

REPORT



Item No: 7

SUBJECT:	Financial Monitoring Report 2022/2023
TO:	Integration Joint Board
Lead Officer for Report:	Ross McGuffie, Chief Officer
Author(s) of Report	Marie Moy, Chief Financial Officer
DATE:	31 st August 2022

1. PURPOSE OF REPORT

1.1 This paper is coming to the Integration Joint Board (IJB):

For approval	<input type="checkbox"/>	For endorsement	<input checked="" 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 (HSCP) for the period from 1 April 2021 to 30 June 2022 (Health Care Services and 24 June 2022 (Social Work and Housing Services).

2. ROUTE TO THE INTEGRATION JOINT BOARD

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
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3. RECOMMENDATIONS

3.1 The IJB is asked to agree the following recommendations:

- (1) Note the contents of the report;
- (2) Note that the financial outturn at June is an underspend of £3.290m (NHSL - £2.249m; NLC - £1.041m).

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" 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 (NHSL) and the Head of Financial Solutions of North Lanarkshire Council (NLC). 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 final financial monitoring report presented in respect of the financial year 2022/2023.

6. CONCLUSIONS

6.1 The financial position as at June 2022 is summarised as follows:

- there is a net underspend of £2.249m on the core budgets within Health Care Services; details of which are provided at Appendix 1.
- there is a net underspend of £1.041m on the core budgets within Social Care and Housing Services; details of which are provided at Appendix 2

The total underspend of £3.290m represents approximately 0.58% of the total financial envelope available.

6.2 The Covid-19 pandemic has created significant financial management and financial planning challenges for both partners and the IJB. These challenges have centred around the difficulties in predicting the costs associated with the response to and recovery from the Covid-19 pandemic and the constantly evolving funding allocations from the Scottish Government.

6.3 Additional Scottish Government funding was confirmed on 25 February 2023 which met in full the 2021/2022 Covid-19 costs included in the Lanarkshire Remobilisation Plan for both partners. Spend against this in 2021/22 was £13.412m which left a balance of £31.686m uncommitted at 31 March 2022. This was transferred to a ring-fenced reserve to address ongoing Covid-19 costs in 2022/2023

6.4 The Covid-19 funding transferred to the ring-fenced reserve can be used to support continuation of costs which were funded in 2021/2022 as a direct result of Covid-19. The use of these allocations to meet Covid-19 expenditure must be agreed by the IJB Chief Finance Officer and the NHS Board Director of Finance. It is important to note that the funding should be targeted at meeting all additional costs of responding to the Covid-19 pandemic in the Integration Authority as well as the NHS Board.

6.5 Any proposed utilisation of the earmarked reserves to meet new expenditure that had not been funded in 2021/2022 will require the prior agreement of the Scottish Government in advance of the expenditure being incurred. It also remains important that reserves are not used to fund recurring expenditure, given the non-recurring nature of Covid-19 funding. The Covid-19 financial position is being closely monitored.

6.6 Of the Covid-19 reserve Health Care Services have utilised £0.805m as at June and Social Care and Housing Services are projecting to utilise £2.838m during 2022/23.

6.7 The main factors contributing to the financial position are summarised at sections 7 and 8.

7. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES

7.1 Locality and Other Services

7.1.1 There is a net underspend of £0.797m.

7.1.2 The net underspend on pay costs totals £0.765m and is mainly due to vacancies across Nursing Services and Administration and Clerical staff within the localities. There are incremental pay increases and unfunded enhancements across many services however these cost pressures are being offset in-year by the vacancies.

7.1.3 In respect of non-pay costs, there is a net overspend totalling £0.320m. The overspend is mainly due to payments in respect of Strathcarron Hospice (£0.142m). This cost is being managed on a non-recurring basis. A recurring funding solution requires to be identified. The overspend across non-pay costs is partly offset by underspends in respect of drug and travel costs.

7.2 Addiction Services

7.2.1 There is an underspend of £0.117m.

7.2.2 The underspend across pay costs is £0.068m. An underspend of £0.049m is reported in respect of non-pay costs.

7.3 Medical and Nursing Directorate

7.3.1 There is a net underspend of £0.029m.

7.3.2 An underspend of £0.020m is being reported in respect of the medical directorate. There is an overspend across pay costs of £0.005m which is offset by an underspend of £0.025m in respect of non-pay costs.

7.3.3 The nursing directorate is underspent by £0.009m. There is an overspend across pay costs of £0.001m and an underspend of £0.010m in respect of non-pay costs.

7.4 Prescribing

7.4.1 A breakeven position has been reported.

7.5 Out of Area Services

7.5.1 There is a net underspend of £0.190m across non-pay costs.

7.6 Area Wide Services

7.6.1 There is a net underspend of £0.022m mainly in respect of Pharmacy Services (£0.041m).

7.6.2 Area Wide Services include corporate services, health promotion services, pharmacy services, winter planning services and the refugee area. The

underspend comprises of an overspend of £0.040m across pay costs and an underspend of £0.062m across non-pay costs.

7.7 Hosted Services Led By North Lanarkshire

7.7.1 There is a net underspend in the hosted services which are led by the North Lanarkshire HSCP.

The net underspend is £1.094m which includes the following significant variances:

- | | |
|---|----------------------|
| ▪ Mental Health and Learning Disability Services | £0.266m underspend |
| ▪ Children and Adolescents Mental Health Services | £0.483m underspend |
| ▪ Podiatry Services | £0.049m underspend |
| ▪ Speech and Language Therapy Services | £0.255m underspend |
| ▪ Childrens Services | £0.059m underspend |
| ▪ Immunisation Service | (£.0.093m) overspend |

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

7.7.2 The net underspend on Mental Health and Learning Disability Services is £0.266m.

- There is a net underspend across pay costs of £0.237m. This is due to vacancies mainly in nursing posts with some vacancies in psychology posts and administration posts (£0.569m). The underspend has been partly offset by overspends totalling £0.332m. This includes locum costs across Medical Services (£0.114m) and other overspends totalling £0.218m which include the use of bankaide across the inpatient areas and incremental increases within the community areas.
- There is a net underspend across non-pay costs of £0.029m. The total underspend to date is £0.174m however this is offset by overspends totalling £0.145m. The overspend relates mainly to the Forensic Psychiatry Services (£0.028m), Psychology (£0.054m) and Perinatal and Infant Mental health (£0.010m)

7.7.3 The net underspend within Children and Adolescents Mental Health Services is £0.483m and is due to vacancies across nursing and administration posts. There is also an overspend on non-pay costs (£0.022m).

7.7.4 There is an underspend of £0.049m within Podiatry Services which is mainly due to podiatrist vacancies (£0.049m) and a breakeven across non-pay.

7.7.5 There is an underspend of £0.255m within Speech and Language Therapy Services which is mainly due to vacancies (£0.231m) and an underspend across non-pay costs of £0.024m.

7.7.6 There is an underspend of £0.059m within Childrens Services which is mainly due to vacancies (£0.086m) and an overspend across non-pay costs (£0.027m).

7.7.7 There is an overspend within Immunisation Services of £0.093m which is partly due to an overspend on pay costs (£0.053m) together with an overspend on non-pay costs in respect of the cost of drugs (£0.040m).

7.7.8 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 arrangement has been in place since 1 April 2016.

7.7.9 The IJB was previously advised that the hosted services principal is currently being reviewed. The outcome of the review will be reported to future meetings of both the North Lanarkshire IJB and the South Lanarkshire IJB for approval.

7.8 Hosted Services Led By South Lanarkshire

7.8.1 The hosted services which are led by the South Lanarkshire HSCP, in-line with the hosted services agreement, a break-even position is reported.

7.8.2 Primary Care Services are a hosted service which is led by the South Lanarkshire IJB. The Primary Care and Mental Health Transformation Fund and the Primary Care Improvement Fund are ring-fenced funding allocations. Any underspend is therefore retained for use across Lanarkshire and is not used to offset other overspends incurred by the South Lanarkshire IJB.

7.9 Covid-19 Pandemic – Additional Health and Social Care Costs

7.9.1 The additional costs which have been incurred in response to the Covid-19 pandemic continued to be reported to the Scottish Government through the Lanarkshire Mobilisation Plan. The actual costs incurred for Covid-19 for 2022/2023 total £0.805m. These have been met from existing IJB Covid-19 reserve.

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

7.10 Average Vacancy Factor

7.10.1 The vacancy position against the funded establishment at 30 June 2022 is summarised as follows:

Establishment	Actual	Variance
2,730 WTE	2,627 WTE	103 WTE vacancies
100%	96%	4%

7.10.2 The staff resource is 103 WTE (4%) under-established over the period. Additional hours are worked through bank aide, overtime and excess part time hours, the cost of which is included within the financial position reported and these are included in the final figure.

8. REASONS FOR MAJOR VARIANCES – SOCIAL CARE SERVICES

8.1 A net underspend of £1.041m is reported as at 24 May 2022. The main factors contributing to this year-to-date financial position are highlighted below.

8.2 A net underspend of £0.662M is reported within employee costs which relates slippage in relation to the recruitment of posts linked to the “Winter Planning and Enhanced Supports” business case.

8.3 An underspend of £0.210m is reported within Admin costs, mainly as a result of less than anticipated spend within Carers budgets.

8.4 There is an underspend of £0.251m across payments to other bodies. The underspend is primarily due to the staff shortages within the Care at Home sector

who provide services to individuals via the Self-Directed Support commissioning framework. It is anticipated that these are in-year underspends only and these budgets will be required in full in 2023/2024.

- 8.5 Income is under-recovered by £0.086m, which is an adverse variance. This is a result of the committed income recovery from NHSL, in respect of the Integrated Equipment and Adaptations Service, being lower than the historic budget level; coupled with lower than budgeted receipts from charges for Community Alarms and the Integrated Day Services.
- 8.6 This is partly due to the under-recovery of income from the community alarm charge, Home Support Services and Integrated Day Care Services which is lower than anticipated as a result of the Covid-19 pandemic. The implementation of the charge for community alarms was delayed due to the impact of the Covid-19 pandemic. The charge is now in place. Social Care Services continue to closely monitor the changes in the uptake of this essential service and are pro-actively responding to enquiries. The previously agreed NHS Lanarkshire partner contribution to the Integrated Equipment and Adaptations Service is also less than the actual cost of the service. This is currently being monitored.
- 8.7 The additional social care costs which have been incurred in response to the Covid-19 pandemic are also continuing to be reported to the Scottish Government through the 2021/2022 Lanarkshire Mobilisation Plan.
- 8.8 The projected Covid-19 costs for 2021/2022 will be met by Scottish Government funding. As highlighted at 6.4, uncommitted 2021/2022 Covid-19 funding at 31 March 2022 will be transferred to a ring-fenced reserve to meet ongoing 2022/2023 Covid-19 costs.

9. 2022/2023 SAVINGS

9.1 Financial Strategy 2022/2023

- 9.1.1 On 23 March 2022, the IJB approved the financial strategy for 2022/2023. The funding gap of £5.504m will be addressed by budget realignments (£3.264m), a projected recurring prescribing budget underspend (£1.493m), prescribing efficiency savings (£0.387m) and reliance on reserves (£0.361m).

9.2 Health Care Savings

- 9.2.1 No health care savings have been agreed for 2022/2023.

9.3 Social Care Savings

- 9.3.1 This financial year 2022/2023 is the third year of the three-year Efficiency Programme approved by the IJB and the NLC partner in March 2020. The gross savings target is £2.025m. The NLC partner is therefore progressing the previously agreed savings plans.
- 9.3.2 The Service uses a variety of information, records and processes to monitor achievement of its approved budget savings; the Service anticipates £0.653m (32%) will be delivered by the financial year-end.

10. RESERVES

10.1 The reserves balance as at 31 March 2022 were as follows:

	£m	%
Ring-fenced reserves	45.718	38%
Ear-marked reserves	70.050	59%
Contingency reserves	3.684	3%
Total	119.452	100%

10.2 There has been no draw down from these reserves at this stage of the year.

10.3 The 2022/2023 IJB Reserves Strategy will be reviewed and presented to Directors at a future Board meeting.

11. RISK

11.1 Risk management arrangements are in place for the IJB and each partner. The main risk associated with the in-scope budget during 2022/22 is that either or both partners would overspend. However as detailed within this report the financial outturn for the year is projected to be an underspend

11.2 Although a non-recurring underspend has been reported, health and social care services continue to face demand pressures including home support, self-directed support, direct payments, independent care home placements, hospice care and health care services recovery plans.

11.3 The operational and financial impact of the response to the Covid-19 pandemic continues to be monitored by the IJB and both partners in line with their agreed emergency response arrangements and also the recovery, redesign and remobilisation work to reinstate services. The whole system approach continues to be adopted by NHSL, NLC and South Lanarkshire Council.

11.4 Risk management arrangements are in place for the IJB and each partner. The respective risks are managed by both NHSL and NLC through their detailed budget management processes. In addition to these mitigating actions, the IJB Financial Plan 2022/2023 is closely monitored and the IJB Medium to Long Term Financial Pan is being updated.

12. IMPLICATIONS

12.1 NATIONAL OUTCOMES

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

12.2 ASSOCIATED MEASURE(S)

Each partner is required to remain within their approved budgetary provision.

12.3 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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12.4 RISK ASSESSMENT/RISK MANAGEMENT

The financial risks are detailed at section 11. The strategic financial risks detailed in the IJB Risk Register have also been updated and are included in a separate report to the IJB.

12.5 PEOPLE

None

12.6 STAKEHOLDER ENGAGEMENT

The Director of Finance of NHSL and the Head of Financial Solutions of NLC both continue to be consulted on the financial position of the North Lanarkshire IJB.

12.7 INEQUALITIES & FAIRER SCOTLAND DUTY

Equality and Diversity Impact Assessment Completed & Fairer Scotland Impact Assessment Form Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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12. IMPLICATIONS (CONT.)

12.8 CARBON MANAGEMENT IMPLICATIONS

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

None.

14. Appendices

North Lanarkshire Health Care Services Financial Outturn 2021/2022
Appendix 1

North Lanarkshire Social Care Services Financial Outturn 2021/2022
Appendix 2



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CHIEF OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Ross McGuffie on telephone number 01698 752 591

North Lanarkshire Health Care Services Financial Outturn 2022/2023

£000's	<u>Annual Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>YTD Variance</u>	
North West Localities	19,077	4,769	4,331	438	
North East Localities	15,946	3,990	3,689	301	
Adults Services	18,719	4,702	4,564	138	
Childrens Services	36,821	7,671	6,981	690	
Mental Health	71,925	18,003	17,611	392	
North Mgmt Team	1,936	411	287	124	
Medical Director	776	195	175	20	
Nursing Director	3,610	902	893	9	
Apprenticeship Levy	524	131	129	2	
BBV	1,529	382	307	75	
Hospice	-	-	142	-	142
Out of Area Services	4,568	1,142	952	190	
Resource Transfer	22,965	5,741	5,725	16	
Integration Fund / DD	290	73	73	-	
Boundary SLA's	8,115	2,029	2,047	-	18
Commissioned Services	6,799	1,700	1,687	13	
Unscheduled Care	-	-	-	-	
Social Care funding	22,514	5,629	5,629	-	
ADP/LIF	3,063	696	705	-	9
Mobilisation costs	479	479	479	-	
COVID-19	326	326	326	-	
Planning	438	190	202	-	12
TOTAL	240,420	59,161	56,934	2,227	
Prescribing	70,239	17,560	17,560	-	
TOTAL	310,659	76,721	74,494	2,227	
Share of Area Wide Services				22	
OVERALL TOTAL				2,249	

North Lanarkshire Social Work Services Financial Outturn 2021/2022

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE
EMPLOYEE COSTS	16,748,540	16,086,172	662,368
PROPERTY COSTS	1,955,569	1,955,559	10
SUPPLIES & SERVICES	949,645	947,973	1,672
TRANSPORT & PLANT	324,561	323,131	1,430
ADMINISTRATION COSTS	209,756	0	209,756
PAYMENTS TO OTHER BODIES	14,659,007	14,407,516	251,491
OTHER EXPENDITURE	1,057	1,057	0
APPORTIONED EXPENSES	0	0	0
CFCR	0	0	0
CAPITAL EXPENDITURE	0	0	0
TOTAL EXPENDITURE	34,848,135	33,721,408	1,126,727
NLC CONTRIBUTION	42,854,562	42,854,562	0
NLC CONTRIBUTION - HOUSING	1,870,010	1,870,010	0
NLC CONTRIBUTION - TRANSPORT	169,458	169,458	0
INCOME FROM HEALTH	2,943,152	2,913,761	(29,391)
FEES AND CHARGES	248,968	175,374	(73,594)
OTHER LOCAL AUTHORITIES	6,921	6,921	0
USE OF IJB RESERVES	0	0	0
OTHER INCOME	31,603	48,857	17,254
TOTAL INCOME	48,124,674	48,038,943	(85,731)
NET EXPENDITURE	(13,276,539)	(14,317,535)	1,040,996