

Integration Joint Board **Agenda item:**

Date of Meeting: **16 September 2020**

Title of Report: **Financial Recovery Plan**

Presented by: **Judy Orr, Head of Finance and Transformation**

The Integration Joint Board is asked to:

- Approve the proposed financial recovery plan set out at 3.3.1.

1. EXECUTIVE SUMMARY

1.1 The forecast outturn position for 2020-21 as at 31 July 2020 is a forecast overspend of £2.964m. This consists of an overspend of £2.064m within Social Work delivered services and an overspend of £0.900m within Health. In accordance with the Integration Scheme paragraph 8.2.18, as soon as an overspend is predicted, the Chief Officer and Chief Financial Officer are required to identify the cause of the forecast overspend and prepare a recovery plan to return to a break even position. The recovery plan should be approved by the Integration Joint Board. The paper therefore proposes a financial recovery plan for approval in line with this requirement of the Integration Scheme. The plan was reviewed by the Finance and Policy Committee on 28 August 2020.

2. INTRODUCTION

2.1 This report provides a commentary on the causes of the forecast overspend and proposes a financial recovery plan in order to return the forecast to a break even position.

3. DETAIL OF REPORT

3.1 Causes of forecast overspend and recovery action proposed - Health

3.1.1 Within Health delivered services the forecast overspend is £0.900m. The overspend is mainly linked to savings not being achieved of £1.775m, loss of income due to reduced levels of patients from other health boards (£477k), offsets by some underspend. There are also some cost pressures in Community and Hospital Services – 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.

- 3.1.2 The biggest of the outstanding savings relate to the review of the SLAs with Greater Glasgow & Clyde (£284k), additional income from other health boards of £200k which is at risk due to Covid; Lorn & Isles staffing (£176k) which is being met from non-recurring vacancy savings at present; the management restructure (£150k) which is now progressing but with lower savings than originally anticipated; and Dunoon medical services locum costs (£120k) where recruitment has stalled. The grip and control saving is not yet fully forecast, but is expected.
- 3.1.3 The forecast overspend has been offset to an extent by vacancy savings and also slippage on budget reserves which includes one-off in year allocations. It is expected that this overspend should be containable through the actions described above to continue to deliver on the outstanding savings, along with on-going grip and control of expenditure during the remainder of the financial year, particularly on agency / locum staff so no new savings are proposed in the recovery plan for Health. In addition, there is a possibility that some of the undelivered savings and loss of income may be recovered through the Covid mobilisation plan claim which includes £1.8m for the former and £410k for the latter.

3.2 Causes of forecast overspend and recovery action proposed – Social Work

- 3.2.1 Within Social Work the forecast overspend is £2.064m. This is driven mainly by the shortfall in delivery of forecast savings - shortfall of £2.792m forecast. In addition there are areas of demand pressures – Learning disability (£725k); Physical disability supported living (£631k); homecare (£455k) and external residential placement for children (£341k). There are some offsetting underspends on care home placements; vacancy savings above budget and certain monies held centrally.
- 3.2.2 The overspend is caused in part currently forecasting that only 15% of some the remaining savings will be delivered.
- 3.2.3 The largest single area is in relation to Learning Disability (£850k) which has lost focus since the departures of the Service Improvement officer working on this area. The restructuring of the Adult Services roles will ensure that there is a single clear lead for this area of responsibility, and the new Service Improvement Officer who started on 20 July is now starting to review sleepovers, ensure core and cluster model of care is driven forward with the new properties now coming onstream for this and suitable clients brought back from expensive out of area placements so that this not only reduces costs but provides a better service. The re-mobilisation of day services should be planned in such a way as to accommodate the planned savings. Some large improvements are still possible this financial year.
- 3.2.4 The restructuring of the neighbourhood teams in Adult Care West had stalled due to staffing changes along with the additional saving on adopting a single team community approach to undertaking assessment and care management. The full saving of £412k is to be re-assessed. The review of

block contracts is being re-started. Capacity pressures (partly as result of reduced demand for care home placements) may make this slightly easier.

3.2.5 The plan is therefore to increase efforts to deliver these already agreed savings so that more are delivered than currently forecast. The shortfall of £2.8m is also being claimed through the Covid mobilisation plan claim.

3.2.6 In addition, efforts will continue to keep strict control of spend on agency staff (targeting of reducing agency social workers to zero by end of September), and to maintain the above budgeted level of vacancy savings to reduce the overspend.

3.3 Summary

3.3.1 In summary, recovery of the projected overspend of £2.964m is proposed as follows:

	Description	Potential value
Health	Increased confidence in delivering already agreed savings	£500k
Health	Additional non-recurring savings	£400k
Social Work	Increased confidence in delivering already agreed savings	£500k
Social Work	Additional non-recurring savings	£250k
Sub-total	Reduction in overspend by end of year	£1,650k
Both	Covid Claim loss of income	£761k
Both	Covid Claim undelivered savings	£4,593k
Sub-total	Covid Claim	£5,354k
	Likelihood of payment factored at 25%	£1,338k
Total		£2,988k

3.3.2 Likelihood of payment for the Covid claim has been factored in to represent payment for the first quarter (3 months) only. It is expected that Scottish Government may well expect savings to be worked on for remaining 9 months of year.

4. RELEVANT DATA AND INDICATORS

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

5. CONTRIBUTION TO STRATEGIC PRIORITIES

5.1 The Integration 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.

6. GOVERNANCE IMPLICATIONS

6.1 Financial Impact – The forecast outturn position for 2020-21 is a forecast overspend of £2.964m as at 31 July 2019. A financial recovery plan is

therefore required setting put how the forecast overspend will be addressed and returned to a breakeven position.

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 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan. Risk of additional overspend on the main SLA with NHS GG&C lies outwith the forecast.

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 The forecast outturn position for 2020-21 is a forecast overspend of £2.964m. A financial recovery plan to return the H&SCP to a breakeven position is presented for approval to achieve this.

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	

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