



**REPORT**

Item No: 9

<b>SUBJECT:</b>	Financial Monitoring Report 2017/2018
<b>TO:</b>	Finance and Audit Sub-Committee
<b>Lead Officer for Report:</b>	Chief Accountable Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	12 September 2017

**1. Purpose of Report**

1.1 This paper is coming to the Finance and Audit Sub-Committee (FAC):

For approval <input checked="" type="checkbox"/>	For endorsement <input type="checkbox"/>	For noting <input type="checkbox"/>
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(1) This report provides a summary of the financial position of the North Lanarkshire Health and Social Care Partnership for the period from 1 April 2017 to 31 July 2017 (Health Care Services) and 18 August 2017 (Social Work Services).

**2. Route To The Finance and Audit Sub-Committee**

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
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**3. Recommendations**

3.1 The FAC is asked to agree the following recommendations:

- (1) Note the contents of the report;
- (2) Endorse the recommendation to earmark £0.250 million of the balance of reserves to fund the test of change for Integrated Support Workers for a temporary 6 month period, subject to approval;
- (3) Endorse the recommendation that the balance of the IJB reserves fund of £4.044 million is ear-marked as a contingency to ensure Social Work Services achieve a balanced budget by 31 March 2018 subject to the impact of the ongoing management actions; and
- (4) Note that a budget recovery plan to manage in-year demand continues to be progressed.

**4. BACKGROUND/SUMMARY OF KEY ISSUES**

4.1 This report is based on the financial monitoring reports received from the Director of Finance of NHS Lanarkshire and the Head of Business Solutions (Finance) of North Lanarkshire Council. The position detailed in these reports is therefore based on the information contained in each partner's respective financial systems and includes accruals and adjustments in-line with their financial policies.

4.2 This is the first financial monitoring report presented to the North Lanarkshire Integration Joint Board (IJB) for the financial year 2017/2018. Further reports will follow throughout the year.

## 5. CONCLUSIONS

5.1 The financial position as at July 2017/August 2017 is summarised as follows:

- ◆ there is an underspend of £0.284m on health care services
- ◆ there is an overspend of £1.569m on social care services

5.2 The budget variance is analysed by care services at appendix 1.

## 6. REASONS FOR MAJOR VARIANCES

### 6.1 Locality and Other Services

6.1.1 There is a net overspend of £0.088m.

6.1.2 The overspend is mainly due to other services. This includes boundary service level agreements, delayed discharge funding, management team costs and the apprenticeship levy. Further work is being progressed by NHS finance staff with budget holders to realign budgets in line with the partnership locality structures.

6.1.3 The overspend across other services is offset by a net underspend across the localities due mainly to vacancies. The average vacancy factor is currently 3.4%. This compares to an average vacancy factor of 3.4% during 2016/17. There is also an underspend across the travel budgets and drugs supplies budgets.

### 6.2 Addiction Services

6.2.1 There is an underspend of £0.083m.

6.2.2 The underspend is due mainly to vacancies across the service.

### 6.3 Medical and Nursing Directorate

6.3.1 There is a net overspend of £0.174m.

6.3.2 The medical directorate is overspent due to additional staffing. The nursing directorate is overspent due to the cost of the trainee nursing staff covering health visiting and district nursing services which had been agreed in 2016/2017. The training for this current cohort will finish at the end of January 2018. The total cost of the accelerated training for the ten month period is £0.379m.

### 6.4 Prescribing

6.4.1 A break-even position is reported in respect of prescribing.

6.4.2 The prescribing costs reflect the position to May 2017 at this stage. Each year, prescribing costs will increase as a result of inflationary price increases, the impact of demographic growth and the availability of new drugs. In order to mitigate these increasing costs in 2017/2018, action is being taken to achieve prescribing cost savings of £1.2m. Prescribing costs will continue to be monitored and reliance will be placed on Prescribing Quality and Efficiency Programme to manage prescribing activity.

### 6.5 Hosted Services Led By North Lanarkshire

6.5.1 The hosted services which are led by the North Lanarkshire HSCP are outlined at Appendix 2.

6.5.2 There is an underspend of £0.422m. This includes an underspend of £0.161m in respect of children and adolescents mental health services, an underspend of £0.111m across childrens'

services , an underspend of £0.070m across mental health services and an underspend of £0.054 across dietetics services. The main reason for the underspends is vacancies including psychologists, nursing, dieticians, occupational therapists, medical, admin and clerical staff.

6.5.3 In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred. With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends.

## **6.6 Hosted Services Led By South Lanarkshire**

6.6.1 The hosted services which are led by the South Lanarkshire HSCP are outlined at Appendix 3. In-line with the hosted services agreement, a break-even position is reported.

## **6.7 Set-Aside Activity**

6.7.1 The set-aside budget represents the consumption of hospital resources by North Lanarkshire residents and is included in the total resources for 2017/2018.

6.7.2 The set-aside budget has not yet been updated and continues to be based on 2014/2015 activity levels which are costed at 2016/2017 price levels.

6.7.3 The Director of Finance of NHS Lanarkshire is liaising with the Information Services Division to confirm accurate 2015/2016 activity levels which will then be costed at 2017/2018 price levels. Once this information is available, the set-aside budget will be updated.

## **6.8 Social Care Services**

6.8.1 A net overspend is reported of £1.569m.

6.8.2 The main factors contributing to this position at 18<sup>th</sup> August 2017 include the following:

- The shortfall in income of £1.289 million is due to the changes in the charging policy and also assumptions in respect of the recurring resource transfer funding and integrated care funding. Work is ongoing to address the impact of these variances.
- There is an overspend of £0.486 million in respect of employee cost pressures resulting from demand in the home support service coupled with turnover over savings and incremental pay increases. This overspend is partially offset by management action including vacancy control and the management of overtime.
- There is an overspend of £0.390 million as a result of the demand for the home support service across the independent home care providers. This overspend incorporates the full year impact of the living wage.
- There is an overspend of £0.235 million across the independent care home budgets as a result of inflationary rises from national care home contract as well as anticipated growth within this budget line.
- There is an overspend of £0.088 million in relation to equipment and adaptations services.
- There is an overspend of £0.075 million in private sector housing grants as a result of the level of demand for adaptations.
- There is an underspend of £0.412 million across the development initiative budget and flexibility budgets.

- There is an underspend of £0.369 million across self directed support services. The review of care packages including the introduction of assistive technology is currently enabling the service to manage significant cost pressures in this area.
  - There is an underspend of £0.134 million in respect of vehicle contract hires, fuel and mileage based on past year trends.
- 6.8.3 North Lanarkshire Council committed to providing additional funding of £9.200m to support social care pressures subject to certain milestones being met.
- 6.8.4 The funding gap on 1 April 2017 was £7.800 million.
- 6.8.5 A number of management actions were introduced which included the continuing review of self directed support budget provision, management of vacancies, reduction in transport costs, transfer of homecare hours to the independent sector and the continued curtailment of non-essential expenditure. As a result, the funding gap has significantly reduced.
- 6.8.6 An early indication of the projected position at 31 March 2018, based on the known commitments at August 2017, shows that the level of overspend for social care services within the partnership could result in an overspend of up to £4.077m for 2017/2018. This projected outturn position reflects cost pressures relating to increased demand from demographic pressures as well as employee and contract inflation uplifts.
- 6.8.7 Further management action is required to address the remaining funding gap of £4.077m.

## **7. Conclusion**

- 7.1.1 The overall financial position continues to be reviewed and will be updated through the routine monitoring process where any material change is identified over the course of the financial year.

## **8. Action**

- 8.1 The Chief Accountable Officer, Chief Financial Officer and the HSCP Management Team continue to manage and review the budget across all areas of the partnership.
- 8.2 The social care services position is being closely monitored. It is recognised that the requirement for home care services is difficult to predict. The projected overspend may increase should the level of demand fluctuate, particularly over the winter period. In monitoring the position, Social Work Services are working to minimise the level of overspend being incurred.

## **9. Reserves**

- 9.1 At 31 March 2017, the IJB approved the transfer of £7.462 million to reserves, of which £3.168 million was earmarked for specific commitments. A balance of £4.294 million was available as a general fund contingency.
- 9.2 A separate report is being presented to seek the endorsement of the FAC to a test of change for Integrated Support Workers to meet the increase in activity levels during the winter period. If the test of change is endorsed, £0.250 million of the balance of reserves would be required to fund this cost for a temporary 6 month period.
- 9.3 The balance on the general fund would then be £4.044 million. Notwithstanding the actions to address the overspend which the management team are progressing, as part of the budget recovery plan for the partnership, the FAC are asked to agree in principle that the general fund balance of £4.044 million is ear-marked as a contingency to meet the overspend on social care services to the extent that it is not been reduced by the management actions by 31 March 2018.

**10. IMPLICATIONS**

**10.1 NATIONAL OUTCOMES**

The effective management of financial resources contributes to the achievement of the national outcomes.

**10.2 ASSOCIATED MEASURE(S)**

Each partner is required to remain within their approved budgetary provision. Where significant deviations are identified, a recovery plan will be agreed as appropriate.

**10.3 FINANCIAL**

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
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The main risk associated with the in-scope budget is that either or both partners may overspend.

Prescribing costs represent a high risk area within the NHS element of the partnership's budget

The respective risks are managed by both NHS Lanarkshire and North Lanarkshire Council through their detailed budget management and probable outturn arrangements. The recommendation to earmark the uncommitted balance of the IJB reserves fund of £4.044 million mitigates part of this risk in 2017/2018 on a non-recurring basis.

**10.4 PEOPLE**

None

**10.5 INEQUALITIES**

EQIA Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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**10.6 CARBON MANAGEMENT IMPLICATIONS**

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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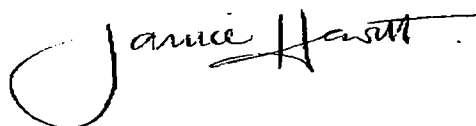
**11. BACKGROUND PAPERS**

None.

**12. APPENDICES**

North Lanarkshire Health and Social Care Partnership Budget  
Hosted Services Led By North Lanarkshire  
Hosted Services Led By South Lanarkshire

Appendix 1  
Appendix 2  
Appendix 3



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CHIEF ACCOUNTABLE OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.

<b>NORTH LANARKSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET</b>	<b>ANNUAL BUDGET 2017/2018 £m</b>
<b>Health Care Services</b>	
Locality and Other Services	29.220
Addiction Services	2.497
Medical and Nursing Directorate	1.297
Prescribing	72.035
Out of Area Services	3.567
Area Wide Services	6.167
Hosted Services	154.819
Set-Aside Budget	60.000
<b>Expenditure - Sub Total</b>	<b>329.602</b>
<b>Social Care Services</b>	
Social Work Services	229.427
Housing Services	2.266
<b>Gross Expenditure</b>	<b>231.693</b>
Gross Income	(10.676)
<b>Net Expenditure - Sub Total</b>	<b>221.017</b>
<b>TOTAL EXPENDITURE</b>	<b>550.619</b>
<b>FUNDED BY:</b>	
NLC Funding	169.940
<b>Total - SLC</b>	<b>169.940</b>
NHS Lanarkshire Funding	337.673
Social Care Funding	21.565
Resource Transfer	21.441
Transfer of Hosted Services Funding From South Lanarkshire IJB	0.000
Transfer of Hosted Services Funding To South Lanarkshire IJB	0.000
<b>Total - NHSL</b>	<b>380.679</b>
<b>TOTAL</b>	<b>550.619</b>

<b>YEAR TO DATE</b>	
<b>BUDGET July 2017 £m</b>	<b>ACTUAL July 2017 £m</b>
9.756	9.844
0.833	0.750
0.453	0.627
24.012	24.012
1.107	1.103
2.056	2.019
51.913	51.491
20.000	20.000
<b>110.130</b>	<b>109.846</b>
65.476	65.755
0.686	0.686
<b>66.162</b>	<b>66.441</b>
(1.577)	(0.287)
<b>64.585</b>	<b>66.154</b>

<b>YEAR TO DATE VARIANCE</b>		
<b>GENERAL July 2017 £m</b>	<b>RING-FENCED July 2017 £m</b>	<b>TOTAL July 2017 £m</b>
(0.088)		(0.088)
0.083		0.083
(0.174)		(0.174)
0.000		0.000
0.004		0.004
0.037		0.037
0.422		0.422
0.000		0.000
<b>0.284</b>	<b>0.000</b>	<b>0.284</b>
(0.279)		(0.279)
0.000		0.000
<b>(0.279)</b>		<b>(0.279)</b>
(1.289)		(1.289)
<b>(1.569)</b>		<b>(1.569)</b>

Hosted Services

Appendix 2

Led by the North Partnership	TOTAL Annual Budget 2017/2018 £m
Sexual health Services	2.275
Continence Services	2.161
Immunisation Services	0.639
Speech and Language Therapy Services	4.950
Children and Adolescents Mental Health Services	5.331
Childrens Services	9.881
Integrated Equipment and Adaptations Store	0.540
Dietetics Services	3.181
Podiatry Services	3.670
Prisoner Healthcare Services	1.411
Blood Borne Viruses Services	1.586
Mental Health Services	58.745
<b>TOTAL</b>	<b>94.370</b>

North Lanarkshire IJB - 51% Share			
Annual Budget 2017/2018 £m	YTD Budget July 2017 £m	YTD Actual July 2017 £m	YTD Variance July 2017 £m
1.160	0.387	0.367	0.020
1.102	0.368	0.348	0.020
0.326	0.109	0.204	(0.095)
2.525	0.842	0.811	0.031
2.719	0.922	0.761	0.161
5.039	1.680	1.569	0.111
0.275	0.092	0.092	0.000
1.622	0.542	0.488	0.054
1.872	0.624	0.593	0.031
0.720	0.240	0.221	0.019
0.809	0.243	0.243	0.000
29.960	10.090	10.020	0.070
<b>48.129</b>	<b>16.138</b>	<b>15.716</b>	<b>0.422</b>

South Lanarkshire IJB - 49% Share			
Annual Budget 2017/2018 £m	YTD Budget July 2017 £m	YTD Actual July 2017 £m	YTD Variance July 2017 £m
1.115	0.372	0.372	0.000
1.059	0.353	0.353	0.000
0.313	0.104	0.104	0.000
2.426	0.809	0.809	0.000
2.612	0.885	0.885	0.000
4.842	1.614	1.614	0.000
0.265	0.088	0.088	0.000
1.559	0.520	0.520	0.000
1.798	0.600	0.600	0.000
0.691	0.231	0.231	0.000
0.777	0.233	0.233	0.000
28.785	9.695	9.695	0.000
<b>46.241</b>	<b>15.505</b>	<b>15.505</b>	<b>0.000</b>

Hosted Services

Led by the South Partnership	TOTAL Annual Budget 2017/2018 £m
Community Dental Services	6.222
Out of Hours Services	5.783
Diabetic Services	2.869
Occupational Therapy Services	6.660
Palliative Care Services	1.636
Primary Care Services	0.622
Physiotherapy Services	8.001
<b>Sub Total</b>	<b>31.793</b>
<b>Ring Fenced Funding</b>	
Family Health Services	173.700
Primary Care Transformation Fund	3.703
<b>Sub Total</b>	<b>177.403</b>
<b>Total</b>	<b>209.196</b>

North Lanarkshire IJB - 51% Share			
Annual Budget 2017/2018 £m	YTD Budget July 2017 £m	YTD Actual July 2017 £m	YTD Variance July 2017 £m
3.173	1.057	1.057	0.000
2.949	0.986	0.986	0.000
1.463	0.487	0.487	0.000
3.397	1.134	1.134	0.000
0.834	0.258	0.258	0.000
0.317	0.106	0.106	0.000
4.081	1.357	1.357	0.000
<b>16.214</b>	<b>5.384</b>	<b>5.384</b>	<b>0.000</b>
88.587	30.004	30.004	0.000
1.889	0.387	0.387	0.000
<b>90.476</b>	<b>30.391</b>	<b>30.391</b>	<b>0.000</b>
<b>106.690</b>	<b>35.775</b>	<b>35.775</b>	<b>0.000</b>

South Lanarkshire IJB - 49% Share			
Annual Budget 2017/2018 £m	YTD Budget July 2017 £m	YTD Actual July 2017 £m	YTD Variance July 2017 £m
3.049	1.015	0.817	0.198
2.834	0.948	0.939	0.009
1.406	0.468	0.509	(0.041)
3.263	1.089	1.028	0.061
0.802	0.247	0.230	0.017
0.305	0.102	0.081	0.021
3.920	1.303	1.333	(0.030)
<b>15.579</b>	<b>5.173</b>	<b>4.938</b>	<b>0.235</b>
85.113	28.828	28.828	0.000
1.814	0.372	0.202	0.170
<b>86.927</b>	<b>29.200</b>	<b>29.030</b>	<b>0.170</b>
<b>102.506</b>	<b>34.373</b>	<b>33.968</b>	<b>0.405</b>