MONITORING OF THE SHADOW INTEGRATED BUDGET 2014/15

Aim

To provide the Shadow Board with:-

- Periodic budget monitoring statements for the Partnership's Integrated Budget based on actual expenditure and income to 31st May 2014.

- Explanations of the major variances between projected outturn expenditure/income and the current approved budget.

Background

Shadow Integrated Budget

The summary included in Appendix 1 projects a balanced revenue position for the Partnership for 2014/15. At present, budget estimates of almost £120m are included in the shadow integrated budget, of which £46.9m relates to Scottish Borders Council managed services and £73.1m relates to NHS Borders managed services.

Draft regulations to the Public Bodies (Joint Working) (Scotland) Act 2014 are currently being consulted on and further guidance on exactly which services / budgets must be / should be integrated within partnerships is expected by early Autumn 2014. As a result, the services and budgets currently included within the shadow integrated budget for the Scottish Borders will be reviewed and will be subject to further refinement as greater clarity emerges, taking account of any further guidance that may be issued by the Integrated Resources Advisory Group and any such changes to the base position reported herein will be outlined in future monitoring reports to the Shadow Board.

Projected Outturn

At 31 May 2014, total outturn expenditure for the partnership of £119.944m is projected in line with current budget figures. A key underlying factor in the ability to report this position at this stage of the financial year is due to the level of considerable investment made into the budgets supporting the delivery of services during recent financial planning processes, to help meet the pressures arising as a result of increasing number of older people requiring health and social care and the increasing numbers of clients with learning and physical disabilities and the complexity of their needs.

Joint Learning Disability Service
The Joint Learning Disability Service is currently projecting a small overspend of £60k against its shadow integrated budget of £17.552m. This has been an area of ongoing financial pressure in recent years, particularly as a result of the impact of young adults with

complex needs coming into the service which has put a considerable financial burden on it. A combination of ongoing review of health and social care packages and additional investment has had a positive impact however demand for assessment and treatment placements and the ongoing need for additional community based services continues to put pressure on this service. This is currently offset by savings in other service areas and staff turnover.

Joint Mental Health Service
Mental Health is currently projecting a small overspend of £14k but will continue to work to achieve its breakeven target. The main reason for f overspend is challenging service efficiency targets. . The service is currently looking at a number of areas where savings can be made including a review of administration.. At present however, the saving targets have not been fully delivered.

Older People Service
Despite considerable investment during the 2013/14 and 2014/15 financial planning processes, the Older People budget continues to be under ongoing financial pressure and a projected overspend of £261k is currently reported. This takes account of the utilisation of almost £500k of additional investment to meet demographic pressures in 2014/15 and also includes the costs of services which form an in-kind contribution to the delivery of reshaping care for older people outcomes. The key drivers for the additional financial pressures within Older People are the number of care beds currently being commissioned above budgeted levels (c. 50) (£200k), increasing costs of homecare as a result of retendering (£270k) and additional costs above budget due to savings from real-time monitoring and staffing configuration not yet delivered (£800k).

Physical Disability Service
Increasing client numbers and complexity as well as market rates has resulted in additional pressures in the costs of externally commissioned homecare for clients with physical disabilities (£420k) in addition to those clients cared for in a residential setting (£100k). The impact of these pressures has been partially offset by additional investment of £260k into the Physical Disability budget.

Generic Services
Compensating generally for the considerable financial pressures experienced across other areas of integrated service budget areas, Generic Services overall is currently projecting a managed underspend of £527k.

Whilst projecting breakeven at present, Community Nursing and Community Hospitals are experiencing small financial pressures due to a variety of reasons including to the impact of service redesign, maternity leave and sickness absence. These issues are being addressed by management to ensure that overspends are minimised and that the appropriate policies such as sickness absence are being actively adhered to.

The GP prescribing budget is reporting a projected breakeven position although this should be treated with a degree of caution. In line with normal reporting timescales only activity information for April 2014 and no price data for 2014/15 has been received to date.

Considerable savings have been projected within Generic Services. This is a managed position in order to enable a balanced projected outturn for integrated budgets overall to be reported. These savings are attributable to a range of measures including strict vacancy management, a review of all discretionary spend and a reduction in specific areas of committed expenditure.

Implications

Financial Recommendations
There are no costs attached to any of the recommendations contained in this report its content being specifically related to the performance related to the shadow integrated revenue budget in 2014/15.

Risk and Mitigations
There is a risk that further cost pressures may emerge before the year-end which may impact on the projected outturn for the year or that barriers may emerge to the delivery of planned efficiency and savings plans within partner organisations.

The potential for service overspends is highlighted within the Partner Board Risk Register.

The risks identified above are being managed and mitigated through:-
- Monthly reports of actual expenditure and income against approved budgets being made available to budget managers in both partner organisations.
- Review of budget variances and monitoring of management actions to control expenditure by Finance, Service staff and Directors within both organisations.
- Engagement with service managers and review of monthly management accounts by senior management in both organisations.
- Other specific processes of accountability such as departmental business transformation boards, efficiency panels, etc to ensure the monitoring and delivery of financial planning savings targets.

Equalities
It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

Acting Sustainably
There are no significant effects on the economy, community or environment.

Carbon Management
No effect on carbon emissions are anticipated from the recommendation of this report.

Rural Proofing
It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

Changes to Scheme of Administration or Scheme of Delegation
No changes to either organisation’s Scheme of Administration or the Scheme of Delegation is required as a result of this report.

Summary

The revenue monitoring position set out in this report is based on the actual income and expenditure to the 31 May 2014. At this point the Partnership is projecting a balanced position for 2014/15, although at this early stage in the financial year, there are a number of factors which may require ongoing management to ensure that this position is delivered at the 31 March 2014.

All officers, their management teams and budget managers continue to work towards identifying further options to reduce the financial pressures across services which will achieve this projected position, in addition to the delivery of a range of efficiency targets agreed as part of both partners' 2014/15 financial planning processes.

Recommendation

It is recommended that the Integration Shadow Board:-

Approve the budget monitoring reports at Appendix 1.

Note the key areas of identified pressure and proposed remedial actions put in place to enable a balanced outturn position at 31 March 2015 to be projected at this time.

Policy/Strategy Implications	In compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
Consultation	Members of the Integration Programme Board have been consulted on the report and the position reported to the Shadow Board. The report has also been reviewed by and approved by relevant Management Teams within both partner organisations.
Risk Assessment	A full risk assessment and risk monitoring process for the Integration Programme is being developed as part of the Integration Programme arrangements.
Compliance with requirements on Equality and Diversity	An equality impact assessment will be undertaken on the arrangements for Joint Integration when agreed.
Resource/Staffing Implications	It is anticipated that the Integration Shadow Board will oversee services which have a budget of over £100m, within the existing scope. The budget will change as other functions are brought within the scope of the Integration Shadow Board.

Approved by

Name	Designation	Name	Designation
David Robertson	Chief Financial Officer	Carol Gillie	Director of Finance

Author(s)

Name	Designation	Name	Designation

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