

# REPORT

Item No: 6

<b>SUBJECT:</b>	Financial Monitoring Report 2017/2018
<b>TO:</b>	Performance, Finance and Audit Committee
<b>Lead Officer for Report:</b>	Chief Accountable Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	10 January 2018

## 1. PURPOSE OF REPORT

1.1 This paper is coming to the Performance, Finance and Audit Committee (PFA):

For approval	<input checked="" type="checkbox"/>	For endorsement	<input type="checkbox"/>	For noting	<input type="checkbox"/>
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1.2 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 November 2017 (Health Care Services) and 8 December 2017 (Social Work and Housing Services).

## 2. ROUTE TO THE PERFORMANCE, FINANCE AND AUDIT COMMITTEE:

2.1 This paper has been:

Prepared By: Chief Financial Officer	Reviewed By: Chief Accountable Officer
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## 3. RECOMMENDATIONS

3.1 The PFA 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 third financial monitoring report presented in respect of the financial year 2017/2018. Further reports will follow throughout the year.

## 5. CONCLUSIONS

5.1 The financial position as at November 2017/December 2017 is summarised as follows:

- ◆ there is an underspend of £1.493m on health care services
- ◆ there is an overspend of £0.384m on social care services

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

- 5.3 Based on known commitments, the year-end outturn as at 31 March 2018 is projected to be:
- ◆ an underspend of £1.300m on health care services
  - ◆ an overspend of £0.556m on social care services

## **6. REASONS FOR MAJOR VARIANCES**

### **6.1 Locality and Other Services**

6.1.1 There is a net underspend of £0.622m.

6.1.2 The underspend on employee costs totals £0.651m and is mainly due to vacancies across nursing services, occupational therapy services and administration and clerical support services. Additional health visiting funding has also been included in the locality budgets. The total underspend is offset by overspends, the most significant of which is the out of hours nursing service of £0.061m due to the cost of increments and the level of enhancements. The average vacancy factor is currently 3.4%. This compares to an average vacancy factor of 3.4% during 2016/17.

6.1.3 There are underspends across the localities on non-pay costs in respect of travel costs and drug expenditure.

### **6.2 Addiction Services**

6.2.1 There is an underspend of £0.180m.

6.2.2 The underspend is due mainly to vacancies across the nursing and psychology services.

### **6.3 Medical and Nursing Directorate**

6.3.1 There is a net overspend of £0.173m.

6.3.2 The nursing directorate is overspent by £0.184m. This includes the cost of the trainee nursing staff covering Health Visiting and District Nursing which was agreed in 2016/2017. The cost for the 10 month training programme for this current cohort, which will conclude at the end of January 2018, is £0.379m. The additional funding received for Health Visitor posts has been moved to the localities budgets. This will fund the costs of the new trainees in the September 2017 and February 2018 cohorts.

6.3.3 There is also an underspend of £0.011m within the medical directorate.

### **6.4 Prescribing**

6.4.1 There is an overspend of £0.145m.

6.4.2 The prescribing costs reflect the position to September 2017 at this stage. The overall cost per patient has reduced in September 2017 but the item numbers are now increasing. 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 £0.936m which includes the following hosted services:

▪ Children and adolescents mental health services	£0.307m
▪ Speech and language therapy services	£0.168m
▪ Childrens' services	£0.163m

▪ Dietetics services	£0.134m
▪ Mental health services	£0.090m

6.5.3 The underspend on employee costs totals £1.554m and is mainly due to vacancies across nursing services, medical services, pharmacy services, speech therapists, psychology services, dieticians, podiatrists and administration and clerical support services. The total underspend is offset by overspends, the most significant of which is the medical costs of £0.237m due to the cost of locums.

6.5.4 There are overspends within the Mental Health and Learning Disability hosted services on non-pay costs which total £0.593m within Learning Disabilities, Adult Psychotherapy, Eating Disorders, Forensic Psychiatry, Psychological Therapies and the unit management team. The overspends are offset by underspends totalling £0.200m in respect of surgical sundries, paramedical supplies, travel costs and drug expenditure.

6.5.5 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 Additional NHS Lanarkshire In-Year Funding**

6.7.1 Additional in-year funding allocations totalling £2.937m for the North Lanarkshire IJB were received in October 2017 and November 2017. This includes the realignment of £2.289m from the South Lanarkshire IJB Out of Area Services to the Hosted Service for palliative care services which is led by the South Lanarkshire IJB.

## **6.8 Set-Aside Activity**

6.8.1 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.

6.8.2 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 was reduced by £1.446m from £60m to £58.554m.

6.8.3 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.

## **6.9 Social Care Services**

6.9.1 A net overspend is reported of £0.384m as at 8<sup>th</sup> December 2017. This represents a favourable movement of £1.372m from the overspend previously reported of £1.756m as at 13<sup>th</sup> October 2017.

6.9.2 Based on the known commitments as at December 2017, the projected overspend on social care services as at 31 March 2018 has also been revised to £0.556m. This projected outturn position continues to reflect the projected growth in elderly demographics, the increasing complexity of need and employee and contract inflation uplifts.

6.9.3 The main factors contributing to the favourable movements at 8<sup>th</sup> December 2017 include the financial effect of vacancies, reduced overtime costs and lower than anticipated pressures within the Independent Care Homes and Self Directed Support. The following significant variances are highlighted:

- The shortfall in income of £2.685 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 income under-recovery is anticipated to increase to £3.879m by 31 March 2018.
- The overspend in respect of independent home care providers is £1.420m and is anticipated to increase to £2.051m by 31 March 2018. 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.
- The overspend in respect of the independent care home budgets is £0.950m and is anticipated to increase to £1.372m by 31 March 2018. This reflects additional demand for care home placements and also the inflationary increases from the national care home contract.
- There is an overspend of £0.187m in private sector housing grants as a result of the level of demand for adaptations. This is anticipated to increase to £0.270m by 31 March 2018
- There is an overspend of £0.170 million in relation to equipment and adaptations services. This is projected to increase to an overspend of £0.246m by 31 March 2018.
- There is an overspend of £0.152m in respect of the Family Placement budgets. This overspend is largely attributable to Kinship Care Payments and it is anticipated to increase to £0.220m by 31 March 2018. The position will be closely monitored.
- There is an underspend of £0.392 million in respect of vehicle contract hires, fuel and mileage based on past year trends. This is projected to increase to an underspend of £0.566m by 31 March 2018.
- There is an underspend of £0.397m in respect of direct payments. This is anticipated to increase to £0.573m by 31 March 2018.
- There is an underspend of £1.069 m in respect of employee costs. This is projected to increase to an underspend of £1.544m by 31 March 2018. This variance is primarily as a result of management actions including vacancy control, the management of overtime and management actions to reduce costs in relation to the Home Support Service. 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 18<sup>th</sup> August 2017. Notwithstanding the effect of these actions, 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.
- There is an underspend of £1.017 million across the development initiative budget and flexibility budgets. This is projected to increase to an underspend of £1.469m by 31 March 2018.
- There is an underspend of £2.305 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. This is projected to increase to an underspend of £3.329m by 31 March 2018.

- 6.9.4 Projected growth in elderly demographics and the increasing complexity of need, together with inflationary rises, are largely driving cost pressures in this area across home support, care home placements and adaptations. A favourable outturn movement in relation to the Independent Care Home budget is largely reflective of the positive work within the home support service to change the balance of care, resulting in more service users being maintained within their own home as opposed to being placed within a Care Home.

## **7. CONCLUSION**

- 7.1 In order to maintain a balanced budget position in the 2017/2018 financial year, further cost reductions of £0.556m are required. 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 a special meeting on 12<sup>th</sup> December 2017, the IJB approved the allocation of reserves of £0.840m to contribute to the implementation of the Palliative Care Services Strategy. The balance on the general fund is now therefore £3.204 million.
- 9.2 The North Lanarkshire IJB Reserves Position Statement is attached at appendix 5.

## **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.

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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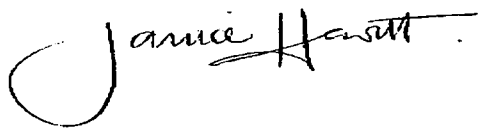
11. BACKGROUND PAPERS

None.

12. APPENDICES

North Lanarkshire Health and Social Care Partnership Budget  
 Hosted Services Led By North Lanarkshire  
 Hosted Services Led By South Lanarkshire  
 North Lanarkshire IJB Reserves Position Statement

Appendix 1  
 Appendix 2  
 Appendix 3  
 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
<b>Health Care Services</b>	
Locality and Other Services	31.060
Addiction Services	2.569
Medical and Nursing Directorate	1.597
Prescribing	72.036
Out of Area Services	3.672
Area Wide Services	6.833
Hosted Services	158.641
Set-Aside Budget	58.554
<b>Expenditure - Sub Total</b>	<b>334.962</b>
<b>Social Care Services</b>	
Social Work Services	229.560
Housing Services	2.266
<b>Gross Expenditure</b>	<b>231.826</b>
Gross Income	(10.904)
<b>Net Expenditure - Sub Total</b>	<b>220.922</b>
<b>TOTAL EXPENDITURE</b>	<b>555.884</b>
<b>FUNDED BY:</b>	
NLC Funding	169.844
<b>Total - SLC</b>	<b>169.844</b>
NHS Lanarkshire Funding	343.033
Social Care Funding	21.566
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>386.040</b>
<b>TOTAL</b>	<b>555.884</b>

YEAR TO DATE	
BUDGET Nov / Dec 2017 £m	ACTUAL Nov / Dec 2017 £m
20.693	20.071
1.714	1.534
1.067	1.240
48.024	48.169
2.344	2.350
3.984	3.905
105.898	104.962
39.036	39.036
<b>222.760</b>	<b>221.267</b>
137.131	134.830
1.408	1.408
<b>138.539</b>	<b>136.238</b>

YEAR TO DATE VARIANCE		
GENERAL Nov / Dec 2017 £m	RING-FENCED Nov / Dec 2017 £m	TOTAL Nov / Dec 2017 £m
0.622		0.622
0.180		0.180
(0.173)		(0.173)
(0.145)		(0.145)
(0.006)		(0.006)
0.079		0.079
0.936		0.936
0.000		0.000
<b>1.493</b>	<b>0.000</b>	<b>1.493</b>
2.301		2.301
0.000		0.000
<b>2.301</b>		<b>2.301</b>
(2.685)		(2.685)
<b>(0.384)</b>	<b>0.000</b>	<b>(0.384)</b>

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	2.058
Speech and Language Therapy Services	5.192
Children and Adolescents Mental Health Services	5.407
Childrens Services	9.911
Integrated Equipment and Adaptations Store	0.540
Dietetics Services	3.185
Podiatry Services	3.671
Prisoner Healthcare Services	1.415
Blood Borne Viruses Services	1.586
Mental Health and Learning Disability Services	59.369
<b>TOTAL</b>	<b>96.804</b>

North Lanarkshire IJB - 51% Share			
Annual Budget 2017/2018 £m	YTD Budget Nov 2017 £m	YTD Actual Nov 2017 £m	YTD Variance Nov 2017 £m
1.178	0.785	0.778	0.007
1.102	0.734	0.668	0.066
1.050	0.802	0.852	(0.050)
2.648	1.752	1.584	0.168
2.758	1.857	1.550	0.307
5.055	3.370	3.207	0.163
0.275	0.184	0.184	0.000
1.624	1.063	0.929	0.134
1.872	1.249	1.226	0.023
0.722	0.480	0.452	0.028
0.809	0.497	0.497	0.000
30.278	20.303	20.213	0.090
<b>49.370</b>	<b>33.077</b>	<b>32.141</b>	<b>0.936</b>

South Lanarkshire IJB - 49% Share			
Annual Budget 2017/2018 £m	YTD Budget Nov 2017 £m	YTD Actual Nov 2017 £m	YTD Variance Nov 2017 £m
1.131	0.754	0.754	0.000
1.059	0.706	0.706	0.000
1.008	0.771	0.771	0.000
2.544	1.683	1.683	0.000
2.649	1.785	1.785	0.000
4.856	3.238	3.238	0.000
0.265	0.176	0.176	0.000
1.561	1.022	1.022	0.000
1.799	1.200	1.200	0.000
0.693	0.461	0.461	0.000
0.777	0.478	0.478	0.000
29.091	19.506	19.506	0.000
<b>47.434</b>	<b>31.779</b>	<b>31.779</b>	<b>0.000</b>



Hosted Services

Appendix 3

Led by the South Partnership	TOTAL Annual Budget 2017/2018 £m
Community Dental Services	6.005
Out of Hours Services	5.783
Diabetic Services	2.892
Occupational Therapy Services	6.754
Palliative Care Services	6.125
Primary Care Services	0.623
Physiotherapy Services	8.113
<b>Sub Total</b>	<b>36.295</b>
<b>Ring Fenced Funding</b>	
Family Health Services	174.286
Primary Care Transformation Fund	3.675
<b>Sub Total</b>	<b>177.961</b>
<b>TOTAL</b>	<b>214.256</b>

North Lanarkshire IJB - 51% Share			
Annual Budget 2017/2018 £m	YTD Budget Nov 2017 £m	YTD Actual Nov 2017 £m	YTD Variance Nov 2017 £m
3.063	2.036	2.036	0.000
2.949	1.954	1.954	0.000
1.475	0.978	0.978	0.000
3.445	2.265	2.265	0.000
3.124	2.186	2.186	0.000
0.318	0.212	0.212	0.000
4.138	2.722	2.722	0.000
<b>18.510</b>	<b>12.354</b>	<b>12.354</b>	<b>0.000</b>
88.886	59.484	59.484	0.000
1.874	0.984	0.984	0.000
<b>90.760</b>	<b>60.468</b>	<b>60.468</b>	<b>0.000</b>
<b>109.271</b>	<b>72.821</b>	<b>72.821</b>	<b>0.000</b>

South Lanarkshire IJB - 49% Share			
Annual Budget 2017/2018 £m	YTD Budget Nov 2017 £m	YTD Actual Nov 2017 £m	YTD Variance Nov 2017 £m
2.942	1.956	1.700	0.256
2.834	1.878	1.916	(0.038)
1.417	0.939	1.024	(0.085)
3.309	2.177	2.167	0.010
3.001	2.100	1.938	0.162
0.305	0.204	0.173	0.031
3.975	2.616	2.553	0.063
<b>17.785</b>	<b>11.869</b>	<b>11.470</b>	<b>0.399</b>
85.400	57.151	57.151	0.000
1.801	0.945	0.443	0.502
<b>87.201</b>	<b>58.096</b>	<b>57.594</b>	<b>0.502</b>
<b>104.985</b>	<b>69.966</b>	<b>69.065</b>	<b>0.901</b>

## North Lanarkshire IJB Reserves Position Statement

Appendix 4

North Lanarkshire IJB Movement In Reserves	NHSL £m	NLC £m	Total £m	Approval
<b>Balance As At 1 April 2016</b>	0.000	0.000	<b>0.000</b>	
<b>Transfer to Reserves</b>				
Year-end underspend	5.238	2.224	<b>7.462</b>	IJB Report 18th July 2017
<b>Sub Total</b>	<b>5.238</b>	<b>2.224</b>	<b>7.462</b>	
<b>Transfer from Reserves</b>				
None	0.000	0.000	0.000	
<b>Sub Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
<b>Balance As At 31 March 2017</b>	<b>5.238</b>	<b>2.224</b>	<b>7.462</b>	
<b>Balance As At 1 April 2016</b>	<b>5.238</b>	<b>2.224</b>	<b>7.462</b>	
<b>Transfer to Reserves</b>				
<b>Sub Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
<b>Transfer from Reserves</b>				
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
Palliative Care Services	0.840	0.000	0.840	IJB Report 12th December 2017
<b>Sub Total</b>	<b>3.601</b>	<b>0.657</b>	<b>4.258</b>	
<b>Balance As At 10th January 2018</b>	<b>1.637</b>	<b>1.567</b>	<b>3.204</b>	