

Integration Joint Board

Agenda item:

Date of Meeting: 5 August 2020

Title of Report: Budget Monitoring as at 30 June 2020

Presented by: Judy Orr, Head of Finance and Transformation

The Integration Joint Board is asked to:

- Note the forecast outturn position for 2020-21 is a forecast overspend of £3.840m as at 30 June 2020 and that there is a year to date overspend of £1.981m as at the same date.
- Note the above position excludes any provision for Scottish Government assistance with non-delivery of savings due to Covid-19, or for the on-going dispute with NHS Greater Glasgow & Clyde.

1. EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2020. It should be noted that there is still considerable uncertainty around the financial impact of the Covid-19 pandemic at this point.
- 1.2 There is a year to date overspend of £1.981m as at 30 June 2020. This consists of an overspend of £605k within Social Work delivered services and a year to date overspend of £1.376m within Health. The overspends are on Covid-19 related expenditure where funding from Scottish Government has not yet been received nor accrued, and savings targets not yet being delivered – again progress has been impacted by Covid-19 pandemic. The Social Work figures are presented on a cash basis, showing the value of actual transactions processed to date, rather than on an accruals basis, which include adjustments for costs incurred but not yet paid for, and therefore do not reflect the full cost of activity to the end of June. There has been reductions in care home placements and care at home packages due to Covid-19, and whilst providers are encouraged to invoice for additional costs and loss of income through under occupancy, these were still in progress at end of June. Overall the year to date position is still fluid.
- 1.3 The forecast outturn position for 2020-21 is a forecast overspend of £3.840m. This consists of an overspend of £2.040m within Social Work delivered services and an overspend of £1.800m within Health.

- 1.4 The forecast outturn is significantly impact by the Covid-19 pandemic. All work on delivery of savings was halted for 2 months at end of March as resource was put onto mobilising for the pandemic. Covid-19 cases have now fallen in number, and we are planning for re-starting services that were stopped in the context of continuing to need to comply with social distancing. Additional costs are being incurred for staffing (to cover for people off with symptoms or in households with symptoms, or shielding or with child care issues), and for PPE, additional cleaning, additional provider costs, and running Covid Assessment Centres (CACs) across our area. (More details are given in a separate report on the agenda.)
- 1.5 We have received approval in principle for these additional costs and two tranches of funding have been announced – both for social work costs – totalling £1.092m. The first of these for £903k is reflected in the year to date position and forecast outturn where we have assumed that all funding is matched by expenditure in full. The Scottish Living Wage Covid funding of £189k was not yet billed at the end of June, however the forecast also does not include the additional costs of this. However, we have not assumed that funding will cover undelivered savings or shortages in income, although these are being claimed on our Covid mobilisation cost tracker returns. We are aware that there is inadequate funding nationally to cover all claims.
- 1.6 It should be noted that the dispute with NHS Greater Glasgow & Clyde continues and we do not know what the payment being sought for 2020-21 is compared to what we have budgeted. This is expected to be available by end of July. We have very recently become aware that they are proposing a different charging model based on bed days and that this is likely to increase charges from next year onwards. This risk is not reflected in the forecast outturn position or year to date expenditure reported above.

2. INTRODUCTION

- 2.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2020. Information is provided on both the year to date position and the forecast outturn position and is summarised at a service/activity level.

3. DETAIL OF REPORT

3.1 Year to Date Position as at 30 June 2020 – Social Work

- 3.1.1 As previously advised, accrual accounting is not in place for Social Work and self-billing, although planned, is not in place yet. We have however implemented a new interface between CareFirst and payables for residential care payments to speed up the processing of these which supplements the previous interface for non-residential care invoices.
- 3.1.2 There is a year to date overspend of £605k as at 30 June 2020. Further information is provided within Appendix 1.
- 3.1.3 The largest overspend is on Learning Disability - £556k. The bulk of this relates to Supported Living placements. This both additional demand above budgeted levels and undelivered savings. The next biggest overspend is £512k on Older

People mostly due to non delivery of savings where work paused due to Covid. Physical Disability is the third area of overspend at £175k mainly driven by demand driven overspends.

- 3.1.4 The main area of underspend is under Chief Officer (£301k) where we are tracking vacancy savings which are well above budget. This cost centre is also used for Covid costs and related income. To end of June the bulk of these costs were for Personal Protective Equipment (PPE) £140k, additional responder services £60k, and for supplier relief £92k where we made payments to care homes for under occupancy under the national scheme. Costs for PPE have now reduced as we have established 7 community PPE hubs across our area and have been receiving free of charge supplies for social care providers from NSS national procurement. We have issued 1,171,000 items of PPE free of charge to providers over the 8 weeks to 28 June.
- 3.1.5 We originally intended to implement the Scottish Living Wage increase to £9.30 per hour from Monday 26 April. We had budgeted a 3% increase for that. Nationally an agreement was made to bring this forward to 6 April and to award a 3.3% increase in order to support social care providers. The extra costs for us have been calculated at £114k. Scottish Government confirmed our share of funding for this on 8 June at £189k. This funding is being routed via NHS Highland and is not reflected in the figures to end of June. The additional cost is also not reflected in the forecast outturn. Similarly the extended sick pay scheme which has very recently been agreed between Cosla and Scottish Government is not reflected either.
- 3.1.6 Unlike last year, we are now showing gross Social Work expenditure before the funds flow of £12m from NHS Highland, which is in line with annual accounts presentation. This explains why the social work year to date and full year budget appears to have jumped significantly from the comparable period last year.

3.2 Year to Date Position as at 30 June 2020 – Health

- 3.2.1 Within Health, there is a year to date overspend reported of £1.376m. This is primarily caused by Covid-19 related expenditure of c £2.02m (for Covid-19 Assessment Centres, additional staffing, equipment and PPE purchases, estates and IT costs and financial sustainability payments to GP practices, chemists, dentists and opticians) which should be matched by Scottish Government funding (as we have received approval in principle), along with shortfalls against savings targets of c £450k. There is also a shortfall in income from charges to other health boards, again largely due to the Covid-19 pandemic.
- 3.2.2 Due to suspension of many services, very few budget overspends have emerged. The most prominent ones are GP locum cover on Mull, sickness absence medical locum cover at Lorn & Islands Hospital and agency staffing in Lorn & Islands Hospital laboratory, locum costs for medical staffing in Dunoon, and unfunded pay costs for 3 displaced staff. There are also unfunded costs for two long stay in-patients in New Craigs and one in Fife. The long standing cost pressure of GP locum costs on Mull has now been resolved with the establishment of an independent GP practice on the island on 1st June 2020.

With Covid-19 causing interruption to delivery of a range of services, unsurprisingly a number of short-term underspends have emerged in budgets

3.2.3 for services which have been affected. These include:

- salaried dental services
- chargeable cost per case services provided by NHS Greater Glasgow & Clyde
- patients travel costs
- staff travel costs
- Lorn & Islands Hospital theatre supplies
- delay in the opening of Bute dialysis service

A number of changes have been made to groupings of expenditure. Depreciation is now included along with Estates. People & Change is included within Management Services. NHS GG&C for Mental Health and Children & Families have been moved from the GG&C line into Mental Health and Children & Families respectively. Prescribing has been removed from the old Adults Services East & West and is shown separately. Adult Services East and West have been realigned to the portfolios of our two Heads of Adult Services and are now known as Community & Hospital Services; and Mental Health & Learning Disability.

The main areas of overspend are in Community & Hospital Services, and General Medical Services, Budget Reserves (due to savings not being achieved) and Income in the areas described above. More detail is given at Appendix 1.

3.3 Forecast Outturn Position as at 30 June 2020 – Social Work

3.3.1 The forecast outturn position for Social Work for 2020-21 is a forecast overspend of £2.042m. The main driver is a shortfall on savings delivery of £2.792m (see section 3.5 below), and overspends in the following areas due to demand pressures:

- Homecare £250k
- Physical Disability supported living £673k
- Learning Disability supported living £349k
- Learning Disability Joint Residential £278k
- External residential placements for children £341k

3.3.2 The above figures show the impact of higher demand and do not include the forecast effect of non-delivery of savings. It should be noted that homecare demand is expected to increase due to Covid as people may be reluctant to take up care home placements, and this has been factored into the forecast.

3.3.3 Further information is provided within Appendix 2.

3.3.4 Children and Families overall has a forecast outturn overspend of £208k. driven mainly by an overspend on Looked After Children in residential placements of £541k in line with last year's outturn. It is particularly difficult to move children from external placements due to Covid-19. In addition the management restructure saving of £150,000 has not yet been delivered as the new structure will only now be implemented from end of August.

3.3.5 Chief Officer forecast positive variance is £1,262k reflecting some central

provisions and unallocated sums held centrally, as well as forecast over-recovery of vacancy savings of £511k based on the first quarter. The budget for this cost centre has been increased by £903k being the funding from Scottish Government. This is shown as fully matched by expected expenditure with a zero variance.

- 3.3.6 Adult Services overall is forecast to be overspent by £3.1m. The biggest single area of Social Work overspend continues to be on Learning Disability (£1.419m) where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand.
- 3.3.7 The next largest area of forecast overspend is Older people at £880k, mostly on home care £650k (savings and additional demand) and Older People Other £760k (undelivered savings). The next area of concern continues to be Physical Disability supported living £697k (mainly additional demand) due to expensive care packages.

3.4 Forecast Outturn Position as at 30 June 2020 – Health

- 3.4.1 Within Health delivered services the forecast overspend is £1.800m overspend. This is largely driven by undelivered savings of £1.827m, some emerging cost pressures in Community & Hospital Services, loss of income of £477k due reduced level of patients from other health board resulting from lockdown, offset by some underspends due to suspension of services. More detail is given at Appendix 2.
- 3.4.2 We continue to have an outstanding dispute with NHS Greater Glasgow & Clyde regarding the value of the SLA for hospital services provided by them. We do not know how much they intend charging for 2020/21 and whether this will be more than our budget. This is expected to be available by end of July. We have very recently become aware that they are proposing a different charging model based on bed days and that this is likely to increase charges from next year onwards. Any gap in this is a risk outwith our reported year to date position and is also excluded from our forecast outturn position.

3.5 Savings Delivery

- 3.5.1 As at end of June, £2.954m of the target £10.386m savings have been delivered, 28% of the total and this includes £227k delivered on a non-recurring basis. We are now forecasting to deliver £5.781m of the savings in total by the year end, 56% of the total. Further information is provided at Appendix 3a. The highlighted lines show where savings have been declared in the month and forecasts updated.
- 3.5.2 The forecast outturn shortfall for Social Work is £2.792m. We have only recently finished recruiting for 3 Service Improvement Officers to work on these savings. Two have now joined as of 1 July, and the third will start on 20 July. This will increase our capacity and focus on savings substantially. In the meantime this assessment is based purely on current position with little activity, and recognises the difficulties in delivering many of the agreed changes due to Covid-19.
- 3.5.3 The forecast outturn shortfall for Health is £1.827m after non-recurring savings.

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. Good progress is now being made on producing PIDs. Overall progress is monitored through weekly Financial Recovery Board meetings. This approach is now rolled out to Social Work savings through the Finance team. There is a 4 weekly cycle of regular meetings to review both Health & Social Work savings by Head of Service.

3.5.4 Current progress on the unachieved savings is set out in the action tracker included at Appendix 3c.

3.5.5 It is clear that the failure to deliver on all savings (overall shortfall of £4.6m predicted) is the key driver in the forecast outturn overspend of £3.84m. Efforts were hampered by the need to prioritise responses to Covid-19 pandemic in March through to June, and work now on re-mobilising services where these were suspended. Where we can, we will ensure that actions for Covid-19 are aligned and capitalised on, such as increasing use of Near Me. This position is in common with most other HSCPs and our Covid-19 cost tracker returns to Scottish Government include a line for undelivered savings due to Covid-19 of this amount. Whilst there is a clear recognition that this is a cost pressure, we do not yet have assurance that these costs will be met either in part or in full.

3.6 Reserves

3.6.1 There were new earmarked reserves of £555k created at the end of last year in addition to the earlier reserve of £50k for supporting the move from Analogue to Digital (A2D) for 200 telecare service users. No reserves have been drawn down so far this year. Total earmarked reserves are set out in the table below:

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	50,000	A2D 200 users
	50,902	Rec'd Sep 2019
	9,000	Dunoon Broadband
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	£605,018	

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 forecast outturn position for 2020-21 is a forecast overspend of £3.84m as at 30 June 2020. This may be improved by Scottish Government funding towards undelivered savings but this is not yet certain. The continuing risk from the dispute with NHS GG&C sits outwith this forecast.

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 There are a number of financial risks which may affect the outturn. These are reviewed at 2 monthly intervals by the IJB. The single biggest risk is the continuing dispute with NHS Greater Glasgow and Clyde where the gap between the payment they are seeking and what we are budgeting is currently unknown. This is not allowed for in either the year to date position or the forecast financial outturn.

10.2 The other significant risk is the effort now being prioritised on the Covid-19 response which has caused a pause on focus from delivery of savings of 2 months, and will continue to affect our ability to deliver some savings for the rest of the year. It is not yet known if there will be financial support from Scottish Government for undelivered savings. We are forecasting not to deliver £4.6m of our savings.

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 as at 30 June 2020. The forecast outturn position for 2020-21 is a forecast overspend of £3.84m. £4.6m of this is due to undelivered savings which may be improved by financial support from Scottish Government, but this is not certain.

12.2 The Strategic Leadership Team continues to meet on a regular basis to gain grip and control of the financial position.

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 – Year to Date Position as at 30 June 2020

Appendix 2 – Forecast Outturn for 2020-21 as at 30 June 2020

Appendix 3a – Savings achieved and forecast as at 30 June 2020

Appendix 3b – Unachieved savings only as at 30 June 2020

Appendix 3c – Savings action tracker as at 30 June 2020