



REPORT

Item No: 3

SUBJECT:	Financial Monitoring Report 2017/2018
TO:	Finance and Audit Sub-Committee
Lead Officer for Report:	Chief Accountable Officer
Author(s) of Report	Chief Financial Officer
DATE:	14 November 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"/>
--------------	-------------------------------------	-----------------	--------------------------	------------	--------------------------

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 30 September 2017 (Health Care Services) and 13 October 2017 (Social Work and Housing 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
---	-------------------------------

3. RECOMMENDATIONS

3.1 The FAC is asked to agree the following recommendations:

- (1) Note the contents of the report; and
- (2) 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 second 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 September 2017/October 2017 is summarised as follows:

- ◆ there is an underspend of £1.516m on health care services
- ◆ there is an overspend of £1.756m 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 underspend of £0.314m.

6.1.2 Budgets have been realigned and recurring funding has been allocated to the localities and other services. This includes the cost of three high cost care packages in year. The budget for the Community Assessment and Rehabilitation Service (CARS) team of £1.446m has also been realigned from the set-aside notional allocation for hospital services to the directly managed locality services.

6.1.3 The underspend is mainly due to vacancies across nursing services, occupational therapy services, psychology services and administration and clerical support services. The average vacancy factor is currently 3.4%. This compares to an average vacancy factor of 3.4% during 2016/17.

6.2 Addiction Services

6.2.1 There is an underspend of £0.143m.

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 underspend of £0.089m.

6.3.2 The nursing directorate is underspent by £0.081m. Additional funding for Health Visitor posts has been received from the Scottish Government. This will fund the costs of the new trainees in the September 2017 and February 2018 cohorts. The cost of the trainee nursing staff covering Health Visiting and District Nursing which was agreed in 2016/2017 is also being offset by this underspend. The cost for the 10 month training programme for this current cohort, which will conclude at the end of January 2018, is £0.379m.

6.3.3 There is also an underspend of £0.008m within the medical directorate.

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 July 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. The overall cost per patient has increased again in July 2017 but the items remain lower than the same period last year. Drugs shortages are now apparent and this has increased the cost in year.

6.4.3 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 overall underspend of £0.864m which includes the following hosted services:

▪ Children and adolescents mental health services	£0.261m
▪ Childrens' services	£0.145m
▪ Speech and language therapy services	£0.139m
▪ Dietetics services	£0.100m
▪ Mental health services	£0.073m

6.5.3 The main reason for the underspend is vacancies including nurses, pharmacists, speech therapists, psychologists, dieticians, occupational therapists, medical, podiatrists, admin and clerical staff. Additional funding has also been allocated in the Immunisation Service to cover the Scottish Government funded vaccine costs.

6.5.4 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. The set-aside budget continues to be based on 2014/2015 activity levels which are costed at 2016/2017 price levels.

6.7.2 The budget for the CARS team of £1.446m has been realigned from the set-aside notional allocation for hospital services to the directly managed locality services. As a result, the set-aside allocation will be reduced by £1.446m from £60m to £58.554m.

6.7.3 The Chief Financial Officer and the NHSL Director of Finance are considering the options to improve the monitoring arrangements for the hospital acute services. The Director of Finance of NHS Lanarkshire has been progressing discussions 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 £1.756m as at 13 October 2017. Projected growth in elderly demographics and the increasing complexity of need, together with inflationary rises, are largely driving cost pressures across home support, care home placements and adaptations.

6.8.2 The main factors contributing to this position at 13th October 2017 include the following:

- The shortfall in income of £2.101 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. External income is also lower than anticipated however this is offset by corresponding reductions in employee costs.
- The overspend in respect of the independent care home budgets has increased by £0.901m from £0.235m in August 2017 to £1.136 million in October 2017. This reflects additional demand for care home placements and also the inflationary increases from the national care home contract. The number of care home admissions in North Lanarkshire between April

2017 and September 2017 was 273. The number of admissions at the same point last year was 237.

- The overspend in respect of independent home care providers has increased by £0.527m from £0.390m in August 2017 to £0.917m in October 2017. This overspend reflects the increase in the number of hours provided by the independent sector and also incorporates the full year impact of the living wage.
- There is an overspend of £0.145 million in private sector housing grants as a result of the level of demand for adaptations.
- There is an overspend of £0.094 million in relation to equipment and adaptations services.
- There is an underspend of £0.016m in respect of employee costs. Employee costs continue to include pressures as a result of the demand in the home support service coupled with turnover savings and incremental pay increases. These overspends however have been offset by management actions including vacancy control and the management of overtime. The change in the timeline for the implementation of pension auto-enrolment to 1 April 2019 is also a contributory factor to the underspend. This represents a favourable movement of £0.503m since the 18th August 2017.
- There is an underspend of £0.193m in respect of direct payments.
- There is an underspend of £0.245 million in respect of vehicle contract hires, fuel and mileage based on past year trends.
- There is an underspend of £0.769 million across the development initiative budget and flexibility budgets.
- There is an underspend of £1.327 million across self directed support services. The review of care packages, the annual budget review and the introduction of assistive technology are currently enabling the service to manage significant cost pressures in this area including the payment of the Scottish living wage.

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. The funding gap on 1 April 2017 was £7.800 million. 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, based on the known commitments as at August 2017, the funding gap significantly reduced to £4.077m.

6.8.4 Based on the known commitments as at October 2017, the level of overspend for social care services within the partnership has reduced by a further £0.815m. The projected overspend for 2017/2018 could therefore be up to £3.262m for 2017/2018. This projected outturn position continues to reflect cost pressures relating to increased demand from demographic pressures as well as employee and contract inflation uplifts.

6.8.5 Further management action is required to reduce the remaining funding gap of £3.262m. These include further vacancy management, continuing to review cost pressures within the Home Support Service, engaging with partner providers and the introduction of practice reviews across a number of care groups. The impact of these management actions on the projected overspend will be reflected in future monitoring reports

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 continues to be 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 At a special meeting on 26th October 2017, in order to provide additional capacity to meet increased activity levels during the winter period, the Integration Joint Board approved the allocation of reserves up to £0.250m to fund the test of change in respect of an Integrated Support Worker role within NHS Lanarkshire for a six month period.

9.3 The balance on the general fund as at 14 November 2017 is now £4.044 million. The North Lanarkshire IJB Reserves Position Statement is attached at appendix 4.

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"/>
-----	-------------------------------------	----	--------------------------	-----	--------------------------

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.

10.4 PEOPLE

None

10.5 INEQUALITIES

EQIA Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

10.6 CARBON MANAGEMENT IMPLICATIONS

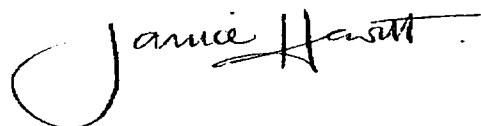
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

11. BACKGROUND PAPERS

None.

12. APPENDICES

North Lanarkshire Health and Social Care Partnership Budget	Appendix 1
Hosted Services Led By North Lanarkshire	Appendix 2
Hosted Services Led By South Lanarkshire	Appendix 3
North Lanarkshire IJB Reserves Position Statement	Appendix 4



.....
CHIEF ACCOUNTABLE OFFICER (or Depute)

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

NORTH LANARKSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET	ANNUAL BUDGET 2017/2018 £m
Health Care Services	
Locality and Other Services	30.671
Addiction Services	2.569
Medical and Nursing Directorate	1.968
Prescribing	72.035
Out of Area Services	3.672
Area Wide Services	6.651
Hosted Services	155.905
Set-Aside Budget	58.554
Expenditure - Sub Total	332.025
Social Care Services	
Social Work Services	229.427
Housing Services	2.266
Gross Expenditure	231.693
Gross Income	(10.676)
Net Expenditure - Sub Total	221.017
TOTAL EXPENDITURE	553.042
FUNDED BY:	
NLC Funding	169.940
Total - SLC	169.940
NHS Lanarkshire Funding	340.096
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
Total - NHSL	383.102
TOTAL	553.042

YEAR TO DATE	
BUDGET Sept / Oct 2017 £m	ACTUAL Sept / Oct 2017 £m
15.382	15.068
1.276	1.133
0.986	0.897
36.017	36.017
1.754	1.695
2.981	2.934
77.723	76.859
29.277	29.277
165.396	163.880
100.892	100.547
1.149	1.149
102.041	101.696

YEAR TO DATE VARIANCE		
GENERAL Sept / Oct 2017 £m	RING-FENCED Sept / Oct 2017 £m	TOTAL Sept / Oct 2017 £m
0.314		0.314
0.143		0.143
0.089		0.089
0.000		0.000
0.059		0.059
0.047		0.047
0.864		0.864
0.000		0.000
1.516	0.000	1.516
0.345		0.345
0.000		0.000
0.345		0.345
(2.101)		(2.101)
(1.756)	0.000	(1.756)

Hosted Services

Appendix 2

Led by the North Partnership	TOTAL Annual Budget 2017/2018 £m
Sexual health Services	2.309
Continence Services	2.161
Immunisation Services	2.061
Speech and Language Therapy Services	5.160
Children and Adolescents Mental Health Services	5.375
Childrens Services	9.922
Integrated Equipment and Adaptations Store	0.540
Dietetics Services	3.183
Podiatry Services	3.670
Prisoner Healthcare Services	1.414
Blood Borne Viruses Services	1.586
Mental Health and Learning Disability Services	59.147
TOTAL	96.528

North Lanarkshire IJB - 51% Share			
Annual Budget 2017/2018 £m	YTD Budget Sept 2017 £m	YTD Actual Sept 2017 £m	YTD Variance Sept 2017 £m
1.178	0.589	0.573	0.016
1.102	0.551	0.484	0.067
1.051	0.392	0.336	0.056
2.632	1.312	1.173	0.139
2.741	1.394	1.133	0.261
5.060	2.526	2.381	0.145
0.275	0.138	0.138	0.000
1.623	0.787	0.687	0.100
1.872	0.937	0.954	(0.017)
0.721	0.362	0.338	0.024
0.809	0.370	0.370	0.000
30.165	15.228	15.155	0.073
49.229	24.586	23.722	0.864

South Lanarkshire IJB - 49% Share			
Annual Budget 2017/2018 £m	YTD Budget Sept 2017 £m	YTD Actual Sept 2017 £m	YTD Variance Sept 2017 £m
1.131	0.566	0.566	0.000
1.059	0.529	0.529	0.000
1.010	0.377	0.377	0.000
2.528	1.261	1.261	0.000
2.634	1.339	1.339	0.000
4.862	2.427	2.427	0.000
0.265	0.132	0.132	0.000
1.560	0.757	0.757	0.000
1.798	0.900	0.900	0.000
0.693	0.347	0.347	0.000
0.777	0.355	0.355	0.000
28.982	14.631	14.631	0.000
47.299	23.621	23.621	0.000

Led by the South Partnership	TOTAL Annual Budget 2017/2018 £m	North Lanarkshire IJB - 51% Share				South Lanarkshire IJB - 49% Share			
		Annual Budget 2017/2018 £m	YTD Budget Sept 2017 £m	YTD Actual Sept 2017 £m	YTD Variance Sept 2017 £m	Annual Budget 2017/2018 £m	YTD Budget Sept 2017 £m	YTD Actual Sept 2017 £m	YTD Variance Sept 2017 £m
Community Dental Services	5.994	3.057	1.525	1.525	0.000	2.937	1.465	1.284	0.181
Out of Hours Services	5.783	2.949	1.495	1.495	0.000	2.834	1.436	1.433	0.003
Diabetic Services	2.892	1.475	0.730	0.730	0.000	1.417	0.701	0.762	(0.061)
Occupational Therapy Services	6.754	3.445	1.699	1.699	0.000	3.309	1.633	1.594	0.039
Palliative Care Services	1.636	0.834	0.417	0.417	0.000	0.802	0.401	0.354	0.047
Primary Care Services	0.622	0.317	0.159	0.159	0.000	0.305	0.152	0.130	0.022
Physiotherapy Services	8.112	4.137	2.042	2.042	0.000	3.975	1.961	1.953	0.008
Sub Total	31.793	16.214	8.066	8.066	0.000	15.579	7.750	7.511	0.239
Ring Fenced Funding									
Family Health Services	173.700	88.587	44.356	44.356	0.000	85.113	42.617	42.617	0.000
Primary Care Transformation Fund	3.675	1.874	0.715	0.715	0.000	1.801	0.687	0.343	0.344
Sub Total	177.375	90.461	45.071	45.071	0.000	86.914	43.304	42.960	0.344
TOTAL	209.168	106.676	53.137	53.137	0.000	102.492	51.053	50.470	0.583

North Lanarkshire IJB Reserves Position Statement

Appendix 4

North Lanarkshire IJB Movement In Reserves	NHSL £m	NLC £m	Total £m	Approval
Balance As At 1 April 2016	0.000	0.000	0.000	
Transfer to Reserves				
Year-end underspend	5.238	2.224	7.462	IJB Report 18th July 2017
Sub Total	5.238	2.224	7.462	
Transfer from Reserves				
None	0.000	0.000	0.000	
Sub Total	0.000	0.000	0.000	
Balance As At 31 March 2017	5.238	2.224	7.462	
Balance As At 1 April 2016	5.238	2.224	7.462	
Transfer to Reserves				
			0.000	
Sub Total	0.000	0.000	0.000	
Transfer from Reserves				
Mental Health and Learning Disability Fund	0.363	0.000	0.363	IJB Report 18th July 2017
Alcohol and Drug Partnership Fund	0.403	0.000	0.403	IJB Report 18th July 2017
Mental Health Service Redesign	0.600	0.000	0.600	IJB Report 18th July 2017
Physical Activity Programmes	0.267	0.000	0.267	IJB Report 18th July 2017
Veterans Fund	0.016	0.000	0.016	IJB Report 18th July 2017
Training Fund	0.246	0.000	0.246	IJB Report 18th July 2017
Prescribing Fund	0.616	0.000	0.616	IJB Report 18th July 2017
Adaptations Fund	0.000	0.249	0.249	IJB Report 18th July 2017
Mobile Device Refresh Project	0.000	0.140	0.140	IJB Report 18th July 2017
Integrated Equipment and Adaptations Service	0.000	0.091	0.091	IJB Report 18th July 2017
Financial Inclusion Services	0.000	0.077	0.077	IJB Report 18th July 2017
Bellhaven and Chilterns Project	0.000	0.100	0.100	IJB Report 18th July 2017
Integrated Support Worker	0.250	0.000	0.250	IJB Report 26th October 2017
Sub Total	2.761	0.657	3.418	
Balance As At 18th July 2017	2.477	1.567	4.044	