

# REPORT

Item No:

<b>SUBJECT:</b>	Financial Monitoring Report 2018/2019
<b>TO:</b>	Integration Joint Board
<b>Lead Officer for Report:</b>	Interim Chief Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	28 May 2019

## 1. PURPOSE OF REPORT

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

For approval	<input type="checkbox"/>	For endorsement	<input type="checkbox"/>	For noting	<input checked="" 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 (HSCP) for the period from 1 April 2018 to 31 March 2019 (Health Care Services) and 31 March 2019 (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; Interim Chief Officer
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## 3. RECOMMENDATIONS

3.1 The PFA Committee is asked to agree the following recommendations:

- (1) Note the contents of the report;
- (2) Note that the provisional year-end outturn is a net underspend of £2.966m, of which £0.398m will be retained by the partner in line with the agreed accounting policy for the Housing Revenue Account;
- (3) Note that, in order to achieve financial balance across the health and social care partnership, as part of the year-end process, a draw down from the contingency reserve will be required to meet the increase in social care costs associated with demographic changes and an increasing population of older people;
- (4) Note the movement on the IJB reserves as set out at section 9.6;
- (5) Note that the IJB will be asked to endorse the hosted services agreement detailed at paragraph 7.7.12 in respect of 2018/2019; and
- (6) Note that the IJB Financial Plan for 2019/2020 is being reviewed to take account of the year-end outturn.

## 4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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## **5. BACKGROUND/SUMMARY OF KEY ISSUES**

5.1 This report is based on the financial monitoring reports received from the Director of Finance of NHS Lanarkshire and the Head of Financial Solutions 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. This is the eighth financial monitoring report presented in respect of the financial year 2018/2019.

## **6. CONCLUSIONS**

6.1 The financial position as at March 2019 is a net underspend of £2.966m and is summarised as follows:

- an underspend of £5.035m on health care services
- an overspend of £2.069m on social care and housing services

6.2 The net underspend has increased by £0.829m from £2.137m to £2.966m. The budget variance is analysed by care services at appendix 1.

6.3 It should be noted that part of the health care services underspend will require to be ring-fenced. This is set out in a separate report to the PFA Committee.

6.4 In respect of social care services, the main factors contributing to the provisional outturn at March 2019 continue to be as follows:

- An increase in care home placements, home support services and the provision of adaptations in private homes (net £1.617m) reflecting the demographic changes in line with the increasing population of older people. Across the year, this relates to an estimated additional 2,000 hours per week of support and an estimated increase of 44 care home placements. The demand for equipment and adaptations to maintain people at home is also increasing. The demand for family placements has also increased as a result of additional kinship and external fostering placements. The provisional outturn is also based on the latest information available reflecting the revised pay award for 2018/2019.
- Timing of achieving planned savings (£0.850m) mainly as a result of the time taken to finalise HR processes and procedures for affected staff. This is a non-recurring cost pressure and these savings will be achieved in full during 2019/2020.

6.5 In line with the IJB Financial Regulations, a budget recovery plan was implemented to achieve financial balance across the health and social care partnership. This plan included a draw down from the IJB contingency reserve position. Prior to including the 2018/2019 underspend, the general contingency reserve is currently £3.606m as at March 2019. Approval will be sought from the IJB on 12 June 2019 to drawn down £2.467m of the contingency balance.

6.6 In respect of the underspend of £5.035m across health care services, £1.251m has been identified as part of the savings strategy for 2019/2020.

## **7. REASONS FOR MAJOR VARIANCES**

### **7.1 Locality and Other Services**

7.1.1 There is a net underspend of £0.464m.

7.1.2 In respect of pay costs, there is a net underspend of £0.923m.

- There are vacancies across the services outlined in the table overleaf which total £1.196m.
- The underspend of £1.196m is partly offset by overspends across pay costs including slippage in respect of achieving the 2018/2019 saving across administration support services (£0.241m) and incremental pay across the Out of Hours nursing services (£0.032m).

## 7. REASONS FOR MAJOR VARIANCES (Cont.)

### 7.1 Locality and Other Services (Cont.)

Service	Amount £m	Mar 2019 WTE	Feb 2019 WTE	Change WTE
Airdrie Locality - Mainly across nursing and administration & clerical support services	£0.198m	7.15	7.58	0.43 decrease
North Locality - Mainly across nursing services and administration & clerical support services	£0.437m	15.25	15.48	0.23 decrease
Coatbridge Locality - Mainly administration & clerical support services	£0.297m	9.39	8.93	0.46 increase
Community Assessment and Rehabilitation Service Team - Mainly occupational therapy services	£0.092m	2.35	2.18	0.17 increase
Motherwell Locality - Mainly across nursing services	£0.030m	4.47	4.21	0.26 increase
Wishaw Locality - Mainly across nursing and administration & clerical support services	£0.040m	3.57	3.38	0.19 increase
Bellshill Locality - Mainly across nursing services	£0.039m	4.42	4.78	0.36 decrease
Other services – net underspend	£0.063m			
Net Underspend	£1.196m	46.60	46.54	0.06 increase

7.1.3 In respect of non-pay costs, there is a net underspend totalling £0.605m. This relates partly to travel, surgical sundries, equipment, property maintenance and drug costs. There is also an underspend against the boundary service level agreements of £0.195m at this stage of the financial year.

7.1.4 The above variances across both pay and non-pay costs contribute to a net underspend of £1.723m.

7.1.5 The original financial plan for 2018/2019, which was approved by the IJB on 27 March 2018, projected that by 31 March 2019, a planned underspend of £0.459m and management actions of £0.800m across health care services would emerge. It was therefore anticipated that a non-recurring financial contribution of £1.259m from health care services could support the original cost projections associated with the acceleration of discharges from hospital and demographic growth within social care services. As part of the year-end accounting processes for both partners, the amount of £1.259m has been phased in to the March 2019 position in line with the original plan.

7.1.6 The overall position reported in respect of locality and other services is therefore a net underspend of £0.464m.

7.1.7 During December 2018, to reflect the operational management changes which have taken place, the budget of £6.041 and related expenditure for the Community Mental Health Teams was transferred to the Locality and Other Services from the Hosted Service (Mental Health and Learning Disability Services).

- As highlighted in the previous financial monitoring report, at the time of the transfer in December 2018, a net underspend of £0.340m was transferred in respect of these services. The current under or overspend in respect of these transferred services requires to be confirmed and has been requested.

## **7. REASONS FOR MAJOR VARIANCES (Cont.)**

### **7.1 Locality and Other Services (Cont.)**

- The IJB will be asked to consider the establishment of an earmarked reserve in respect of the part of the underspend which relates to Mental Health and Learning Disability Services. This would provide some future flexibility in respect of this key strategic commissioning intention and the development of the Lanarkshire Mental Health Strategy.

### **7.2 Addiction Services**

7.2.1 There is an underspend of £1.445m.

7.2.2 The underspend is partly due to vacancies across nursing posts (7.07 WTE - £0.203m).

7.2.3 An underspend of £1.242m in respect of non-pays is reported as at March 2019. The main factor contributing to this is the allocation of funding of £1.092m for the ADP Programme for Government, the expenditure for which has not been incurred by 31 March 2019. This funding will enable innovative approaches to be developed to tackle problem alcohol and drug use as well as responding to the needs of patients in a more holistic and person centred way. The IJB will be asked to establish an earmarked reserve in respect of the underspend which relates to ADP Services.

### **7.3 Medical and Nursing Directorate**

7.3.1 There is a net underspend of £0.888m.

7.3.2 The nursing directorate is underspent by £0.799m. The cost of the trainee nursing staff covering Health Visiting Services is included within this service however an ear-marked reserve of £0.585m to cover the training costs has been called down to meet this cost. The Family Nurse Partnership Funding will also not be fully committed and is contributing to part of the underspend. This funding is ring-fenced and the underspend of £0.273m will be carried forward as a reserve.

7.3.3 There is an underspend of £0.089m within the medical directorate. The cost of additional staff is accounted for in this position.

### **7.4 Prescribing**

7.4.1 There is an underspend of £1.464m.

7.4.2 The prescribing costs reflect the position to January 2019 at this stage. The cost per item continues to be less when compared with the previous year. Item numbers are below a 1% increase when compared with the previous year.

7.4.3 In line with the original financial plan, the prescribing budget was increased to reflect the inflation uplift of 1.5% (£1.081m). This inflationary increase in the budget is the main factor contributing to the underspend of £1.464m and also the outcome of the ongoing Prescribing Quality and Efficiency Programme to manage prescribing activity. Ten months prescribing data is currently available for GP prescribed drugs. Further work is being undertaken to confirm forecasts.

7.4.4 Since its inception, the IJB and the NHSL Health Board supported the allocation of part of the year-end underspend as an earmarked reserve in order to provide a contingency against the volatility of prescribing cost pressures. In respect of the management of all cost pressures in 2019/2020, the options available to the IJB are set out in a separate report to the IJB. A decision in respect of the allocation of all or part of the underspend on the prescribing budget will be subject to agreement of the updated IJB Financial Plan for 2019/2020. This will take into consideration the sufficiency of the current prescribing reserve of £2.881m.

## **7. REASONS FOR MAJOR VARIANCES (Cont.)**

### **7.4 Prescribing (Cont.)**

7.4.5 Prescribing costs will continue to be monitored and reliance will be placed on the Prescribing Quality and Efficiency Programme to manage prescribing activity.

### **7.5 Out of Area Services**

7.5.1 There is a net underspend of £0.170m.

7.5.2 The slippage in the achievement of 2018/2019 savings allocated to out-of-area services is now being contained within the budget.

### **7.6 Area Wide Services**

7.6.1 There is a net underspend of £0.159m.

7.6.2 Area Wide Services include central nursing services, corporate services, health promotion services, pharmacy services and winter planning services. The underspend of £0.159m is mainly due to unfilled posts in the pharmacy service.

7.6.3 Consideration is being given to the establishment of reserves totalling £0.380m in respect of Area Wide Services. This is the subject of a separate report.

### **7.7. Hosted Services Led By North Lanarkshire**

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

7.7.2 There is a net underspend of £0.445m which includes the following significant variances:

▪ Children and Adolescents Mental Health Services	£0.338m underspend
▪ Speech and Language Therapy Services	£0.258m underspend
▪ Mental Health and Learning Disability Services	£0.246m underspend
▪ Dietetics Services	£0.159m underspend
▪ Children's Services	£0.122m underspend
▪ Podiatry Services	(£0.071m) overspend
▪ Immunisation Services	(£0.154m) overspend
▪ Hospital at Home Services	(£0.156m) overspend
▪ Integrated Equipment and Adaptations Store	(£0.259m) overspend

7.7.3 The net underspend within Children and Adolescents Mental Health Services is £0.338m and is mainly due to 12.67 WTE vacancies in psychologists (£0.368m).

7.7.4 The net underspend within Speech and Language Therapy Services is £0.258m and is mainly due to 9.50 WTE vacancies in speech therapists (£0.199m) and an underspend in travel costs and paramedical supplies (£0.059m).

7.7.5 The net underspend on pay costs within Mental Health and Learning Disability Services is £0.336m and is mainly due to vacancies across the following services:

▪ Old Age Psychiatry (£0.392m underspend)	6.20 WTE mainly in nursing
▪ Mental Health Strategy Action 15 (£0.239m underspend)	2.79 WTE within nursing
▪ Forensic Psychiatry (£0.197m underspend)	3.81 WTE within nursing
▪ Psychological Therapies (£0.161m underspend)	6.91 WTE within psychologists
▪ Rehabilitation and Recovery (£0.112 underspend)	0.47 WTE within nursing
▪ Learning Disabilities (£0.107m underspend)	3.04 WTE within nursing

## **7. REASONS FOR MAJOR VARIANCES (Cont.)**

### **7.7 Hosted Services Led By North Lanarkshire (Cont.)**

These underspends which total £1.208m are offset by overspends as a result of the use of medical locums within mental health services (£0.605m) and pay cost pressures within the mental health services management team due to incremental cost pressures (£0.219m). The use of bankaid and incremental cost pressures also continue to be high across the inpatient areas. There is a balance of net overspends of £0.048m across other mental health services.

As highlighted at section 7.1.6, part of the budget in respect of Old Age Psychiatry Services and Acute Adult Psychiatry Services was transferred from this Hosted Services budget to the Locality and Other Services budget (£6.041m). This was to reflect the operational management changes which have taken place in December 2018 in respect of the Community Mental Health Teams.

There is a net overspend of £0.090m across non-pay costs. Two significant offsetting variances are the overspend on equipment within the management team (£0.169m) and the underspend within Psychological Therapies (£0.192m) across travel, purchase of healthcare and printing & stationery. The balance of the net overspend of £0.113m is across training, travel, transport, drugs, purchase of healthcare and printing & stationery.

- 7.7.6 The net underspend within Dietetics Services is £0.159m and is partly due to 3.70 WTE vacancies across Dieticians (0.043m) and underspends across drugs, paramedical supplies and surgical sundries (£0.116m).
- 7.7.7 The net underspend within Children's Services is £0.122m and is mainly due to 12.56 WTE vacancies in nursing, psychology and medical posts (£0.209m). This underspend is partly offset by an overspend on equipment, drugs and surgical sundries (£0.087m).
- 7.7.8 The net overspend on the Podiatry Service of £0.071m is mainly due to incremental pay costs (£0.058m).
- 7.7.9 The net overspend on Immunisation Services of £0.154m is mainly due to the higher than anticipated costs of drugs (£0.170m). This overspend is partly offset by an underspend in pay costs due to 1.41 WTE vacancies across nursing services (£0.016m).
- 7.7.10 The net overspend on the Hospital at Home Service of £0.156m is mainly due to additional medical cover, paramedic costs and nursing staff (£0.132m).
- 7.7.11 The net overspend on Integrated Equipment and Adaptations Store of £0.259m is due to an additional non-recurring payment of £0.249m for the North Lanarkshire Joint Home Loan Store as a result of the demand for equipment and adaptations to maintain people at home, preventing admission to and facilitating discharge from hospital.
- 7.7.12 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. This arrangements has been in place since 01 April 2016. The IJB is asked to continue to endorse this principle in respect of 2018-2019.

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

- 7.8.1 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.

## 7. REASONS FOR MAJOR VARIANCES (Cont.)

### 7.9 Average Vacancy Factor

7.9.1 The vacancy position against the funded establishment at 31 March 2019 is summarised as follows:

Establishment	Actual	Variance
2,685 WTE	2,547 WTE	138 WTE
100%	95%	5%

7.9.2 The average vacancy factor is currently 5%. This compares to a vacancy factor of 5% at the end of February 2019 and an average of 3.1% during 2017/2018. Additional hours are worked through bankaide, overtime and excess part time hours, the cost of which is included within the financial position reported.

### 7.10 Additional NHS Lanarkshire In-Year Funding

7.10.1 NHSL funding between February 2019 and March 2019 increased by £0.791m, of which £0.537m is non-recurring and £0.254m is recurring. The main factors contributing to the increase are as follows:

- Funding for Alcohol and Drug Partnership services                      £0.115m                      (non-recurring)
- Funding from Acute Services to Mental Health Services                      £0.132m                      (non-recurring)
- Income recovered to meet costs incurred for out-of-area patients and also the supply of bank staff                      £0.189m                      (non-recurring)
- Funding for individual care packages                      £0.190m                      (recurring)

### 7.11 Notional Set-Aside Allocation

7.11.1 The set-aside budget is a notional budget which represents the consumption of hospital resources by North Lanarkshire residents.

7.11.2 An update on the set-aside budget was provided to the Performance, Finance and Audit Committee on 19 February 2019 which detailed the progress made during 2018/2019.

7.11.3 Last year, the 2017/2018 notional budget was included as the estimated expenditure across the large hospitals. Although this did not necessarily reflect the actual usage of these hospital services by the IJB, it has previously been endorsed as an acceptable approach pending further updates from the Information Services Division. Subject to further clarification from Audit Scotland, it is intended to adopt a similar approach for 2018/2019 Annual Accounts. The notional set-aside budget has therefore been included in the financial monitoring report to the IJB at £56.978m.

7.11.5 The calculation of the notional set-aside allocation and the confirmation of actual activity levels is a complex accounting process. The allocation will be updated on receipt of further validated 2017/2018 activity levels from ISD. This information however may not be available until November 2019, based on previous experience.

7.11.6 The NHSL Director of Finance, in consultation with the Chief Financial Officer, continues to improve the monitoring arrangements for the hospital acute services. Monitoring arrangements are being explored to assess whether reliance can be placed on more current management information extracted locally. The set-aside budget will be revised to reflect ongoing developments as updated information becomes available.

## 7. REASONS FOR MAJOR VARIANCES (Cont.)

### 7.12 Social Care Services

7.12.1 The provisional outturn at 31 March 2019 is £2.069m.

- An overspend of £2.467m is reported in respect of social work services due to significant demand pressures within home support, independent care homes and family placements.
- An underspend of £0.398m is reported in respect of the housing services delegated to the IJB. This is due to lower than anticipated demand for housing adaptations within Council houses. In line with the accounting policies for the Housing Revenue Account, this underspend will be retained within the Housing Revenue Account. In respect of the annual accounts, this will be accounted for through a reduction in the partner contribution as appropriate.

7.12.2 The main factors contributing to the projected outturn position are highlighted as follows:

- Within employee costs, an overspend of £1.916m was previously reported at 1<sup>st</sup> February 2019. The overspend reported at 31 March 2019 is £2.833m, an increase of £0.917m. This continues to reflect the increase in the demand for home support services and also the inclusion of a provision for non-recurring severance costs associated with the 2019/2020 savings which is estimated to be £0.425m based on available information. The overspend is partially offset by vacancies.
- There is a projected overspend of £1.357m in respect of care home placements due to the demand for services. Since 1<sup>st</sup> February 2019, the projected overspend has reduced by £0.284m.
- There is a projected overspend of £0.921m £1.202m in respect of family placements due to kinship payments and external fostering services. This overspend was offset by reduced fostering allowances. Since 1<sup>st</sup> February 2019, the projected overspend has reduced by £0.281m. This overspend is partly offset by an underspend of £0.455m within the continuing care budget allocation.
- There is a projected overspend of £0.203m in respect of independent home support providers due to the demand for services. Since 1<sup>st</sup> February 2019, the projected overspend has reduced by £0.427m.
- There is a projected overspend of £0.503m in respect of supplies and services due to the demand for equipment and adaptations and, as reported previously, the delay in achieving the care facilities savings. Since 1<sup>st</sup> February 2019, the projected overspend has increased by £0.169m.
- The projected net underspend of £0.286m within property costs is mainly attributable to the lower than anticipated demand for housing adaptations within Council houses (£0.398m). This underspend has been partially offset by anticipated overspends resulting from the delay in the achievement of 2018/2019 savings linked to the closure of care facilities (£0.199m). Since 1<sup>st</sup> February 2019, the overspend has reduced from £0.157m by £0.443m.
- Secure residential placements are now projected to overspend by £0.225m due to the number of secure placements, which is outwith the partnership's control, increasing. Since 1<sup>st</sup> February 2019, the overspend has increased by £0.077m.
- There is a projected underspend of £0.045m across the self directed support and direct payment budgets as a result of the actual commencement of new care packages during the year being later than the financial plan originally anticipated. Since 1<sup>st</sup> February 2019, the underspend has continued to reduce by £0.092m from £0.137m due to changes in circumstances.



## **7. REASONS FOR MAJOR VARIANCES (Cont.)**

### **7.12 Social Care Services (Cont.)**

- There is a projected underspend of £0.161m across locality flexibility budgets to meet unplanned need. This has remained consistent with the previous projection.
- A surplus in the administration subsidy within the Community Justice grant of approximately £0.490m is projected. This has remained consistent with the previous projection.
- There is a projected underspend of £0.634m across other budgets including cross boundary placements and transport costs as a result of lower mileage costs and vehicle contract hire payments. Since 1st February 2019, the underspend has increased by £0.130m.
- Social Care Services received additional funding from the Scottish Government via NLC to support the implementation of the Carers (Scotland) Act 2016. A non-recurring underspend of £1.100m is anticipated within this funding stream as new contracts and services are finalised and become operational during 2018/2019. This has remained consistent with the previous projection. Since 1<sup>st</sup> February 2019, the projected underspend has increased by £0.177m.
- An over-recovery of income is projected of £1.257m by 31 March 2019. Since 1<sup>st</sup> February 2019, the projected over-recovery has increased by £0.120m.

7.12.3 In respect of social care services, as previously reported, earlier projections during the current financial year had assumed that the cost reduction trends experienced during the final quarter of 2017/2018 would materialise again during 2018/2019. However, this projection has been revised for a variety of reasons including increasing demand for care home placements and home support and the revised pay award. Cost pressures also increased over the winter period. The projected position is also in line with a significant number of other partnerships.

7.12.4 In line with the IJB Financial Regulations, in order to achieve a balanced budget across the health and social care partnership for the year ended 31 March 2019, a budget recovery plan was implemented. This recovery plan included management action aimed at the curtailment of non-essential expenditure, the non-filling of non-essential vacancies and the ongoing management of demand pressures.

7.12.5 In respect of the balance of cost pressures which could not be offset by management actions, the IJB Chief Financial Officer and the Head of Financial Solutions of North Lanarkshire Council discussed the option of NLC making an additional partner contribution in 2018/2019. Both however were agreed that the preferred option would be to draw down IJB reserves. The IJB will be asked to approve the draw down from the general contingency reserve as part of the year-end process in order to achieve a balanced budget. The general contingency reserve is £3.506m as at February 2019. The amount which will require to be drawn down will be £ 2.467m.

7.12.6 As highlighted at section 7.12.1, in line with the agreed accounting policy, the underspend of £0.398m will be retained within the HRA. If the year-end position was an overspend, this would be offset by an additional partner contribution from NLC.

7.12.7 The IJB Financial Plan for 2019/2020 is being updated to reflect the outturn position.

## **8. 2018/2019 SAVINGS**

### **8.1 Social Care Savings**

8.1.1 On 27<sup>th</sup> March 2018, the IJB approved savings across social care services of £4.592m. Social Care Services uses a variety of information, records and processes to monitor achievement of its approved budget savings.

## **8. 2018/2019 SAVINGS (Cont.)**

### **8.1 Social Care Savings (Cont.)**

- 8.1.2 As at 31<sup>st</sup> March 2019, the Service anticipates £3.742m (81%) of the approved savings will be delivered by the financial year-end. The unachieved savings of £0.850m have predominantly arisen as a result of the time taken to finalise HR processes and procedures for affected staff. These savings will be achieved in full during 2019/2020.
- 8.1.3 On completion of the HR processes, the non-recurring costs of the service change will be confirmed. Part of these costs have already been anticipated by Social Care Services and have been accounted for.

### **8.2 Health Care Savings**

- 8.2.1 On 5th June 2018, the IJB approved savings totalling £1.745m across health care services for the current financial year 2018/2019. The budgets were therefore removed and were held separately. These budgets have now been re-allocated to partly self fund the pay and non-pay cost increases. Slippage in the achievement of the savings is being managed within the overall financial position.

## **9. RESERVES**

- 9.1 The position in respect of the North Lanarkshire IJB reserves is attached at appendix 4 for information.
- 9.2 As at February 2019, the total of ring-fenced and earmarked reserves for specific commitments was £11.168m and the contingency fund balance was £3.506m.
- 9.3 In respect of social care services, the financial monitoring position outlined at appendix 1 does not include the expenditure in respect of specific commitments totalling £7.139m. It was previously approved by the IJB that these commitments would be met from earmarked reserves.
- At 31 March 2019, it is confirmed that £2.519m (35%) of this reserve has been spent in 2018/2019, a net increase of £1.333m. The main factor contributing to this movement has been the draw down of the ear-marked reserve of £1.400m for the Financial Plan 2018/2019 contingency.
  - As part of the year-end process, it is expected that £4.520m (63%) of the reserve will be carried forward to 2019/2020 and 2020/2021.
  - The balance of the reserve of £0.100m in respect of equipment and adaptations will be returned to the contingency fund. This previously anticipated cost to meet health and safety standards for the LOLER testing of electric equipment has not been incurred in 2018/2019 as posts have not yet been filled. This cost was included in the Financial Plan for 2019/2020.
- 9.4 In respect of health care services, reserves totalling £2.341m will be called down in year. This includes reserves of £0.115m which were called down in March 2019 as follows:
- Alcohol and Drug Partnership    £0.115m
- 9.5 As at March 2019, the total of ring-fenced and earmarked reserves for specific commitments is £9.735m, a net decrease of £1.433m. The contingency fund balance has increased by £0.100m to £3.606m. The total balance on reserves is therefore £13.341m.
- 9.6 The movement on reserves is set out in a separate report to the PFA Committee on 28 May 2019. The IJB will be asked to approve the draw down of £2.467m from the contingency reserve of £3.606m. The proposals to establish ring-fenced and ear-marked reserves in respect of the underspend of £5.035m across health care services will also be set out.

**10. RISK**

10.1 Risk management arrangements are in place for the IJB and each partner.

10.2 The main risk associated with the in-scope budget is that either or both partners may overspend.

10.2.1 Across social care services, the provisional outturn at 31<sup>st</sup> March 2019 is an overspend of £2.467m. The service continues to face demand pressures for service provision within home support, independent care homes and family placement services. The 2018/2019 pay settlement negotiations for local government employees are also still ongoing. The financial planning assumptions in respect of this anticipated pay cost pressure have therefore been revised. A budget recovery plan was implemented however the majority of the plan relied on two draw downs from the contingency reserves and also the transfer of funding from NHSL. On the basis that these social care cost pressures are expected to continue, a recurring funding solution will require to be identified.

10.2.2 An underspend of £5.035m is reported at 31<sup>st</sup> March 2019. Prescribing costs continue to represent a high risk area within the NHSL element of the partnership’s budget.

10.3 The partnership continues to consider trends in relation to current and anticipated demand to support cost projections. These trends will continue to be monitored closely to refine cost projections for 2019/2020.

10.4 The respective risks are managed by both NHSL and NLC through their detailed budget management processes.

**11. IMPLICATIONS**

**11.1 NATIONAL OUTCOMES**

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

**11.2 ASSOCIATED MEASURE(S)**

Each partner is required to remain within their approved budgetary provision. A budget recovery plan is being implemented in respect of social care services.

**11.3 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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**11.4 PEOPLE**

None

**11.5 INEQUALITIES**

EQIA Completed:

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

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

None.

**13. 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 2018/2019

Appendix 1  
Appendix 2  
Appendix 3  
Appendix 4



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INTERIM CHIEF OFFICER (or Depute)

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

Expenditure	Annual
	Budget 2018/2019 £m
<b>Health Care Services</b>	
Locality and Other Services	39.727
Addiction Services	4.717
Medical and Nursing Directorate	4.153
Prescribing	71.752
Out of Area Services	4.109
Area Wide Services	6.742
Hosted Services	120.100
Family Health Services	94.362
Set-Aside Budget	56.978
IJB Operating Costs	0.000
<b>Total Expenditure - NHSL</b>	<b>402.640</b>
<b>Social Care Services</b>	
Social Care Services	227.541
IJB Operating Costs	0.000
<b>Total Expenditure - NLC</b>	<b>227.541</b>
Gross Income	(11.388)
<b>Net Expenditure</b>	<b>216.153</b>
Housing Services	2.270
<b>Social Care and Housing Services Sub-Total</b>	<b>218.423</b>
<b>Total Expenditure - NHSL and NLC</b>	<b>621.063</b>

Year To Date	
Budget Mar 2019 £m	Actual Mar 2019 £m
39.727	39.263
4.717	3.272
4.153	3.265
71.752	70.288
4.109	3.939
6.742	6.583
120.100	119.655
94.362	94.362
56.978	56.978
0.000	0.000
<b>402.640</b>	<b>397.605</b>
227.541	231.266
0.000	0.000
<b>227.541</b>	<b>231.266</b>
(11.388)	(12.646)
<b>216.153</b>	<b>218.620</b>
2.270	1.872
<b>218.423</b>	<b>220.492</b>
<b>621.063</b>	<b>618.097</b>

Year To Date Variance		
General Mar 2019 £m	Ring-Fenced Mar 2019 £m	Total Mar 2019 £m
0.464		0.464
1.445		1.445
0.888		0.888
1.464		1.464
0.170		0.170
0.159		0.159
0.445		0.445
0.000		0.000
0.000		0.000
0.000		0.000
<b>5.035</b>	<b>0.000</b>	<b>5.035</b>
(3.725)		(3.725)
0.000		0.000
<b>(3.725)</b>	<b>0.000</b>	<b>(3.725)</b>
1.258		1.258
<b>(2.467)</b>	<b>0.000</b>	<b>(2.467)</b>
0.398		0.398
<b>(2.069)</b>	<b>0.000</b>	<b>(2.069)</b>
<b>2.966</b>	<b>0.000</b>	<b>2.966</b>

Funded By:	
NHS Lanarkshire Funding	(403.540)
Social Care Funding	(21.010)
Resource Transfer	(21.441)
Integrated Care Fund / Delayed Discharge Fund	(6.441)
<b>Total Funding - NHSL</b>	<b>(452.432)</b>
<b>Total Funding - NLC</b>	<b>(168.631)</b>
<b>Total Funding - NHSL and NLC</b>	<b>(621.063)</b>

Hosted Services

Led by the North Partnership	TOTAL			
	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	2018/2019	Mar 2019	Mar 2019	Mar 2019
	£m	£m	£m	£m
Sexual health Services	2.421	2.421	2.428	(0.007)
Continence Services	2.108	2.108	2.133	(0.025)
Immunisation Services	2.149	2.149	2.303	(0.154)
Speech and Language Therapy Services	5.250	5.250	4.992	0.258
Children and Adolescents Mental Health Services	5.880	5.880	5.542	0.338
Childrens Services	10.291	10.291	10.169	0.122
Integrated Equipment and Adaptations Store	0.540	0.540	0.799	(0.259)
Dietetics Services	3.411	3.411	3.252	0.159
Podiatry Services	3.760	3.760	3.831	(0.071)
Prisoner Healthcare Services	1.502	1.502	1.466	0.036
Blood Borne Viruses Services	1.545	1.545	1.587	(0.042)
Hospital at Home	1.909	1.909	2.065	(0.156)
Mental Health and Learning Disability Services	58.482	58.482	58.236	0.246
<b>TOTAL</b>	<b>99.248</b>	<b>99.248</b>	<b>98.803</b>	<b>0.445</b>

North Lanarkshire IJB - 51% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2018/2019	Mar 2019	Mar 2019	Mar 2019
£m	£m	£m	£m
1.235	1.235	1.242	(0.007)
1.075	1.075	1.100	(0.025)
1.096	1.096	1.250	(0.154)
2.678	2.678	2.420	0.258
2.999	2.999	2.661	0.338
5.248	5.248	5.126	0.122
0.275	0.275	0.534	(0.259)
1.740	1.740	1.581	0.159
1.918	1.918	1.989	(0.071)
0.766	0.766	0.730	0.036
0.788	0.788	0.830	(0.042)
0.974	0.974	1.130	(0.156)
29.826	29.826	29.580	0.246
<b>50.616</b>	<b>50.616</b>	<b>50.171</b>	<b>0.445</b>

South Lanarkshire IJB - 49% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2018/2019	Mar 2019	Mar 2019	Mar 2019
£m	£m	£m	£m
1.186	1.186	1.186	0.000
1.033	1.033	1.033	0.000
1.053	1.053	1.053	0.000
2.573	2.573	2.573	0.000
2.881	2.881	2.881	0.000
5.043	5.043	5.043	0.000
0.265	0.265	0.265	0.000
1.671	1.671	1.671	0.000
1.842	1.842	1.842	0.000
0.736	0.736	0.736	0.000
0.757	0.757	0.757	0.000
0.935	0.935	0.935	0.000
28.656	28.656	28.656	0.000
<b>48.632</b>	<b>48.632</b>	<b>48.632</b>	<b>0.000</b>

Hosted Services

Led by the South Partnership	TOTAL			
	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	2018/2019	Mar 2019	Mar 2019	Mar 2019
	£m	£m	£m	£m
Community Dental Services	6.022	6.022	5.673	0.349
Out of Hours Services	7.802	7.802	7.686	0.116
Palliative Care Services	6.833	6.833	6.589	0.244
Physiotherapy Services	8.772	8.772	8.605	0.167
Primary Care Services	0.641	0.641	0.591	0.050
Occupational Therapy Services	7.299	7.299	6.994	0.305
Diabetic Services	3.326	3.326	3.555	(0.229)
<b>Sub Total</b>	<b>40.695</b>	<b>40.695</b>	<b>39.693</b>	<b>1.002</b>
<b>Ring Fenced Funding</b>				
Primary Care Improvement Fund	2.128	2.128	1.716	0.412
<b>TOTAL</b>	<b>42.823</b>	<b>42.823</b>	<b>41.409</b>	<b>1.414</b>

North Lanarkshire IJB - 51% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2018/2019	Mar 2019	Mar 2019	Mar 2019
£m	£m	£m	£m
3.071	3.071	3.071	0.000
3.979	3.979	3.979	0.000
3.485	3.485	3.485	0.000
4.474	4.474	4.474	0.000
0.327	0.327	0.327	0.000
3.722	3.722	3.722	0.000
1.696	1.696	1.696	0.000
<b>20.754</b>	<b>20.754</b>	<b>20.754</b>	<b>0.000</b>
1.085	1.085	1.085	0.000
<b>21.840</b>	<b>21.840</b>	<b>21.840</b>	<b>0.000</b>

South Lanarkshire IJB - 49% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2018/2019	Mar 2019	Mar 2019	Mar 2019
£m	£m	£m	£m
2.951	2.951	2.602	0.349
3.823	3.823	3.707	0.116
3.348	3.348	3.104	0.244
4.298	4.298	4.131	0.167
0.314	0.314	0.264	0.050
3.577	3.577	3.272	0.305
1.630	1.630	1.859	(0.229)
<b>19.941</b>	<b>19.941</b>	<b>18.939</b>	<b>1.002</b>
1.043	1.043	0.631	0.412
<b>20.983</b>	<b>20.983</b>	<b>19.569</b>	<b>1.414</b>

Useable Reserve	2016/2017
	Balance as at 31 March 2017
Ring-Fenced and Earmarked Reserves	£m
Self Directed Support Strategy	0.000
Prescribing Fund	0.616
Financial Plan 2018/2019 Contingency	0.000
Palliative Care Services	0.000
Integrated Service Review Programme	0.000
Alcohol and Drug Partnership Fund	0.403
Project Decommissioning Strategy	0.000
Integrated Support Worker	0.000
Social Care Contract Monitoring Staff	0.000
Training Fund	0.246
Sexual Health Services	0.000
IT Federated Trust Environment Strategy	0.000
Financial Inclusion Service	0.077
Social Care Contracting Staff within Quality Assurance Services	0.000
Self Directed Support Programme	0.000
Fairer Scotland Funded Programmes	0.000
Motherwell Rehabilitation Team Leadership	0.000
Mental Health Service Redesign	0.600
Equipment and Adaptations	0.000
Psychological Therapies Access Project	0.000
Active Health Programme	0.000
Mental Health Innovation Fund	0.000
Strategic Framework Support	0.000
Test of Change - High Intensity Service Users	0.000
Administration Support Services	0.000
Psychological Therapies Service	0.000
Mental Health and Learning Disability Fund	0.363
Contribution to Decontamination Post	0.000
Adaptations Fund	0.249
Carer's (Scotland) Act 2016 Programme	0.000
Integrated Equipment & Adaptations Service	0.091
Nurse Leadership Professional Capacity	0.000
Veterans Fund	0.016
Independent Living Project	0.000
Physical Activity Programmes	0.267
Mobile Device Refresh Project	0.140
Bellhaven and Chilterns Project	0.100
<b>Ringfenced and Earmarked Reserve Total</b>	<b>3.168</b>

2017/2018		
Transfers Out	Transfers In	Balance as at 31 March 2018
£m	£m	£m
0.000	3.320	3.320
0.000	2.265	2.881
0.000	1.400	1.400
0.000	0.840	0.840
0.000	0.500	0.500
0.000	0.000	0.403
0.000	0.370	0.370
0.000	0.250	0.250
0.000	0.000	0.000
0.000	0.680	0.926
0.000	0.000	0.000
0.000	0.214	0.214
(0.077)	0.180	0.180
0.000	0.000	0.000
0.000	0.300	0.300
0.000	0.150	0.150
0.000	0.000	0.000
(0.600)	0.115	0.115
0.000	0.000	0.000
0.000	0.091	0.091
0.000	0.085	0.085
0.000	0.080	0.080
0.000	0.080	0.080
0.000	0.077	0.077
0.000	0.000	0.000
0.000	0.065	0.065
0.000	0.000	0.363
0.000	0.000	0.000
(0.249)	0.466	0.466
0.000	0.312	0.312
(0.091)	0.182	0.182
0.000	0.073	0.073
0.000	0.040	0.056
0.000	0.030	0.030
(0.267)	0.000	0.000
(0.140)	0.000	0.000
(0.100)	0.000	0.000
<b>(1.524)</b>	<b>12.165</b>	<b>13.809</b>

2018/2019			
Transfers Out	Transfer to Contingency	Transfers In	Balance as at March 2019
£m		£m	£m
(0.106)		0.000	3.214
0.000		0.000	2.881
(1.400)		0.000	0.000
(0.569)		0.000	0.271
0.000		0.000	0.500
(0.358)		0.000	0.045
(0.074)	(0.296)	0.000	0.000
(0.003)		0.000	0.247
0.000		0.249	0.249
(0.680)		0.000	0.246
0.000		0.218	0.218
0.000		0.000	0.214
(0.185)		0.212	0.207
0.000		0.186	0.186
0.000		0.000	0.300
(0.150)		0.000	0.000
(0.071)		0.129	0.058
0.000		0.000	0.115
0.000	(0.100)	0.100	0.000
0.000		0.000	0.091
(0.085)		0.000	0.000
0.000		0.000	0.080
0.000		0.000	0.080
(0.050)		0.000	0.027
0.000		0.071	0.071
0.000		0.000	0.065
(0.317)		0.000	0.046
0.000		0.016	0.016
(0.223)		0.000	0.243
(0.277)		0.000	0.035
(0.182)		0.000	0.000
(0.073)		0.000	0.000
(0.056)		0.000	0.000
0.000		0.000	0.030
0.000		0.000	0.000
0.000		0.000	0.000
0.000		0.000	0.000
<b>(4.859)</b>	<b>(0.396)</b>	<b>1.181</b>	<b>9.735</b>



Useable Reserve	2016/2017
	Balance as at 31 March 2017
<b>Contingency Fund</b>	
Change Fund	0.000
ICT Fund	0.000
Test of Change Pilots	0.000
General Balance	4.294
<b>Contingency Fund Total</b>	<b>4.294</b>
<b>General Fund Total</b>	<b>7.462</b>

2017/2018		
Transfers Out	Transfers In	Balance as at 31 March 2018
0.000	1.000	1.000
0.000	0.500	0.500
0.000	0.500	0.500
(1.903)	0.000	2.391
<b>(1.903)</b>	<b>2.000</b>	<b>4.391</b>
<b>(3.427)</b>	<b>14.165</b>	<b>18.200</b>

2018/2019			
Transfers Out	Transfer to Contingency	Transfers In	Balance as at March 2019
0.000		0.000	1.000
0.000		0.000	0.500
0.000		0.000	0.500
0.000	0.396	(1.181)	1.606
<b>0.000</b>	<b>0.396</b>	<b>(1.181)</b>	<b>3.606</b>
<b>(4.859)</b>	<b>0.000</b>	<b>0.000</b>	<b>13.341</b>