

Integration Joint Board

Agenda item:

Date of Meeting: 27 May 2020

Title of Report: Budget Monitoring as at 31 March 2020

Presented by: Judy Orr, Head of Finance and Transformation

The Integration Joint Board is asked to:

- Note the outturn position for 2019-20 is an overspend of £2.446m as at 31 March 2020 which includes a provision of £1.324m for the on-going dispute with NHS Greater Glasgow & Clyde. Excluding this, the outturn would have been an overspend of £1.122m.
- Note the repayment arrangements for the overspend described at 3.6.
- Approve the new earmarked reserves set out at 3.5.2.
- Instruct the Chief Officer to bring back further information on the negotiations within NHS GG&C for Board approval, noting the delegated powers agreed on 25 March 2020.

1. EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 31 March 2020.
- 1.2 There is a full year overspend of £2.446m as at 31 March 2020. This consists of an overspend of £1.166m within Social Work delivered services and an overspend of £1.280m within Health. The position has deteriorated by £1.134m in the month which relates mainly to the need to make a year-end provision of £1.324m for the ongoing dispute with NHS Greater Glasgow & Clyde. Without this provision, the position would have improved by £190k. Most of the improvement was on Social Work.
- 1.3 NHS Highland have received brokerage from the Scottish Government which requires to be repaid from 2022/23 at the earliest, but the detail of this is unlikely to be negotiated until next year. The overspend on Social Work related services requires to be repaid to Argyll and Bute Council and repayment arrangements are in place for both the 2017-18 and 2018-19 overspends over financial years 2020-21 to 2023-24. The 2019/20 overspend is likely to be repaid in 2024/25.

- 1.4 New earmarked reserves have been created at the end of 2019-20 within NHS Highland totalling £555,018 – details set out at 3.5.2.

2. INTRODUCTION

- 2.1 This report provides information on the financial position of the Health and Social Care Partnership as at the end of financial year 2019-20.

3. DETAIL OF REPORT

3.1 Summary of Final Outturn Position

- 3.1.1 The forecast outturn position as at the end of February, reported verbally to the IJB on 25 March 2020 and by written report to Finance & Policy Committee on 27 March 2020, was a forecast overspend of £1.312m, made up of an underspend of £21k for Health related services (excluding any provision for the ongoing dispute with NHS GG&C) and £1.333m for Social Work related services.

- 3.1.2 The final year end position is an overspend of £2.446m, made up of an overspend of £1.280m for Health related services and £1.166m for Social Work related services. This final position is a deterioration of £1.134m since the February position which relates mainly to the need to make a year-end provision of £1.324m for the ongoing dispute with NHS Greater Glasgow & Clyde. Without this provision, the position would have improved by £190k. Most of the improvement was on Social Work, reversing much of the deterioration between January and February.

- 3.1.3 The movements for Social Work is described at 3.3.1 below. The overspends are mainly on Adult Services - Older People Care Home placements, Learning Disability Joint Residential and Supported Living, and Physical Disability Residential and Supported Living arising due to service demand and a failure to deliver planned savings.

3.2 Outturn – Health

- 3.2.1 Within Health, apart from the need to make a provision for the ongoing dispute with NHS GG&C of £1.324m, there is a slight improvement of £23k change from the underspend of £21k reported at the end of February. Including the provision for the dispute (which was previously kept outwith the forecast outturn) the deterioration is £1.301m.

- 3.2.2 There are a number of significant cost pressures that are being absorbed within the overall financial position. The main ones are:

- Mull GP services - £668k overspent due to extensive reliance on GP locums
- Psychiatric medical services - £603k overspent due to reliance on locums
- LIH general medical services - £308k overspent due to locums and loss of income from NES
- Cost per case charges from NHS GG&C - £239k overspent, of which £181k relates to cystic fibrosis drugs

- Charges from other HBs (excl. GG&C) - £178k over, of which £117k relates to one patient in New Craigs and Fife
- LIH Laboratory - £136k over due to agency staffing and increased biochemistry service costs
- GP prescribing, Campbeltown Practice - £123k over due to new medications and high cost patients
- Rothesay Victoria Hospital Nursing - £112k over due to extensive sickness absence cover
- LIH Ward B - £106k overspent due to extensive use of agency nurses (£273k spend on agency nurses)
- Campbeltown Hospital Nursing - £102k over due to extensive use of agency and bank nurses
- Kintyre Medical Group - £92k over due to use of locum GPs
- GP Prescribing, Millig Practice Helensburgh - £84k over due to not reviewing prescribing practice

More detail is given at Appendix 1.

3.3 Outturn – Social Work

3.3.1 The outturn position for Social Work for 2019-20 is an overspend of £1.166m which is an improvement of £167k from the position reported at end of February, fulling reversing the deterioration in February. The changes have largely been in the following main areas:

- Chief officer – due to increase in budget due to £107k being transferred for vacancy savings;
- Learning Disability overspend reduced by £214k mainly due to raising recharges to Health for shared cases;
- Older people overspend increased by £116k mainly on home care (some inaccurate previous forecasting) and care homes (staffing costs and lower income than expected);
- Physical Disability – overspend reduced by £80k mainly due to Integrated Equipment Store year end adjustment following stock take.

3.3.2 The overspends are mainly on Adult Services - Older People Care Home placements (£486k) and Older People Other costs (£281k), Learning Disability Joint Residential (£727k) and Supported Living (£568k), and Physical Disability Residential (£214k) and Supported Living (£486k) arising due to service demand and a failure to deliver planned savings.

3.3.3 Children and Families overall has an outturn overspend of £88k (improved by £57k) driven mainly by an overspend on Looked After Children in residential placements of £505k offset by underspends on Fostering, Child Protection and Criminal Justice. In addition the management restructure saving of £150,000 has not yet been delivered as the new structure will only be implemented from July 2020.

3.3.4 Chief Officer forecast positive variance has increased by £107k to £679k mainly due to an increase in vacant payroll budgets now skimmed centrally.

3.3.5 The biggest single area of Social Work overspend continues to be on Learning Disability (£1.133m) where there has been a failure to deliver

anticipated savings so far, along with higher than budgeted demand. This has improved this month by £214k.

3.3.6 The next largest area of forecast overspend is Physical Disability at £598k, mostly on supported living and this is improved since last month by £80k.

3.3.7 Further information is provided within Appendix 2.

3.4 Savings Delivery

3.4.1 As at end of March, £7.665m of the target £10.877m savings have been delivered, 70% of the total – this includes £1.080m non-recurring savings. This has increased by £598k since last reported at end of February. Further information is provided at Appendix 2.

3.4.2 The outturn shortfall for Social Work is £3.212m. This has increased by £127k from £3.085m at the end of February. The increase in shortfall is due to the difficulty in declaring actual savings made on homecare against the individual savings lines.

3.4.3 The outturn shortfall for Health of £1.080m was fully offset by non-recurring savings many of which relate at least in part but where the saving cannot yet be regarded as recurring. The Health savings are being tracked through the Project Management Office approach co-ordinated by NHS Highland which includes greater visibility of progress against agreed milestones. This approach is now rolled out to Social Work savings through the Finance team. The regular meetings to review the savings have been paused in March due to work on the Covid response but are planned to restart in late May.

3.4.4 An updated action tracker against the savings has not been presented as all progress effectively stopped due to the Covid-19 pandemic as at the date of the last update presented as at 31 March.

3.4.5 It is clear that the failure to deliver on all savings (overall shortfall of £3.212m) is the key driver in the outturn overspend of £2.446m (apart from the dispute with NHS GG&C). As nearly all these savings are being carried forward to next year, it is imperative that efforts to deliver the previously agreed savings are continued. Although we now have permanent heads of service in post across all areas which will assist, efforts are now being hampered by the need to prioritise responses to Covid-19 pandemic. Where we can, we will ensure that actions for Covid-19 are aligned and capitalised on such as increasing use of Near Me.

3.5 Reserves

3.5.1 The only reserve brought forward continues to be the £50,000 for supporting the move from Analogue to Digital for 200 telecare service users. This requires to be carried forward into the new financial year. The previous reserve for the Primary Care Improvement Fund was fully utilised during the year.

NHS Highland has been requested to create the following new earmarked reserves, all of which are in respect of specific monies received but not yet

3.5.2 spent for this purposes:

Name	£	Comment
Primary Care Improvement Fund	102,616	Underspend on SG specific grant
Action 15 Mental Health Strategy	123,418	Underspend on SG specific grant
Alcohol & Drugs Partnership	59,517	Underspend on SG specific grant
GP Fellowship MH Funding	74,000	12 months fellowship
TEC funding	50,902	Rec'd Sep 2019
Supporting improvements to GP premises	55,565	Rec'd Sep 2019
Best Start maternity services	60,000	New SGHD allocation
Scotgem Lochgilphead	10,000	NES funding for accommodation upgrade
ACT widen access 19-20	10,000	NES funding for Oban
TOTAL	£555,018	

3.5.3 In all the above cases, there is a clear expectation from the funder that these monies should only be used for the specified purposes and returns on spend require to be made. These funds cannot therefore be released to reduce the year end deficit.

3.5.4 If the new earmarkings are approved, this would increase the earmarked reserves from £50k to £605k.

3.5.5 The IJB has a reserves policy. In addition to earmarked reserves, the IJB should seek to hold reserves to build up a contingency to cushion the impact of unexpected events or emergencies. The Reserves Policy suggests a prudent level of general reserve be set at 2% of the IJB net revenue budget, this would equate to around £5.5m. The 2% is in line with the position taken by a number of Integration Joint Boards facing similar strategic, operational and financial risks as Argyll and Bute and is also in line with the Council reserves policy. Currently this target is aspirational and should be viewed as an optimum level of reserves to be built up over time, recognising the tensions between prudent financial planning and budgetary constraints.

3.6 Repayment of Additional Funding from Partners

3.6.1 NHS Highland have received brokerage from the Scottish Government that covers the health overspend in 2017-18 and 2018-19 and includes the Health related services within the Health and Social Care Partnership. The brokerage is not required to be repaid and therefore the overspend on Health related services for these years has effectively been written off. However it is expected that the brokerage for 2019-20 will require to be repaid possibly from 2022/23 at the earliest. The detail of the repayment is unlikely to be negotiated until next year. However if the dispute with NHS GG&C were to be settled in our favour, this could remove the requirement for such a repayment to NHS Highland.

The overspend on Social Work services in 2017-18 and 2018-19 still

- 3.6.2 requires to be paid back, as does the overspend for 2019-20. The Council’s Business Continuity Committee is to consider the repayment profile at its meeting in May 2020 when the 2019/20 overspend will be confirmed. The Council also agreed that “in the event of the HSCP underspending in 2020/21 or any future years, the Council will seek earlier repayment of outstanding debts. Notes that the level of future years funding is subject to the level of Scottish Government funding and the Council’s overall financial position in future years.”

The expected new repayment schedule is presented below:

- 3.6.3

	Repayment 2017-18 Overspend £000	Repayment 2018-19 Overspend £000	Repayment 2019-20 Estimated Overspend £000	Total Repayment £000	Status
2020-21	500	0	0	500	agreed
2021-22	655	545	0	1,200	indicative
2022-23	0	1,255	0	1,255	indicative
2023-24	0	1,327	0	1,327	Not yet agreed
2024-25	0	0	1,165	1,165	Not yet agreed
Total	1,155	3,127	1,165	5,447	

4. RELEVANT DATA AND INDICATORS

- 4.1 Information is derived from the financial systems of Argyll and Bute Council and NHS Highland.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. This needs to be considered when options are developed to balance the budget.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – The outturn position for 2019-20 was an overspend of £2.446m as at the year end. The overspend requires to be repaid to the parent bodies as outlined in the report. If the ongoing dispute with NHS GG&C is settled, this may reduce the overspend.

- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

- 6.3 Clinical Governance - None

7. PROFESSIONAL ADVISORY

- 7.1 Professional Leads have been consulted on implications of all savings.

8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 No issues arising directly from this report.

10. RISK ASSESSMENT

10.1 It has been reported throughout the year that there was a risk to not achieving financial balance in 2019-20 and the dispute with NHS GG&C was regularly reported.

10.2 The other significant risk is the effort now being prioritised on the Covid-19 response which has removed focus from delivery of savings, at least in the short term. The impact of this will be felt more in the next financial year.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

12. CONCLUSIONS

12.1 This report provides a summary of the financial position of the Health and Social Care Partnership budget as at the end of financial year 2019-20. The final year end position is an overspend of £2.446m, made up of an overspend of £1.280m for Health related services and £1.166m for Social Work related services. The outturn includes provision for new earmarkings totalling £555k.

12.2 The overspend requires to be repaid to the parent bodies as set out in the detail of the report.

13. DIRECTIONS

Directions required to Council, NHS Board or both.	Directions to:	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

REPORT AUTHOR AND CONTACT

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APPENDICES:

Appendix 1 – Final Outturn as at 31 March 2020

Appendix 2 – Savings achieved as at 31 March 2020

