

REPORT

Item No:

SUBJECT:	Financial Monitoring Report 2019/2020
TO:	Integration Joint Board
Lead Officer for Report:	Chief Officer
Author(s) of Report	Chief Financial Officer
DATE:	27 August 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 2019 to 30 June 2019 (Health Care Services) and 19 July 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; 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 the budget adjustments as a result of the revised Integration Scheme;
- (3) Note the management action being taken to develop a budget recovery plan for 2019/2020; and
- (4) Note the proposed increase in the contingency reserve by £0.884m from £0.053m to £0.937m subject to IJB approval.

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 first financial monitoring report presented in respect of the financial year 2019/2020.

6. CONCLUSIONS

6.1 The financial position as at June/July 2019 is a net overspend of £0.906m and is summarised as follows:

- an underspend of £0.511m on health care services
- an overspend of £1.417m on social care and housing services

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

7. BUDGET ADJUSTMENTS

7.1 Review of Integration Scheme

7.1.1 In September 2018, NLC set out the future direction of the Council in 'We Aspire'. To support this new vision, the North Lanarkshire IJB Integration Scheme was revised and approved by the Scottish Ministers. The discretionary delegated functions for children families and justice social work services have therefore been transferred to the newly reshaped education and families' service within NLC, effective from 1 April 2019.

7.1.2 The additional Scottish Government funding totalling £9.001m was passed to the IJB by NLC.

7.1.3 The 2018/2019 NLC partner contribution has therefore been adjusted by £10.208m from £170.503m to £160.393m as follows:

	£m
2018/2019 Budgeted Partner Contribution – Original Including Housing	170.503
Less Budgets Realigned (Phase 1)	
Children and Families Services (125 Cost Centres)	(12.772)
Justice Services	(6.357)
Domestic Abuse Services	(0.055)
Youth Justice Services	(0.025)
Sub Total	(19.209)
Plus Additional Scottish Government Funding (Share of £148m)	
Uprating Free Personal Care rates and Living Wage (Share of £108m)	6.513
Free Personal Care Services for individuals under 65 (Share of £30m)	1.885
Carers (Scotland) Act 2016 (Share of £10m)	0.603
Housing Revenue Account	0.098
Sub Total	9.099
2019/2020 Budgeted Partner Contribution - Revised (Based on Phase 1)	160.393

7.1.4 Further work is being progressed to complete the full disaggregation of Children, Families and Justice Services. The implications on the IJB budget will be reported to future meetings.

7.2 Scottish Government Funding - Reserves

7.2.1 The Scottish Government collated information from IJB Chief Financial Officers on the Scottish Government allocations which IJBs had transferred to reserves at the 31 March 2019. This information is also disclosed in the IJB Annual Accounts.

7. BUDGET ADJUSTMENTS (CONT.)

7.2 Scottish Government Funding – Reserves (Cont.)

- 7.2.2 The Scottish Government have advised IJB and NHSL finance officers that during 2019/2020, the use of earmarked reserves is to be prioritised in advance of any further request for the allocation of funding from the Scottish Government. This includes the Mental Health Action 15, Primary Care Investment Fund and ADP Funding. The 2019/2020 allocations are therefore being reduced by the value held in reserves before additional allocations are made in 2019/2020.
- 7.2.3 The Scottish Government however have assured officers that the overall commitment to fund specific policy initiatives will not be reduced. The requirement for further 2019/2020 funding will be sought via a mid-year financial return in October 2019 and any further allocation needed will be provided to NHS Boards in November 2019 for onward delegation to Integration Authorities.
- 7.2.4 The Scottish Government intend to continue to utilise the information contained within quarterly IJB financial returns to the policy teams to inform this approach.

7.3 Scottish Government Funding – Additional In-year Allocations

- 7.3.1 NHSL funding between April 2019 and June 2019 increased by £12.283m. The main factors contributing to the increase are as follows:

- In line with the IJB Financial Plan 2019/2020, which was approved on 26 March 2019, the additional health funding in respect of the 2.5% inflation uplift and also the budget released as a result of the 2019/2020 health savings have been reallocated across health care services budgets to address cost pressures in respect of pay uplifts, health visiting re-gradings and prescribing activity.
- The costs of the additional employer's superannuation are included in the June 2019 finance report and estimated funding is also included. This position will be reviewed once the actual funding is finalised.
- The health visitor upgrades have been funded to the first point of the scale.
- The prescribing budget has been adjusted to reflect the agreed savings targets, inflation uplifts and the tariff reductions notified by the Scottish Government.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES

8.1 Locality and Other Services

- 8.1.1 There is a net underspend of £0.476m.
- 8.1.2 The net underspend on employee costs totals £0.404m and is mainly due to vacancies across Nursing Services, Administration and Clerical staff, and Occupational Therapy Services within the localities totalling 53.36 WTE. There are incremental pay increases across many services however these cost pressures are being offset in-year by the vacancies.
- 8.1.3 In respect of non-pay costs, there is a net underspend totalling £0.072m mainly relating to drugs and travel costs.

8.2 Addiction Services

- 8.2.1 There is an underspend of £0.035m.
- 8.2.2 The underspend is partly due to vacancies across nursing posts (11.13 WTE - £0.061m).
- 8.2.3 There is an overspend of £0.026m in respect of non-pay costs which is mainly due to expenditure on equipment.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.3 Medical and Nursing Directorate

8.3.1 There is a net underspend of £0.100m.

8.3.2 The nursing directorate is underspent by £0.114m. The Family Nurse Partnership Funding is not fully committed at this stage and is contributing to the underspend. This funding is ring-fenced and any underspend at the year-end will be carried forward as a reserve.

8.3.3 There is an overspend of £0.014m within the medical directorate. The cost of additional staff is accounted for in this position.

8.4 Prescribing

8.4.1 A break-even position is being reported in respect of prescribing activity to April 2019.

8.4.2 Item numbers are high for April 2019 however a reduction in May 2019 is expected. Notwithstanding this, the year to date position is still high.

8.4.3 There is a risk that prescribing may overspend by 31 March 2020 particularly as a result of the expected EU withdrawal on 31 October 2019. Prescribing costs, including the achievement of the planned savings target for 2019/2020, are being closely monitored.

8.5 Out of Area Services

8.5.1 There is a net overspend of £0.035m.

8.6 Area Wide Services

8.6.1 There is a net underspend of £0.069m.

8.6.2 Area Wide Services include central nursing services, corporate services, health promotion services, pharmacy services and winter planning services. The underspend of £0.069m is mainly due to unfilled posts in the pharmacy service.

8.7 Hosted Services Led By North Lanarkshire

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

8.7.2 There is a net overspend of £0.134m which includes the following significant variances:

▪ Mental Health and Learning Disability Services	(£0.137m) overspend
▪ Podiatry Services	(£0.064m) overspend
▪ Speech and Language Therapy Services	£0.053m underspend
▪ Children and Adolescents Mental Health Services	£0.059m underspend
▪ Children's Services	£0.091m underspend

8.7.3 The net overspend on pay costs within Mental Health and Learning Disability Services is £0.137m.

- There is a net overspend across pay costs of £0.086m. There are overspends within Medical Services due to locum costs (£0.249m), Psychological Therapies due to over established posts (£0.133m – 5.75 WTE) and the Management Team (£0.046m) due to incremental increases. The use of bankaide continues to be high across the inpatient areas and there are incremental increases within the community areas. These overspends on pay costs are partly offset by underspends across other service areas within Mental Health Services due mainly to vacancies across nursing and psychology posts totalling 15.67 WTE (£0.343m).
- There is a net overspend of £0.051m across non-pay costs mainly in respect of drugs, professional fees, travel and the purchase of healthcare.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.7 Hosted Services Led By North Lanarkshire (Cont.)

- 8.7.4 There is a net overspend on the Podiatry Service of £0.064m. Scottish Government funding of £0.028m is awaited and there is an overspend in the costs of central sterile supplies (£0.036m).
- 8.7.5 The net underspend within Speech and Language Therapy Services is £0.053m and is mainly due to 6.63 WTE vacancies in speech therapists (£0.037m) and an underspend in travel costs and paramedical supplies (£0.016m).
- 8.7.6 The net underspend within Children and Adolescents Mental Health Services is £0.059m and is mainly due to 10.45 WTE vacancies in psychologists (£0.065m).
- 8.7.7 The net underspend within Children’s Services is £0.091m and is mainly due to 11.74 WTE vacancies in nursing, psychology and medical posts (£0.112m). This underspend is partly offset by an overspend on equipment.
- 8.7.8 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 1 April 2016.

8.8 Hosted Services Led By South Lanarkshire

- 8.8.1 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.

8.9 Average Vacancy Factor

- 8.9.1 The vacancy position against the funded establishment at 30 June 2019 is summarised as follows:

Establishment	Actual	Variance
2,704 WTE	2,571 WTE	133 WTE
100%	95%	5%

- 8.9.2 The average vacancy factor is currently 5%. This compares to a vacancy factor of 5% at the end of March 2019. Additional hours are worked through bankaide, overtime and excess part time hours, the cost of which is included within the financial position reported.

8.10 Notional Set-Aside Allocation

- 8.10.1 The set-aside budget is a notional budget which represents the consumption of hospital resources by North Lanarkshire residents. Based on the latest available information, namely the 2016/2017 activity data at the 2019/2020 prices, the budget was restated to £58.403m. Similar to the accounting treatment agreed in previous years, this notional budget will be the amount included in the financial monitoring reports as an estimate of expenditure. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB however it has been endorsed as an acceptable approach pending further updates from the Information Services Division.
- 8.10.2 The NHSL Director of Finance, in consultation with the Chief Financial Officer, continues to improve the monitoring arrangements for the Hospital Acute Services. 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 Information Services Division (ISD). This information however may not be available until November 2019, based on previous experience. The set-aside budget will be updated to reflect ongoing developments as updated information becomes available.

9. REASONS FOR MAJOR VARIANCES – SOCIAL CARE SERVICES

- 9.1 A net overspend of £1.417m is reported as at 19 July 2019. The main factors contributing to the financial position are highlighted below.
- 9.2 The demand for home support services continues to be above the budget allocated. The net overspend to date is £0.090m. (Internal Home Support - £0.560m overspend; Independent Home Support - £0.470m underspend).
- 9.3 In respect of equipment and adaptations, there is slippage in the achievement of the 2019/2020 saving due to demand not reducing (£0.092m). Demand above the budget allocated also continues to be experienced (£0.082m). The total overspend to date is therefore £0.174m.
- 9.4 There is a delay to date in the achievement of the planned saving in respect of Integrated Day Services (£0.066m) partly as a result of the time taken to finalise HR processes and procedures for affected staff.
- 9.5 Additional Scottish Government funding of £1.855m was received to support Frank's Law which is the implementation of free personal care for individuals under 65 years of age. 2019/2020 is also the second year of implementing the Carers (Scotland) Act 2016 in respect of which additional Scottish Government funding of £0.600m was received. These legislative requirements are being fully implemented by NLC. The costs associated with these development initiatives continues to be closely monitored. As the financial year progresses, the funding will be realigned to actual areas of activity which includes self-directed support packages and care home placements. Taking this funding into consideration, as at 19 July 2019, there remains a net overspend of £1.318m across both of these service areas which requires to be managed. The factors influencing the costs associated with care home placements and self-directed support payments are complex. The main factors contributing to this net overspend of £1.318m are further explained at section 9.6 to 9.11.
- 9.6 Although NLC already has the lowest rate of admissions per 1,000 population compared with the rest of mainland Scotland and is 25% below the Scottish average, the 2019/2020 savings plans included a saving of £0.655m in respect of a further reduction of 25 placements in the number of care home placements. The admissions to care homes have reduced this year by 25 (full year effect). The planned saving has therefore been achieved. This budget has therefore been removed and realigned to offset the social care cost pressures in line with the agreed IJB Financial Plan.
- 9.7 Discharges from care homes however have been 31 (full year effect) lower when compared with the same period last year. This indicates that people are living longer in the care homes setting and/or are not requiring hospital care. From 1 April 2019, approximately 1,408 service users are supported in nursing care homes.
- 9.8 In line with the Charging for Residential Accommodation Guidance, which is revised annually by the Scottish Government, each individual is assessed to establish how much they can contribute to their care costs. This will take into consideration the individual's pension and their capital assets including savings and home ownership. NLC has the second lowest number of free personal care only service users in nursing care placements when compared to other local authorities across Scotland. Free personal care only service users only receive the minimum local authority contribution towards the personal care element of their care costs. The balance of the non-personal care costs is met directly from the individual's own personal funds. This therefore means that NLC has the second highest number of individuals who require additional local authority funding.

9. REASONS FOR MAJOR VARIANCES – SOCIAL CARE SERVICES (CONT.)

- 9.9 Recent performance information available indicates that the demand for respite or unplanned admissions represents 20% of the total care home admissions, a proportion of which become long term placements. The financial contribution from an individual receiving respite care is less than from an individual placed in long term care.
- 9.10 Based on the low number of self-funders in nursing care home placements, the proportion of admissions which are unplanned or for respite care and the lower than anticipated discharge rate, the cost of care home placements to date, as at 19 July 2019, is exceeding the budget available by approximately £1.072m.
- 9.11 The cost of self-directed support payments, which includes direct payments, is also increasing. This reflects the demand for service provision as well as the increase in the living wage and personal care rates. At 19 July 2019, a net overspend of £0.246m is reported.
- 9.12 The net overspend to date of £1.318m as set out at sections 9.6 to 9.11 will be updated when the ongoing budget realignment exercise is concluded.
- 9.13 An under-recovery of income of £0.075m is reported as at 19 July 2019. This is an adverse variance. This results from projected under recoveries of partner contributions to the Integrated Equipment and Adaptations Service, coupled with lower than anticipated recoveries from homecare charges.
- 9.14 Across other budget headings, there is a total net underspend of £0.306m which is contributing to the year to date position.
- 9.15 Social work continues to face demand pressures for service provision within the home support, self-directed support and independent care home placements. Cost pressures may also change over the winter period. The trends in relation to current demand-led cost pressures are being closely monitored in order to refine the year-end cost projections. Further information on the projected outturn is detailed at section 12.

10. 2019/2020 SAVINGS

10.1 Social Care Savings

- 10.1.1 On 26 March 2019, the IJB approved savings across social care services of £3.328m. Social Care Services uses a variety of information, records and processes to monitor achievement of its approved budget savings.
- 10.1.2 As at 19 July 2019, the Service anticipates £2.158m (65%) of the approved savings will be delivered by the financial year-end. The savings which are still in the process of being implemented of £1.170m (35%) relate to the following:

Approved Saving	Target Value £m	Value Deliverable £m	Savings Gap £m
Review the level of Locality Support Services and Integrated Day Services (<i>Section 10.1.3</i>)	1.346	1.131	0.215
Reduce external care home placements (<i>Section 10.1.4</i>)	0.655	0.000	0.655
Review eligibility criteria for access to supports (<i>Section 10.1.5</i>)	0.300	0.000	0.300
Totals	2.301	1.131	1.170

10. 2019/2020 SAVINGS (CONT.)

10.1 Social Care Savings (Cont.)

- 10.1.3 The capacity at the Sinclair Integrated Day Service facility is being increased in order to facilitate the closure of the East Stewart Gardens facility. There is therefore in-year slippage in the achievement of this saving due to the decommissioning plan which involves engagement processes for service users and HR processes for staff affected by the change. On completion of the HR processes, the non-recurring costs of the service change will be confirmed. Part of the non-recurring costs have already been anticipated by Social Care Services and have been accounted for. It is expected this saving will be achieved in full for 2020/2021.
- 10.1.4 It was proposed to implement a 2% reduction in the care home placement budget by managing demand and supporting individuals to remain in the community. As highlighted at section 9, the reduction of 25 (full year effect) external care home placements has been achieved however the rate of discharge has been lower when compared to the previous year as a result of people living longer and not requiring hospital care. This proposed saving is being closely monitored. At this early stage of the financial year, a conservative approach is being adopted and no reliance is being placed on any of this saving being achieved in-year based on the recent trends in care home placements. This position will be closely monitored.
- 10.1.5 It was proposed to review the eligibility criteria for access to supports. Priority 1 and 2 service provision maintains people safely in the community, preventing admission and supporting discharge from hospital or other care settings. Priority 3 service provision is pro-active and preventative and is required to ensure that people live in their own home safely to avoid deterioration or difficulties. It is proposed that the future focus of social work service delivery would be on priority 1 and priority 2 cases. Priority 3 cases therefore would not automatically be considered unless budget was available. Focus of service delivery would be for those at risk of requiring institutional care or at the end of life. Minimising the number of care home and hospital admissions is likely to be dependent on the provision of equipment and adaptations to maintain people at home. This proposed saving is being closely monitored. At this early stage of the financial year, a conservative approach is being adopted and no reliance is being placed on any of this saving being achieved in-year based on the most up-to-date financial information. This position will be closely monitored and the feasibility of reducing expenditure in this service area may be revisited as part of the IJB Medium to Long Term Financial Plan.

10.2 Health Care Savings

- 10.2.1 On 26 March 2019, the IJB approved savings totalling £1.435m across health care services for the current financial year 2019/2020. The budgets have been removed and are held separately. The budgets will be re-allocated to partly self-fund the pay and non-pay cost increases. A savings target of £1.040m has also been agreed in respect of prescribing costs.
- 10.2.2 As a result of the exercise to reallocate these budgets and to allocate the inflationary uplift funding, the Depute Director of Finance for NHSL has been able to confirm that a recurring budget of £0.622m can be realigned to meet planned commitments thereby releasing funding of £0.883m from earmarked and risk based reserves. Subject to IJB approval, this reserve will be transferred to the contingency reserve. Further details are set out in section 11.

11. RESERVES

- 11.1 The position in respect of the North Lanarkshire IJB reserves is attached at appendix 4 for information.
- 11.2 As at 1 April 2019, the total of ring-fenced, earmarked and risk-based reserves for specific commitments was £15.930m and the contingency fund balance was £0.053m totalling £15.983m.

11. RESERVES (CONT.)

11.3 It is good financial management to maintain a contingency reserve. Following the IJB on 12th June 2019, a review of all reserves has been undertaken. The outcome of the review of reserves is set out in a separate report to the PFA Committee on 27 August 2019. On 24th September 2019, the IJB will be asked to approve the realignment of the following IJB reserves totalling £0.883m to contingency reserves:

Ref	Reserves	Lead Partner	Category	Total £m
1	IJB Financial Plan 2019/2020: Planned IT Development 2019/2020	NHSL	Earmarked	0.168
2	IJB Financial Plan 2019/2020: Planned IT Development 2020/2021	NHSL	Earmarked	0.168
3	IJB Financial Plan 2019/2020: Planned IT Development 2021/2022	NHSL	Earmarked	0.093
4	Winter Plan 2019/2020	NHSL	Risk-based	0.367
5	Contribution to Decontamination Post	NHSL	Earmarked	0.016
6	Nurse Leadership Professional Capacity	NHSL	Earmarked	0.071
Total Proposed Transfer To Contingency Reserves				0.883

11.4 The amount of reserves which each partner has drawn down to date is detailed in the attached appendix and totals £4.346m.

11.5 The Chief Financial Officer and the partners will continue to monitor the planned expenditure on reserves to take advantage of further reductions in costs, if any. At this stage, each partner has advised that the remaining ring-fenced, ear-marked and risk-based reserves continue to be required. The PFA is therefore asked to note that the reserve balances totalling £11.637m will continue to be available for the purposes already approved by the IJB as, to date, the circumstances which necessitated their original establishment have not changed.

11.6 In summary, pending IJB approval, the original reserves balances would be re-allocated as follows:

Ring-fenced reserves	£2.300m	20%
Ear-marked reserves	£2.305m	20%
Risk-based reserves	£6.095m	52%
Contingency reserves	£0.937m	8%
Total	£11.637m	100%

11.7 The reserves balances will continue to be updated on receipt of future financial monitoring reports from each of the partners.

12. PROJECTED OUTTURN

12.1 Cost pressures are emerging in 2019/2020. These include:

- Ongoing demand for care home placements, home support services and the provision of equipment and adaptations.
- Volatility around prescribing costs in particular from October 2019 onwards depending on the impact of the EU withdrawal.
- Slippage in the implementation of 2019/2020 savings, particularly across social care services.

12. PROJECTED OUTTURN (CONT.)

- 12.2 At this early stage of the financial year, the Health partner has not confirmed a projected outturn position. Although an underspend is projected as at June 2019, it is too early to base a year-end projection on this position particularly in advance of the winter period and the expected withdrawal from the EU which is likely to impact on prescribing costs.
- 12.3 Social care services are demand led and therefore difficult to predict. However, from the start of the financial year, 1 April 2019, the local authority partner projects a year-end position at 31 March 2020 for all council services. Due to the unpredictability of the demand led social care budget, a conservative position is adopted where the costs projected are based on the planning assumption that the level of demand, currently as at 19 July 2019, will continue however potential in-year funding solutions or favourable changes in demand between 19 July 2019 and 31 March 2020 are not yet included until confirmed. NLC are therefore working within the parameters of a year-end outturn ranging from £3m to £4.6m. The main factors contributing to this estimated range are summarised as follows:
- The increase in demand to date for care home placements, self-directed support, direct payments, equipment and adaptations, respite care and home support services as outlined at section 9. These costs are estimated to range from £1.830m to £3.430m.
 - Slippage in the 2019/2020 savings of £1.170m due to the implementation processes as outlined at section 10 and the competing demands for social care services as outlined at section 9.
- 12.4 The planned increase in the contingency reserve to £0.937m, subject to IJB approval, will help to manage in-year cost pressures. As highlighted in the report to the IJB PFA Committee on IJB Reserves on 27 August 2019, the outcome of the pending case law in respect of the sleepover rates may also release the ear-marked reserve of £3.214m. This position however will not be known until November 2019 at the earliest.
- 12.5 In the absence of a sufficient contingency reserve to fully offset cost pressures, reliance will require to be placed on the Integration Scheme and the IJB Financial Regulations which set out the options for addressing overspends as follows:
- 12.5.1 The development of a budget recovery plan for 2019/2020 which includes management actions agreed with the relevant partner(s) as appropriate. The budget recovery plan will include:
- the identification of expenditure which can be reduced or avoided;
 - the ongoing review of reserve commitments; and
 - the early implementation of agreed savings, if feasible, which could generate a non-recurring beneficial financial impact in-year.
- 12.5.2 An additional contribution from the partner(s). It is important to note that both partners are managing a range of significant cost pressures across non-IJB services.
- 12.6 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 2020, a budget recovery plan to address the projected cost pressures across social care services is being finalised by the Interim Head of Adult Social Work Services in consultation with both the Head of Financial Solutions of North Lanarkshire Council and the IJB Chief Financial Officer. This recovery plan includes management action aimed at the curtailment of non-essential expenditure, the non-filling of non-essential vacancies and the ongoing management of demand pressures.

12. PROJECTED OUTTURN (CONT.)

- 12.7 In particular, action continues to be taken by Health and Social Care Partnership Locality Managers to support individuals to stay at home, or return home, with minimal or no interventions, where it is clinically safe to do so.
- 12.8 The IJB Chief Financial Officer and the Head of Financial Solutions of North Lanarkshire Council will both closely monitor the financial position as the year progresses. An update on the impact of the management action on the year-end projected outturn will be included in future reports to the IJB PFA Committee and also the IJB.
- 12.9 Notwithstanding the implementation of the budget recovery plan for 2019/2020, the underlying recurring cost pressures, particularly across social care services, require to be considered and addressed. The Chief Officer and the Chief Financial Officer are progressing this with the Chief Executive and Head of Financial Solutions in North Lanarkshire Council, in consultation with the Chief Executive and Director of Finance of NHS Lanarkshire.

13. RISK

- 13.1 Risk management arrangements are in place for the IJB and each partner.
- 13.2 The main risk associated with the in-scope budget is that either or both partners may overspend.
 - 13.2.1 Across social care services, the service continues to face demand pressures for service provision within home support and independent care homes. A budget recovery plan is being implemented.
 - 13.2.2 Prescribing costs continue to represent a high risk area within the NHSL element of the partnership's budget.
- 13.3 The respective risks are managed by both NHSL and NLC through their detailed budget management processes. 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. On the basis that the social care cost pressures are expected to continue, a recurring funding solution will require to be identified. The IJB Financial Plan is therefore being updated in consultation with both partners.

14. IMPLICATIONS

- 14.1 NATIONAL OUTCOMES
The effective management of financial resources contributes to the achievement of the national outcomes.
- 14.2 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.
- 14.3 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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- 14.4 PEOPLE
None

14. IMPLICATIONS (CONT.)

14.5 INEQUALITIES
EQIA Completed:

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

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

None.

16. APPENDICES

North Lanarkshire Health and Social Care Partnership Budget 2019/2020	Appendix 1
Hosted Services Led By North Lanarkshire	Appendix 2
Hosted Services Led By South Lanarkshire	Appendix 3
North Lanarkshire IJB Reserves 2019/2020	Appendix 4
North Lanarkshire IJB Budget Reconciliation 2019/2020	Appendix 5



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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 2019/2020 £m	Year To Date		Year To Date Variance		
		Budget June / July 2019 £m	Actual June / July 2019 £m	General June / July 2019 £m	Ring-Fenced June / July 2019 £m	Total June / July 2019 £m
Health Care Services						
Locality and Other Services	42.360	10.747	10.271	0.476	0.000	0.476
Addiction Services	3.958	0.913	0.878	0.035	0.000	0.035
Medical and Nursing Directorate	3.884	1.046	0.946	0.100	0.000	0.100
Prescribing	70.808	17.702	17.702	0.000	0.000	0.000
Out of Area Services	4.068	1.017	1.052	(0.035)	0.000	(0.035)
Area Wide Services	7.771	1.641	1.572	0.069	0.000	0.069
Hosted Services	129.397	31.476	31.610	(0.134)	0.000	(0.134)
Family Health Services	96.499	24.214	24.214	0.000	0.000	0.000
Set-Aside Budget	58.403	14.601	14.601	0.000	0.000	0.000
IJB Operating Costs	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenditure - NHSL	417.147	103.357	102.846	0.511	0.000	0.511
Social Care Services						
Social Care Services	210.388	48.400	49.741	(1.341)	0.000	(1.341)
IJB Operating Costs	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenditure - NLC	210.388	48.400	49.741	(1.341)	0.000	(1.341)
Gross Income	(1.513)	11.584	11.659	(0.075)	0.000	(0.075)
IJB Reserve as per Financial Plan 2019/2020	(2.025)	0.000	0.000	0.000	0.000	0.000
Net Expenditure	206.850	59.983	61.400	(1.417)	0.000	(1.417)
Housing Services	1.970	0.000	0.000	0.000	0.000	0.000
Social Care and Housing Services Sub-Total	208.820	59.983	61.400	(1.417)	0.000	(1.417)
Total Expenditure - NHSL and NLC	625.967	163.340	164.246	(0.906)	0.000	(0.906)

Funded By:	
NHS Lanarkshire Funding	(415.550)
Social Care Funding	(21.535)
Resource Transfer	(21.963)
Commissioned Services	(6.526)
Total Funding - NHSL	(465.574)
Total Funding - NLC	(160.393)
Total Funding - NHSL and NLC	(625.967)

Hosted Services

Appendix 2

Led by the North Partnership	TOTAL			
	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	2019/2020	Jun 2019	Jun 2019	Jun 2019
	£m	£m	£m	£m
Sexual health Services	2.505	0.626	0.629	(0.003)
Continence Services	2.139	0.535	0.546	(0.011)
Immunisation Services	2.231	0.281	0.297	(0.016)
Speech and Language Therapy Services	5.602	1.416	1.363	0.053
Children and Adolescents Mental Health Services	6.294	1.622	1.563	0.059
Childrens Services	10.736	2.684	2.593	0.091
Integrated Equipment and Adaptations Store	0.540	0.135	0.135	0.000
Dietetics Services	3.473	0.841	0.841	0.000
Podiatry Services	3.890	0.974	1.038	(0.064)
Prisoner Healthcare Services	1.565	0.391	0.428	(0.037)
Blood Borne Viruses Services	1.457	0.364	0.393	(0.029)
Hospital at Home	2.036	0.509	0.549	(0.040)
Mental Health and Learning Disability Services	62.141	15.377	15.514	(0.137)
TOTAL	104.609	25.755	25.889	(0.134)

North Lanarkshire IJB - 51% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2019/2020	Jun 2019	Jun 2019	Jun 2019
£m	£m	£m	£m
1.278	0.319	0.322	(0.003)
1.091	0.273	0.284	(0.011)
1.138	0.143	0.159	(0.016)
2.857	0.722	0.669	0.053
3.210	0.827	0.768	0.059
5.475	1.369	1.278	0.091
0.275	0.069	0.069	0.000
1.771	0.429	0.429	0.000
1.984	0.497	0.561	(0.064)
0.798	0.199	0.236	(0.037)
0.743	0.186	0.215	(0.029)
1.038	0.260	0.300	(0.040)
31.692	7.842	7.979	(0.137)
53.351	13.135	13.269	(0.134)

South Lanarkshire IJB - 49% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2019/2020	Jun 2019	Jun 2019	Jun 2019
£m	£m	£m	£m
1.227	0.307	0.307	0.000
1.048	0.262	0.262	0.000
1.093	0.138	0.138	0.000
2.745	0.694	0.694	0.000
3.084	0.795	0.795	0.000
5.261	1.315	1.315	0.000
0.265	0.066	0.066	0.000
1.702	0.412	0.412	0.000
1.906	0.477	0.477	0.000
0.767	0.192	0.192	0.000
0.714	0.178	0.178	0.000
0.998	0.249	0.249	0.000
30.449	7.535	7.535	0.000
51.258	12.620	12.620	0.000

Hosted Services

Appendix 3

Led by the South Partnership	TOTAL			
	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	2019/2020 £m	Jun 2019 £m	Jun 2019 £m	Jun 2019 £m
Community Dental Services	6.216	1.545	1.469	0.076
Out of Hours Services	7.988	1.856	1.848	0.008
Palliative Care Services	7.102	1.775	1.764	0.011
Physiotherapy Services	9.427	2.347	2.339	0.008
Primary Care Services	0.683	0.171	0.152	0.019
Occupational Therapy Services	7.759	1.940	1.929	0.011
Diabetic Services	3.134	0.784	0.860	(0.076)
Sub Total	42.309	10.418	10.361	0.057
Ring Fenced Funding				
Primary Care Improvement Fund	6.270	0.776	0.554	0.222
Primary Care Transformational Fund	0.024	0.024	0.024	0.000
Sub Total	6.294	0.800	0.578	0.222
TOTAL	48.603	11.218	10.939	0.279

North Lanarkshire IJB - 51% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2019/2020 £m	Jun 2019 £m	Jun 2019 £m	Jun 2019 £m
3.170	0.788	0.788	0.000
4.074	0.947	0.947	0.000
3.622	0.905	0.905	0.000
4.808	1.197	1.197	0.000
0.348	0.087	0.087	0.000
3.957	0.989	0.989	0.000
1.598	0.400	0.400	0.000
21.578	5.313	5.313	0.000
3.198	0.396	0.396	0.000
0.012	0.012	0.012	0.000
3.210	0.408	0.408	0.000
24.788	5.721	5.721	0.000

South Lanarkshire IJB - 49% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2019/2020 £m	Jun 2019 £m	Jun 2019 £m	Jun 2019 £m
3.046	0.757	0.681	0.076
3.914	0.909	0.901	0.008
3.480	0.870	0.859	0.011
4.619	1.150	1.142	0.008
0.335	0.084	0.065	0.019
3.802	0.951	0.940	0.011
1.536	0.384	0.460	(0.076)
20.731	5.105	5.048	0.057
3.072	0.380	0.158	0.222
0.012	0.012	0.012	0.000
3.084	0.392	0.170	0.222
23.815	5.497	5.218	0.279

Useable Reserve	Balance as at 31 March 2018	Transfers Out	Transfers To Contingency	Transfers From Contingency	Transfers In	Balance as at 31 March 2019
	£m	£m	£m	£m	£m	£m
Ring-fenced Reserves						
Addictions (ADP Funding 2018/2019)	1.092					1.092
Alcohol and Drug Partnership Fund	0.045					0.045
Family Nurse Partnership	0.273					0.273
Mental Health Improvement Fund	0.235					0.235
Mental Health and Learning Disability Services - Action 15	0.224					0.224
Children and Adult Mental Health Services	0.122					0.122
Children and Adult Mental Health Services	0.026					0.026
Children and Adult Mental Health Services	0.005					0.005
Veteran's First Point	0.136	(0.086)				0.050
Mental Health and Learning Disability Services	0.090					0.090
Mental Health and Learning Disability Services	0.082					0.082
Mental Health and Learning Disability Services	0.041					0.041
Medical Director	0.035	(0.035)				0.000
Mental Health and Learning Disability Services	0.015					0.015
Ring-fenced Reserves Total	2.421	(0.121)	0.000	0.000	0.000	2.300

Earmarked Reserves	£m	£m	£m	£m	£m	£m
Health Visiting Training	0.584	(0.260)				0.324
Palliative Care Services	0.569	(0.569)				0.000
Social Care Contract Monitoring Staff	0.249	(0.125)				0.124
Social Care Contracting Staff (Quality Assurance Services)	0.186	(0.093)				0.093
Planned IT Development 2019/2020	0.168		(0.168)			0.000
Planned IT Development 2020/2021	0.168		(0.168)			0.000
Planned IT Development 2021/2022	0.093		(0.093)			0.000
Self Directed Support Programme	0.300	(0.300)				0.000
Integrated Support Worker	0.247	(0.070)				0.177
Training Fund	0.246					0.246
Adaptations Fund	0.243	(0.243)				0.000

Area Wide Services - Pharmacy	0.223					0.223
Community Alarm Services	0.220	(0.220)				0.000
Sexual Health Services	0.218					0.218
IT Federated Trust Environment Strategy	0.214					0.214
Financial Inclusion Service	0.207	(0.205)				0.002
School and District Nurisng Training	0.125					0.125
Area Wide Services - Health Promotion	0.123					0.123
Nursing Services - Extend Health Improvement Unit	0.075					0.075
Nurse Leadership Professional Capacity	0.072		(0.072)			0.000
Administration Support Services	0.071					0.071
Community Assessment and Rehabilitation Service	0.065					0.065
Winter Plan - Extension of Discharge to Assess pilot	0.060	(0.050)				0.010
Motherwell Rehabilitation Team Leadership	0.058					0.058
Carer's (Scotland) Act 2016 Programme	0.035	(0.035)				(0.000)
Area Wide Services - Primary Care (iHUB Project NES funding)	0.034					0.034
Nursing Services - Adoption leave cover	0.032					0.032
Nursing Services - Patient safety posts	0.032					0.032
Independent Living Project	0.030	(0.030)				0.000
Test of Change - High Intensity Service Users	0.027					0.027
Nursing Services - Solihull training	0.018					0.018
Contribution to Decontamination Post	0.016		(0.016)			0.000
Nursing Services Mental Health PDN Upgrade Band 6 to 7	0.014					0.014
Earmarked Reserves Total	5.022	(2.200)	(0.517)	0.000	0.000	2.305

Earmarked (Risk-based) Reserves	£m	£m	£m	£m	£m	£m
Self Directed Support Strategy	3.214					3.214
Prescribing Fund	2.881					2.881
Financial Plan Contingency 2019/2020	2.025	(2.025)				0.000
Winter Plan	0.367		(0.367)			0.000
Earmarked (Risk-based) Reserves Total	8.487	(2.025)	(0.367)	0.000	0.000	6.095

Contingency Fund Total	0.053		0.884			0.937
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General Fund Total	15.983	(4.346)	0.000	0.000	0.000	11.637
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South Lanarkshire Health and Social Care Partnership Budget	Locality and Other Services	Addiction Services	Medical and Nursing Directorate	Prescribing	Out-of-Area Services	Area Wide Services	Hosted Services-North	Hosted Services-South	Family Health Services	Set-Aside	Social Work and Housing	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening Budget Previously Report	40.278	5.050	4.153	71.752	4.287	6.916	99.247	21.840	94.362	56.978	219.668	624.532
Budget Adjustments April 2019 to June 2019												
Removal of Non-recurring 2018/2019 Income and Transfers to Reserves	(0.489)	(1.092)	(1.949)				(9.040)					(12.571)
Savings 2019/2020	(0.896)			(1.040)	(0.219)		(0.297)					(2.452)
Superannuation Uplift 2019/2020 (Non-recurring)	1.496		0.138				3.715					5.348
Agenda For Change Pay Award 2019/2020	1.113		0.090				2.279					3.482
Budget Adjustments including pay and superannuation award, inflation uplift, transfers to/from reserves and new funding						0.855		2.948				3.803
Transfers from Reserves	0.120						0.094					0.214
Budget Realignments	(0.127)						0.127					0.000
Income and Miscellaneous Budget Adjustments	0.089		0.124				0.357					0.569
Health Visitor Training (Transfer from Reserves)			0.260									0.260
Mental Health Miscellaneous Income (Non-recurring)	0.009						0.455					0.463
Distress Brief Intervention (Non-recurring)							0.828					0.828
Mental Health Improvement Fund (Non-recurring)							0.487					0.487
Health Visitor Regrading Band 6 To 7	0.766											0.766
Improving Access To Psychological Therapies (Non-recurring)							0.845					0.845
Family Nurse Partnership (Non-recurring)			1.069									1.069
NES Psychological Trainees 2019/2020 (Non-recurring)							1.226					1.226
Effective Prevention (Blood Borne Viruses) (Non-recurring)							1.383					1.383
Vaccines (Non-recurring)							1.435					1.435
Mental Health Funding 2019/2020 Action 15							1.469					1.469
Tariff Adjustment 2018/2019				1.474								1.474
Non-recurring Funding				(0.109)								(0.109)
Inflation Uplift				1.791								1.791
Tariff Reduction 2018/2019 - Estimate				(1.563)								(1.563)
Tariff Reduction 2019/2020 - Estimate				(1.497)								(1.497)
Demand led budget									2.137			2.137
Notional set-aside budget increased for 2019/2020 inflation uplift of 2.5% and adjusted for agreed budget transfers										1.425		1.425
Net Adjustment											(0.738)	(0.738)
Children and Families Services (125 Cost Centres)											(12.772)	(12.772)
Justice Services											(6.357)	(6.357)
Domestic Abuse Services											(0.055)	(0.055)
Youth Justice Services											(0.025)	(0.025)
Up-rating Free Personal Care rates and Living Wage (Share of £108m)											6.513	6.513
Free Personal Care Services for individuals under 65 (Share of £30m)											1.885	1.885
Carers (Scotland) Act 2016 (Share of £10m)											0.603	0.603
Housing Revenue Account Adjustment											0.098	0.098
Budget Adjustments Sub Total	2.081	(1.092)	(0.269)	(0.944)	(0.219)	0.855	5.361	2.948	2.137	1.425	(10.848)	1.435
Revised Budget As Per June 2019 Finance Report	42.360	3.958	3.884	70.808	4.068	7.771	104.609	24.788	96.499	58.403	208.820	625.967