intermediate Care (£162k overspend).
I	Out Of Area	127	<b>Out of Area projected overspend of £127,000</b> Placements for specific named individuals within Mental Health, Learning Disability and Acquired Brain injury is forecast to overspend £85k, these placements are agreed on a case by case. A further £54k was added to the forecast overspend as a contingency for unknown cases.
J	Business Services	113	<b>Business Services</b> is over budget by £113,000 <b>Staffing Costs</b> are over budget by £80,000 due to the use of temporary staff with the balance relating to premises costs.

K	Adult Services Community Care	363	<p><b>Adult Services Community Care</b> is over budget by £363,000  <b>Client Care Packages</b> account for most of this with pressure areas being Supported Living - £234,000, Residential Care - £333,000, Day Care - £202,000 and Direct Payments - £167,000. These are partially offset with savings on the original budget allocated to Care at Home, Respite Care and SDS of £(557,000)</p>
L	Adult Services Mental Health	153	<p><b>Adult Services Mental Health</b> is over budget by £153,000  <b>Staffing Costs</b> are over budget by £61,000 due to continuing pressures across Adult Services which included unfunded National Insurance costs.  Service Users Fees &amp; Charges have fallen by £87,000</p>
M	Older People Day Care	(231)	<p><b>Older People - Day Care</b> is under budget by £231,000</p> <p><b>Staffing Costs</b> are under budget by £160,000 due to the closure of a number of smaller day centres, which are no longer meeting client needs. Some of these savings are being used to employ Community Link workers who help service users engage in their local communities by providing short term support and practical advice.</p>
N	Older People - Home Care	1,373	<p><b>Older People - Homecare</b> is over budget by £1373,000  <b>Staff Costs</b> - are over budget by £1,462,000. Although the budget has been increased from that in 2016/17 to help accommodate the Out of Hours Service, pressures are now being experienced across the core team in Central and North Aberdeenshire. In many cases staff are working additional hours to help meet clients' caseloads. There are now fewer vacancies existing given the current job climate in and around Aberdeenshire. This trend is expected to continue.</p>
O	Older People -Very Sheltered Housing	151	<p><b>Older People - Very Sheltered Housing</b> is over budget by £151,000</p> <p><b>Staff Costs</b> - are now over budget by £132,000 due to the increasing use of agency staff particularly in Dalvenie Gardens, Dawson Court and Pleyfaulds.</p>
P	Scot Govt Social Care Resources	(230)	<p><b>Social Care Funding</b> is £230,000 under budget  This is £190,000 of money awarded for veterans and £40,000 from the Carers Act implementation monies both of which are not required in 2017/18.</p>
Q	Delayed Discharge	(149)	<p><b>Delayed Discharge Funding</b> is under budget by £149,000.  Underpends in this fund will help address pressures being experienced in the Core Budgets which can be impacted upon when clients are discharged from hospital.</p>
R	Primary Care Transformation Fund	(652)	<p><b>Primary Care Transformation Fund</b> is forecast to be under budget by £652,000  This is the second year of the Primary Care Transformation Fund. Given the forecast financial position in 2017/18, it is felt prudent not to commit this funding at this stage in the year. In the event that this pressure is dealt with, then allocating this funding will become a feasible option.</p>
S	Carers' Information Strategy	(198)	<p><b>Carers' Information Strategy Funding</b> is forecast to underspend by £198,000  The position in respect of funding for the Carers' Information Strategy is similar to that of the Primary Care Transformation Fund in that it is felt not to be prudent to allocate this funding at present.</p>
T	Pharmacists in GP Surgeries Funding	(139)	<p><b>Pharmacists in GP Surgeries Funding</b> is under budget by £139,000.</p> <p><b>Pharmacists in GP Surgeries Funding</b> is under budget by £161,000 in its 2017/18 allocation pending the development of schemes suitable for financing from this source.</p>
U	Six Essential Actions Funding	(135)	<p><b>Six Essential Actions Funding</b> is under budget by £135,000.  <b>Six Essential Actions Funding, which is for the promotion of improvements to unscheduled care</b>, is under budget by £135,000 in its 2017/18 allocation pending the development of schemes suitable for financing from this source.</p>
V	Winter Pressures funding	(118)	<p><b>Winter Pressures Funding</b> is under budget by £118,000.</p> <p>The allocation of winter pressure funding will depend upon the severity of any outbreaks of, in particular, contagious illness such as influenza, both among patients and staff. The hope is that any such outbreaks can be coped with without the deployment of additional resource. However, it is recognised that there is a risk that a proportion of this funding will be needed to bolster services over the winter period.</p>



SUMMARY OF REVENUE BUDGET ADDITIONS TO INTEGRATED JOINT BOARD AS AT OCTOBER 17

	NHSG	Council	Total
	£	£	£
<b>Funding as at the 31st of August 2017 per the report to the IJB on the 25th of October 2017</b>	<b>175,111,492</b>	<b>102,186,000</b>	<b>277,297,492</b>
Plasma products funding (for community hospitals)	22,411		
HNC/Open University funding (for community hospitals)	2,500		
New medicines funding (for community hospitals)	(1,440)		
<i>Sub total community hospital budget adjustments</i>	23,471		23,471
Immunisation funding (for primary care)	19,671		
<i>Sub total Primary Care</i>	19,671		19,671
Other hosted service budget adjustments	20,502		
<i>Sub total hosted service budget adjustments</i>	20,502		20,502
<i>Public Health Projects Funding (Tobacco, CHW, MIN)</i>	62,500		62,500
Mental Health Needle Exchange	22,750		
Mental Health Innovation Fund	85,281		
<i>Sub Total Community Mental Health</i>	108,031		108,031
Support Services service purchase budget transfer	(449,000)		
Support Services additional HV Funding	159,650		
<i>Sub total Support Services</i>	(289,350)		(289,350)
Winter Pressure funding added	118,000		118,000
IDEA - Development of Community Based Services		28,000	28,000
SVQ Training Funds Drawn Down		7,000	7,000
Living Wage Uplifts in Respect of Internal Cleaning Contracts		10,000	10,000
Fraserburgh Can Do Buildings Works Funding Transferred to Capital		(10,000)	(10,000)
Anderson House Property Costs Transferred to Property as Building Declared Surplus		(3,000)	(3,000)
<b>Overall Revised Budget as at 31 October 2017</b>	<b>175,174,316</b>	<b>102,218,000</b>	<b>277,392,316</b>

**Represented by:**

NHS Grampian core services	41,303,403		41,303,403
Primary Care	36,989,671		36,989,671
Prescribing	43,649,269		43,649,269
Community Mental Health	7,411,182		7,411,182
Inward recharges of hosted services	12,559,502		12,559,502
Out of area services	1,782,031		1,782,031
Partnership Funds	5,000,259		5,000,259
Resource transfer to Aberdeenshire Council (included in Council reporting lines)	12,825,000		12,825,000
Social Care funding (transferred to Council, included in Council reporting lines)	13,654,000		13,654,000
Council Social Care Funding		130,199,000	130,199,000
Resource transfer From NHS Grampian (included in Council reporting lines)		(12,825,000)	(12,825,000)
Social Care funding From NHS Grampian (included in Council reporting lines)		(13,654,000)	(13,654,000)
Partnership Funds From NHS Grampian ( included in Council reporting lines)		(1,502,000)	(1,502,000)
	<b>175,174,316</b>	<b>102,218,000</b>	<b>277,392,316</b>
Reserves Brought Forward From 2016-17			9,000
			277,401,316
Set Aside Budget			26,665,000
<b>Overall Revised Budget as at 31 October 2017</b>			<b>304,066,316</b>

