

Health, Social Care and Housing Committee

10am, Tuesday, 13 September 2016

Health and Social Care: Revenue Budget Monitoring 2016/17 – Month Three Position

Item number 8.1
Report number
Executive/routine
Wards

Executive summary

The purpose of this report is to present the 2016/17 financial position of Health and Social Care as at period three.

The net budget of £185.226m for 2016/17 requires the achievement of savings of £15.018m, and includes £7.0m of additional funding approved by Council to address underlying budget pressures.

This report provides an update on the latest assessment of approved savings, with £8.4m of approved savings assessed at Green, £3.3m assessed at Amber and £3.3m at Red. The attainment of a balanced budget position will require ongoing management action to deliver approved savings, together with active management of significant risks and pressures. Whilst Health and Social Care remains fully committed to addressing budget position and will explore all opportunities to do so, at this stage there remains a risk that there will be an over-spend in 2016/17.

Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals and an update will be reported at month five.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1

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Recommendations

- 1.1 It is recommended that the Health, Social Care and Housing Committee notes the content of this report and the actions being taken to deliver approved savings and mitigate the pressures faced.

Background

- 2.1 This report advises on the financial position of the Health and Social Care revenue budget after three months of the financial year and provides an update on due diligence, budget realignment, implementation of approved savings together with an initial assessment of risks and issues.

Main report

Approved Budget / Directions

- 3.1 The net revenue budget delegated by the Council to the Edinburgh Integrated Joint Board (EIJB) for 2016/17 is £185.226m. The Council budget offer to the EIJB is subject to ongoing refinement.
- 3.2 The EIJB has issued an initial set of “directions” and the Council is responsible for ensuring that the functions that it has been “directed” to provide are delivered within the allocated budget. The budget requires achievement of savings of £15.018m.

Due Diligence

- 3.3 The revenue budget delegated by the Council to the EIJB is subject to a formal process of due diligence. A detailed analysis of the proposed delegated budget has been undertaken and the arrangements have been subject to scrutiny by Internal Audit. There is one issue outstanding relating to conditions for the Social Care Fund and the Interim Chief Finance Officer of the EIJB is in dialogue with Scottish Government officials.

Budget Realignment

- 3.4 The Council approved £7m of additional funding in 2016/17 to address underlying budget pressures. An exercise has been undertaken to realign the baseline service budget to reflect this additional funding.
- 3.5 Budget transfers out of the Health and Social Care account have been arranged in relation to Criminal Justice services (which are not delegated to the EIJB) and support services, including IT, Property and Business Support services, (which are being centralised under the Council Transformation Programme). As support service organisational reviews under the Council Transformation Programme are completed, budget transfers will be finalised and an updated offer to the EIJB will be confirmed.
- 3.6 Further budget realignment will be undertaken to reflect:
- approved budget savings where business cases and detailed implementation plans are awaited;
 - revised management and organisational structures which are subject to ongoing development through an organisational review.

Savings Implementation Plans

- 3.7 The revenue budget approved by Council requires delivery of savings of £15.018m in 2016/17 with further incremental savings of £6.917m to be achieved in 2017/18. Savings plans have been reviewed by the Health and Social Care Senior Management Team and a proposed realignment of approved savings is detailed in appendix 1, including the latest RAG assessment of savings.
- 3.8 £11.2m of approved savings are to be delivered through a staffing organisational review. The revised structure is being delivered in 2 phases, the first of which (the senior management structure) will be in place by the end of September. Work continues to agree and finalise plans for the second phase, including the drafting of job descriptions, development of a communications plan and agreement of a detailed timetable for implementation. The full implementation of the structure will achieve £11.2m savings in the full year, with £5.8m of the target associated with 2016/17. The finance team has undertaken an assessment of likely in-year delivery, which has identified £1.8m as Amber, with the balance of £4.0m being Green. If phase 2 is implemented by 31 December 2016 it is assessed that the savings target of £5.8m for 2016/17 will be achieved.
- 3.9 The Health and Social Care Transformation Programme is targeting delivery of £9.0m of savings, with £4.1m to be delivered in 2016/17 and a further £4.9m to be delivered in 2017/18. There is a significant risk that the assumed phasing of savings in 2016/17 will not be achieved, with £0.8m of savings currently assessed at Amber and £3.3m at Red.

- 3.10 Work is progressing on detailed business cases and implementation plans for proposals focused on asset based assessment, support planning, brokerage and financial controls around the Financial Allocation Systems. In addition to this, work has been commissioned to identify further opportunities, and schemes being investigated include: telecare/health; targeted review to reduce cost of care packages; business process redesign – financial process and ‘flow’ across the end-to-end systems from first point of contact to service delivery; tackling delays across the system; and increasing uptake of Self Directed Support and Individual Service Funds.
- 3.11 £3.5m of non-recurring funding from the Social Care Fund has been agreed by the EIJB to partially mitigate the delay to delivery of savings in 2016/17. This is included in the Green column at appendix 1.
- 3.12 Other 2016/17 savings of £0.9m are currently assessed at Green and £0.7m at Amber.

Risks

- 3.13 Progress towards the achievement of all savings targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.
- 3.14 Data quality issues with Swift continue to impact on the availability of reliable commitment data on purchasing and packages of care, to inform financial forecasting. Work will be progressed to review business processes and cleanse data within Swift.

Measures of success

- 4.1 Full delivery of approved budget savings as part of achieving an overall balanced position for 2016/17.

Financial impact

- 5.1 At month three, Health and Social Care is facing significant pressures and while alternative savings will be developed where savings proposals are not achievable there remains a risk of an overspend in 2016/17.

Risk, policy, compliance and governance impact

- 6.1 The delivery of expenditure within the approved revenue budget for 2016/17 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action taken as appropriate.

Equalities impact

- 7.1 Equalities Impact Assessments will be carried out as part of the implementation of detailed proposals under the Health and Social Care Transformation Programme and phase 2 of the organisational review.

Sustainability impact

- 8.1 There is no direct sustainability impact arising from this report.

Consultation and engagement

- 9.1 Consultation on the budget was undertaken as part of the budget process.

Background reading/external references

None

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	1. Revenue Budget Savings 2016/17

Appendix 1

Revenue Budget Savings 2016/17

Savings description	2016/17 REVISED SAVINGS PROPOSALS			
	2016/17 £m	Red £m	Amber £m	Green £m
Council Transformation Programme: Organisational Review	5.808		1.808	4.000
Contract Management	1.400		0.713	0.687
H&SC Transformation Programme	4.137	3.376	0.761	
Social Care Fund (non-recurring contribution)	3.543			3.543
Mental Health and Addiction Services - redesign	0.080			0.080
Community Equipment Service	0.050			0.050
TOTAL	15.018	3.376	3.282	8.360