



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 30 June 2014.
- Explanations of the major variances between projected outturn expenditure/income and the current approved budget.

Background

Shadow Integrated Budget

NHS Borders and Scottish Borders Council last calendar year agreed a number of service budgets amounting to almost £120m should be included within the integrated budget. This position was endorsed by the Shadow Board at its meeting in April. At the workshop on the 2nd June 2014 members of the Shadow Board and a number of senior officers from the NHS Borders and Scottish Borders Council reviewed a number of services, with a view to making a recommendation to the Shadow Board on which services should be included within the integrated budget. Additionally, a number of services were reviewed by the Board and recommendations were made on how each service should be treated within the partnership budget.

This exercise resulted in a number of services being added to the initial scope and becoming part of the Shadow Integrated Budget. These services and the budgets which support them have now been incorporated in full into the integrated shadow budget on an aligned basis. This report provides an update on the financial position as at the 30th June, with the exception of one further service area (Housing services aids and adaptations - Mandatory grants to contribute towards the cost of alterations to help meet the needs of clients with a disability or impairment), Further work is currently ongoing in order to define and identify the supporting budget, the outcome of which will be incorporated into future monitoring reports to the Board. The total Shadow Revised Integrated Budget for 2014/15 now stands currently at £133m.

Consultation continues on the Draft Regulations to the Public Bodies (Joint Working) (Scotland) Act 2014. Further guidance on exactly which services / budgets must be / should be integrated within partnerships is expected by Autumn 2014 and 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 prior to the April 2015.

Projected Outturn

At 30th June 2014, total outturn expenditure of £133m is projected in line with the current budget. At month 3 pressures of £0.428m are evident and actions to manage these are currently being developed by managers to ensure the balanced position projected is delivered.

A key underlying factor in the ability to report a balanced projection at this stage of the financial year is due to the considerable investment made in the revenue budgets supporting the delivery of services during recent financial planning processes. Recurrent annual additional budgetary provision was made in 2014/15 complementing the additional provision made in 13/14 to meet the pressures arising as a result of increasing number of older people requiring health and social care services, and the increasing numbers of clients with learning and physical disabilities and the complexity of their needs. Nonetheless, all services remain under pressure which management teams are addressing through the identification and implementation of a range of remedial actions that will enable a breakeven outturn position to be delivered. The actions taken will be reported to the Board at the half year stage.

Joint Learning Disability Service

The Joint Learning Disability Service is currently experiencing a pressure of £0.455m against its shadow integrated budget of £17.460m. 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 driven increasing costs within the service. A combination of ongoing review of health and social care packages and additional investment has had a positive impact this year, but during June 2014, further additional new clients have come into the service, some with very complex needs requiring significant and expensive care packages, this will require management action to be delivered this year.

Joint Mental Health Service

Mental Health is currently projecting a breakeven position and will continue to work to deliver additional efficiencies where possible in order to address wider pressures across the shadow integrated budget.

Older People Service

All Adult services have seen increasing demand during June 2014 with demand led pressures now being presented in Older People of £0.258m. This is a net position, which takes account of additional demographics budget invested in Adult Services this year, The key drivers for the additional financial pressures within Older People are the number of care beds currently being commissioned above budgeted levels (£0.120m), increasing costs of homecare as a result of retendering (£0.270m).

Physical Disability Service

Increasing client numbers and complexity as well as market rates continues to cause additional pressures in the costs of externally commissioned homecare for clients with physical disabilities (£0.420m) in addition to those clients cared for in a residential setting (£0.100m). The impact of these pressures has been partially offset by demographic investment into the Physical Disability Budget (£0.300m).

Generic Services

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 budget variances 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 due to limited information being available at this time. When this becomes more certain, updated projections will be made and reported to future Shadow Boards.

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, particularly in localities, a review of all discretionary spend and a reduction in specific areas of committed expenditure within Health Improvement and at Station Court, in particular.

Implications

Financial Recommendations

There are no costs attached to any of the recommendations contained in this report its content being specifically related to the monitoring of the shadow integrated revenue budget for 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, particularly in relation to the development and delivery of savings plans required to deliver the breakeven outturn position currently reported.

The potential for projected adverse variances against service budgets 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 30 June 2014. At this point the Partnership is experiencing a pressure for 2014/15 of £0.428m but this will be managed through the identification of further action. Management teams are working with finance to identify and implement a range of remedial actions which will enable a balanced outturn at the 31 March 2015 to be delivered.

Additionally, any further pressures arising in-year will be identified early and managed and reported to the Shadow Board on an ongoing basis during the year.

Recommendation

It is recommended that the Shadow Board:

Approves the budget monitoring reports at Appendix 1 and notes the overall balanced outturn position to 31 March 2015 reported at this time.

Notes that Budget Holders/Managers must continue to work to deliver planned savings measures and bring forward actions to meet pressures of £0.428m in 2014/15 currently experienced 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 £130m, 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
Paul McMenamin	Business Partner		