



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	17 August 2016
Agenda Item	13
Title	Revenue Budget Monitoring Report 2016/17; position as at 24 June 2016
<p>Summary</p> <p>To provide the Integration Joint Board with financial monitoring information in relation to the revenue budget, as part of the agreed financial governance arrangements.</p>	
Presented by	Lesley Bairden, Chief Financial Officer
<p>Action Required</p> <p>The Integration Joint Board is asked to note:-</p> <ul style="list-style-type: none"> ▪ The provisional outturn position for the 2015/16 revenue budget ▪ The projected outturn position of the 2016/17 revenue budget 	
<p>Implications checklist – check box if applicable and include detail in report</p> <p> <input checked="" type="checkbox"/> Financial <input type="checkbox"/> Policy <input type="checkbox"/> Legal <input type="checkbox"/> Equalities <input type="checkbox"/> Staffing <input type="checkbox"/> Property <input type="checkbox"/> IT <input type="checkbox"/> Efficient Government </p>	

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD**17 August 2016****Report by Lesley Bairden, Chief Financial Officer****REVENUE BUDGET MONITORING REPORT****PURPOSE OF REPORT**

1. To advise the Board of the provisional outturn for 2015/16 and projected outturn position of the 2016/17 revenue budget.

RECOMMENDATIONS

2. The Integration Joint Board is asked to note;
 - The provisional outturn for the 2015/16 revenue budget
 - The projected outturn position of the 2016/17 revenue budget

BACKGROUND

3. This report forms part of the regular reporting cycle for ensuring that the HSCP financial governance arrangements are maintained.

REPORT

4. **2015/16 Revenue Outturn:** this is the provisional position as reflected in the Annual Report and Accounts for the Integration Joint Board, covering the period 7 October 2015 to 31 March 2016 and is subject to any adjustments resulting from the audit of the IJB accounts and those of our partners. We ended the year with an under spend of £1.141m (1.6% of our £71.4m part year budget) of which £0.868m reflects planned investment in reserves for specific projects, as detailed at Appendix 6.
5. The underspend on part year operational budgets was £0.273m (0.38% of budget) and was a further underspend of £0.146m from that projected at period 11.
6. The operational underspend for the full year 2015/16 was £0.381m with £0.273m retained by the IJB as free reserves, per above, and £0.108m returned to ERC reflecting the pre go live period.
7. The consolidated full year outturn per service is:

Service	Budget £m	Outturn £m	Variance (Over) / Under £m	Variance %
Children & Families & Criminal Justice	9.832	9.201	0.631	6.42
Older People	27.152	25.389	1.763	6.49
Physical & Sensory Disability	3.488	3.833	(0.345)	(9.89)
Learning Disability – Community	9.495	11.296	(1.801)	(18.97)
Learning Disability – Specialist Services	11.479	11.479	-	-

Mental Health	4.053	3.699	0.354	8.73
Addictions / Substance Misuse	1.535	1.450	0.085	5.54
Family Health Services	21.531	21.531	-	-
Prescribing	14.905	14.905	-	-
Planning & Health Improvement	0.526	0.497	0.029	5.51
Management & Admin	7.910	8.245	(0.335)	(4.23)
Total Net Expenditure	111.906	111.525	0.381	0.34

The main variances remained in line with previous reporting and relate to:

- Children & Families principally due to employee and running costs from phased restructure costs along with cost and volume reductions in care package costs
- Older People / Learning Disability Community / Physical & Sensory Disabilities variances reflect the historic budgets for these care groups – now re-aligned for 2016/17 reflecting the client demographic and care package costs
- Management & Admin primarily relates to historic budget for grant income, not achievable and has been re-aligned for 2016/17.
- Prescribing is shown at nil variance, reflecting the risk share agreements. The actual position was £0.112m overspend for the year.

8. **2016/17 Revenue Budget:** The consolidated budget for 2016/17, and projected outturn position is reported in detail at Appendix 1. This shows a provisional forecast under spend of £0.007m, against a full year budget of £111.951m (0.01%). The projected underspend will be carried forward as a free reserve, subject to our final year end position at 31 March 2017. Appendices 2 & 3 set out the operational position for each partner.
9. The NHSGGC operational budget is projected as break even however this must be heavily caveated as the budget includes £1.152m savings, discussed in the budget report elsewhere on the agenda. The working assumption is that we will achieve this through application of non-recurring funds, both from NHSGGC and through our own actions in 2016/17 – however we are unable at this stage to advise that a recurring solution is in place.
10. NHSGGC has identified in its financial plan that £32.0m of non-recurring relief is potentially available to offset the in-year shortfall against savings targets. Discussions are underway to determine how non-recurring funding will be allocated to Partnerships for the current year shortfall against savings targets and that this will be quantified and allocated in month 5 accounting period.
11. The consolidated budget, and associated direction to our partners is detailed at Appendix 5. This will be reported to each IJB and will reflect the continued in year revisions to our funding.
12. The Learning Disability Inpatient Services budget and projected outturn for 2016/17 reflects the elimination of the historic overspend inherited in 2015/16 mainly due to securing funding for the high cost of area placement, combined with a detailed review of all expenditure budgets. The current position for this service is £0.084m underspend as at 24 June. The General Manager continues to review the financial position in detail on a monthly basis.
13. The impact of the Living Wage continues to be assessed and will be included in future reports, reflecting the part year impact effective from 1 October. Similarly any decisions relating to the application of the Integration Fund will be reported as they crystallise.

14. The main projected variances are set out below, however at this early stage in the year these are subject to revision as the year progresses. Within the NHS budgets it is difficult to accurately project an outturn per service as this will be impacted significantly by the allocation of savings targets and non-recurring funding, therefore the variance to date is the main basis of projection, primarily reflecting turnover from vacant posts, which will be offset against the savings target in the current financial year.
15. Children & Families – the projected underspend of £0.182m reflects current levels of foster, kinship and residential care.
16. Older Peoples Services – the projected underspend reflects the current cost of care packages along with turnover savings from vacancies.
17. Mental Health - the projected underspend reflects the current cost of care packages along with turnover savings from vacancies.
18. Management & Admin – the unallocated savings sit within this budget – hence the projected overspend.
19. The year to date position is detailed at Appendix 4 and reflects an under spend of £3.664m. However within this figure there are a of number accounting adjustments including funding carried forward from 2015/16. These variances (£3.171m) are regarded as temporary and will not arise at the end of the financial year.
20. There remains a potential recovery of prior year costs incurred by the Council pending the conclusion of an ongoing legal case; any element relating to the live period of the IJB will only be recognised upon receipt.

FINANCE AND EFFICIENCY

21. Savings and efficiencies approved as part of the ERC budget setting of £1.575m exercise have been applied in full to the 2016/17 annual budget. The NHSGGC savings target of £1.152m is projected to be achieved on a non-recurring basis in 2016/17, with work ongoing to achieve recurring financial balance. Again this must be heavily caveated given the uncertainty of the level of non-recurring funding from NHSGGC.

CONSULTATION

22. The Chief Financial Officer has consulted with our partners.

PARTNERSHIP WORKING

23. This revenue budget reflects the consolidation of funding from both East Renfrewshire Council and NHS Greater Glasgow and Clyde. The HSCP operates under the Financial Regulations as approved by the Performance and Audit Committee on 18 December 2015.

IMPLICATIONS

24. The report reflects a projected under spend of £0.007m for the year to 31st March 2017.

CONCLUSIONS

25. Appendix 1 reports a projected £0.007m under spend for the year to 31st March 2017 on the consolidated revenue budget, whilst recognising the significant caveats relating to NHSGGC savings target.

RECOMMENDATIONS

26. The Integration Joint Board is asked to note:-
- The provisional outturn position for the 2015/16 revenue budget
 - The projected outturn position of the 2016/17 revenue budget.

REPORT AUTHOR

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BACKGROUND PAPERS

Revenue Monitoring Report, Integration Joint Board, 30 March 2016

KEY WORDS

A report outlining the projected outturn position of the 2016-17 revenue budget.

Key Words: HSCP, financial monitoring, financial position, financial governance, budgetary control

Projected Outturn as at 24 June 2016

Objective Analysis	Consolidated Summary			
	Full Year Budget £	Projected Outturn Spend £	Variance (Over) / Under £	Variance (Over) / Under %
Children & Families	9,972,640	9,704,950	267,690	2.68%
Older Peoples Services	30,334,300	30,079,440	254,860	0.84%
Physical / Sensory Disability	3,917,150	3,869,090	48,060	1.23%
Learning Disability - Community	10,376,160	10,433,180	(57,020)	(0.55%)
Learning Disability - Inpatients	11,251,700	11,167,800	83,900	0.75%
Mental Health	3,933,120	3,725,210	207,910	5.29%
Addictions / Substance Misuse	1,489,660	1,521,640	(31,980)	(2.15%)
Family Health Services	20,702,400	20,702,400	-	-
Prescribing	15,554,300	15,554,300	-	-
Criminal Justice	25,000	25,910	(910)	(3.64%)
Planning & Health Improvement	360,400	332,800	27,600	7.66%
Management & Admin	4,034,210	4,826,500	(792,290)	(19.64%)
Contribution to / (from) Reserves	-	-	-	-
Net Expenditure	111,951,040	111,943,220	7,820	0.01%

Notes:

1. NHS & ERC position as at 24 June 2016.
2. Resource Transfer is allocated across client groups at the consolidated level.
3. The projected underspend / (overspend) will be taken to / (from) reserves at year end.
4. Management & Admin includes NHS unallocated savings target
5. CAVEAT - assumes NHS savings target will be achieved in year through application of non-recurring funds from both NHSGGC and local actions

Projected Outturn as at 24 June 2016

Subjective Analysis	East Renfrewshire Council			
	Full Year Budget £	Projected Outturn Spend £	Variance (Over) / Under £	Variance (Over) / Under %
Employee Costs	19,792,800	19,885,910	(93,110)	(0.47%)
Property Costs	990,500	908,410	82,090	8.29%
Supplies & Services	2,599,900	2,841,870	(241,970)	(9.31%)
Transport Costs	167,900	177,370	(9,470)	(5.64%)
Third Party Payments	34,303,540	33,821,080	482,460	1.41%
Support Services	2,326,000	2,325,650	350	0.02%
Income	(14,091,500)	(13,878,970)	(212,530)	(1.51%)
Contribution to / (from) Reserves	-		-	0.00%
Net Expenditure	46,089,140	46,081,320	7,820	0.02%

Objective Analysis	Full Year Budget £	Projected Outturn Spend £	Variance (Over) / Under £	Variance (Over) / Under %
	Children & Families	8,234,340	8,051,850	182,490
Older People	21,112,500	21,067,240	45,260	0.21%
Physical / Sensory Disability	3,695,150	3,647,090	48,060	1.30%
Learning Disability	7,412,060	7,469,080	(57,020)	(0.77%)
Mental Health	1,455,420	1,408,310	47,110	3.24%
Addictions / Substance Misuse	263,460	295,440	(31,980)	(12.14%)
Criminal Justice	25,000	25,910	(910)	(3.64%)
Service Strategy	809,840	844,840	(35,000)	(4.32%)
Support Service & Management	3,081,370	3,271,560	(190,190)	(6.17%)
Contribution to / (from) Reserves	-		-	0.00%
Net Expenditure	46,089,140	46,081,320	7,820	0.02%

Notes:

1. ERC Figures quoted as at 24 June 2016
2. The projected underspend / (overspend) will be taken to / (from) reserves at year end.

Projected Outturn as at 24 June 2016

Subjective Analysis	NHS Greater Glasgow & Clyde			
	Full Year Budget £	Projected Outturn Spend £	Variance (Over) / Under £	Variance (Over) / Under %
Employee Costs	18,354,600	18,149,000	205,600	1.12%
Non-pay Expenditure	45,596,500	45,802,100	(205,600)	(0.45%)
Resource Transfer	5,605,200	5,605,200	-	-
Income	(3,694,400)	(3,694,400)	-	-
Net Expenditure	65,861,900	65,861,900	-	0.00%

Objective Analysis	Full Year Budget £	Projected Outturn Spend £	Variance (Over) / Under £	Variance (Over) / Under %
	Childrens Services	1,651,200	1,629,900	21,300
Adult Community Services	6,644,400	6,592,000	52,400	0.79%
Learning Disability - Community	117,000	121,100	(4,100)	(12.48%)
Learning Disability - Inpatients	11,251,700	11,167,800	83,900	0.75%
Mental Health - Community	1,277,600	1,256,800	20,800	1.63%
Mental Health - Older Adults	626,100	606,700	19,400	3.10%
Family Health Services	20,702,400	20,702,400	-	-
Prescribing	15,554,300	15,554,300	-	-
Addictions	706,200	719,900	(13,700)	(12.48%)
Planning & Health Improvement	360,400	353,500	6,900	1.91%
Integrated Care Fund	1,457,400	1,457,400	-	-
Management & Admin	(92,000)	94,900	(186,900)	(12.48%)
Resource Transfer	5,605,200	5,605,200	-	-
Net Expenditure	65,861,900	65,861,900	-	0.00%

Notes:

1. NHS Figures quoted as at 24 June 2016

2. Resource Transfer is allocated across client groups at the consolidated level:

	£
Service Strategy	96,000
Children & Families	87,100
Older People	1,120,000
Physical Disability	222,000
Addictions	520,000
Learning Disability	2,847,100
Mental Health	574,000
Support Service & Mgt	139,000
	<u>5,605,200</u>

3. Management & Admin includes unallocated savings target of £843k, with total savings target being £1,152k

NB - PROJECTED ON TARGET ASSUMES IN YEAR ACHIEVEMENT OF SAVINGS THROUGH APPLICATION OF NON RECURRING FUNDS FROM BOTH NHSGGC AND LOCAL ACTIONS

East Renfrewshire Council				
Subjective Analysis	Budget £	Actual £	Variance (Over) / Under £	Variance (Over) / Under %
Employee Costs	3,340,000	2,805,000	535,000	16.02%
Property Costs	146,000	106,000	40,000	27.40%
Supplies & Services	566,000	117,000	449,000	79.33%
Transport Costs	39,000	39,000	-	(0.00%)
Third Party Payments	4,429,000	1,110,000	3,319,000	74.94%
Support Services	3,000	2,000	1,000	33.33%
Income	(2,844,000)	(2,096,000)	(748,000)	(0.00%)
Net Expenditure	5,679,000	2,083,000	3,596,000	63.32%

NHS Greater Glasgow & Clyde				
Subjective Analysis	Budget £	Actual £	Variance (Over) / Under £	Variance (Over) / Under %
Employee Costs	4,622,500	4,416,900	205,600	4.45%
Non-pay Expenditure	9,736,500	10,060,500	(324,000)	(0.82%)
Resource Transfer	1,478,900	1,478,900	-	-
Income	(1,013,700)	(1,013,700)	-	-
Net Expenditure	14,824,200	14,942,600	(118,400)	(0.80%)
Total	20,503,200	17,025,600	3,477,600	16.96%

Notes

1. ERC year to date includes brought forward balances and accounting adjustments of £3.171m
2. NHSGGC employee variances reflect vacant posts
3. NHSGGC non-pay overspend reflects year to date proportion of savings target.

East Renfrewshire HSCP - Revenue Budget Monitoring 2016/17
Budget Reconciliation & Directions as at 24 June 2016

Appendix 5

Funding Sources to the IJB:	NHS £'000	ERC £'000	IJB £'000	Total £'000
Original Budget Contributions				
Revenue Budget Contribution	59,627	46,137		105,764
Integration Fund	3,621			3,621
Integrated Care Fund	1,430			1,430
Delayed Discharge	500			500
Sub-Total Direct Revenue Funding	65,178	46,137	0	111,315
Subsequent Contribution Revisions				
Prescribing	866			866
Family Health Services	(211)			(211)
Auto Enrolment	29			29
Early Years Change Fund		(48)		(48)
Sub-Total Current Direct Revenue Funding	65,862	46,089	0	111,951
Funding Outwith Revenue Monitoring Report				
Housing Aids & Adaptations *		632		632
Set Aside Notional Budget	13,425			13,425
Total Funding	79,287	46,721	0	126,008
Directions to Partners:				
Revenue Budget Contribution	60,311	46,089		106,400
Integration Fund - budget 30 March		1,903		1,903
Integration Fund - living wage			935	935
Integration Fund - charging thresholds		30		30
Integration Fund - balance			753	753
Integrated Care Fund	365	1,065		1,430
Delayed Discharge	165	335		500
Sub-Total Direct Revenue Funding	60,841	49,422	1,688	111,951
Housing Aids & Adaptations		632		632
Set Aside Notional Budget	13,425			13,425
Total Funding	74,266	50,054	1,688	126,008

* Includes capital spend

East Renfrewshire Integration Joint Board Reserves 2016/17

Appendix 6

Earmarked Reserves	Brought Forward from 2015/16	New Funds	Total Funds	Projected Spend 2016/17	Projected Carry Forward to 2017/18	Comments
	£	£	£	£	£	
East Renfrewshire Council						
Integrating L&D Function	70,000	-	70,000	-	70,000	To meet cost of project post for 18 months , current year spend will be dependent on start date
Community Capacity Building	80,000	-	80,000	80,000	-	To build community capacity and inform future service redesign
Child Protection Training	40,000	-	40,000	40,000	-	Training programme to support new structure implemented part way through 2015/16. Funding for Foster Carer Recruitment Campaign and further Children & Families Initiatives.
Foster Care Recruitment Campaign	150,000	-	150,000	150,000	-	
Children & Families Initiatives	50,000	-	50,000	50,000	-	
Sub Total	390,000	-	390,000	320,000	70,000	
NHSGCC						
Learning Disability Specialist Services	374,500	-	374,500	-	374,500	NHS funding contribution agreed with NHS and met from transitional funding and cross boundary income , for future staff redeployment training, future care package costs , double running costs of transitional period for individuals moving from continuing to community care.
Barrhead Health & Care Centre	104,000	-	104,000	104,000	208,000	Agreed NHS funding contribution agreed towards refurbishment of Barrhead Health & Care Centre
Sub Total	478,500	-	478,500	104,000	582,500	
Total All Earmarked Reserves	868,500	-	868,500	424,000	652,500	
General Reserves						
East Renfrewshire Council	109,200	-	109,200	91,400	17,800	Funding a number of one off initiatives
NHSGGC	163,000	-	163,000		163,000	Potential one off application to savings target
Total General Reserves	272,200	-	272,200	91,400	180,800	
Grand Total All Reserves	1,140,700	-	1,140,700	515,400	833,300	

Notes:

- Reserves exclude CFCR projects or any balance sheets funds relating solely to timing differences
- The timing of earmarked spend will be revised as plans are refined.