

Integration Joint Board

Agenda item:

Date of Meeting: 27 January 2021

Title of Report: Budget Monitoring as at 30 November 2020

Presented by: Judy Orr, Head of Finance and Transformation

The Board is asked to:

- Note the forecast outturn position for 2020-21 is a forecast overspend of £1.890m as at 30 November 2020 and that there is a year to date overspend of £67k 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. It includes the Covid funding via NHS Highland announced at end of September and November.

1. EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 November 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 £67k as at 30 November 2020 (an increase of £2k in the month). This consists of an overspend of £1.056m within Social Work delivered services and a year to date underspend of £989k within Health. The underspends are mainly where there has been reduced activity and spend due to suspension of some services, along with vacancies in Community & Hospital Services and Dental. 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 November. 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 November as these schemes have been extended. Overall the year to date position is still fluid as Covid funding allocations for Q3-Q4 will continue to be revised later in the year.
- 1.3 The forecast outturn position for 2020-21 is a forecast overspend of £1.890m (an improvement of £228k in the month). This consists of an overspend of

£1.879m within Social Work delivered services (improved by £231k since last month) and an overspend of £11k within Health (changed by £3k since last month).

- 1.4 The forecast outturn is significantly impacted 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 are now increasing again in number, and we are continuing to pause day services. 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) and vaccination clinics across our area.
- 1.5 We have received approval in principle for these additional costs and eight tranches of funding have been announced for social work costs – totalling £2.079m. £1.943m 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 additional CSWO funding of £47.5k, the Primary care funding of £-45.3k and November allocation of £122.8k are still to be invoiced to NHS Highland. At the end of November funding for Q2-Q4 based on a combination of actuals and formula shares was updated and we have received a share of this based on the revised Quarter 2 return. We have been overfunded by £538k for Health which is affecting year to date figures, but not the forecast. We are now assuming that all expenditure on Covid costs are covered in full, along with shortages of income, however we have not assumed that funding will cover undelivered savings. The latest submission included a sensitivity analysis and it is now more probable that funding for undelivered savings will be forthcoming.

2. INTRODUCTION

- 2.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 November 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 November 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 non-residential care payments to speed up the processing of these which supplements the previous interface for residential care invoices.
- 3.1.2 There is a year to date overspend of £1.056m (2.4%) as at 30 November 2020 which is decreased by £20k in the month. Further information is provided within Appendix 1.
- 3.1.3 The largest overspend is £1.269m on Learning Disability due to service demand in supported living and residential care and due to non-delivery of savings where work paused due to Covid (£613k). The next biggest overspend is

Physical Disability £530k mainly due to supported living (up by £102k in month). The third biggest are of overspend is on Older People - £462k mostly due to non-delivery of savings where work paused due to Covid (£765k), but also due to increased demand for homecare which is offset by reduced spend on care home placements and transport, and over recovery of income. This has improved by £434k since last month offsetting all of the previous month's negative movement.

- 3.1.4 The main area of underspend is under Chief Officer (£801k) where we are capturing vacancy savings which are well above budget. Vacancy savings increased by £79k in the month to £830k. This cost centre is also used for Covid costs and related income, including for loss of income £160k. To the end of November the bulk of these costs (totalling £1.300m and all matched by income) were for Personal Protective Equipment (PPE) £175k, additional responder services £61k, and for supplier relief £718k where we made payments to care homes for under occupancy and additional costs under the national scheme. Costs for PPE have now reduced as we established 7 community PPE hubs across our area in May and have been receiving free of charge supplies for social care providers from NSS national procurement. We have issued just over 5.6m items of PPE free of charge to providers over the 35 weeks to 1 January. The hubs will now continue at least to end of March 2021.
- 3.1.5 We are catching up in processing supplier relief claims. We have recruited a temporary staff member to concentrate on these claims. We have now processed 72 contract variations to end of December totalling £779k.
- 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 November 2020 – Health

- 3.2.1 Within Health, there is a year to date underspend reported of £989k which is a decrease of £22k in the month. The previous month's movement was caused by the Covid funding announced at end of September which has been revised at end of November but this revision has not yet been reflected. This revision has seen our funding reduced by £538.34k (now based on actuals and previously on NRAC share) but this is not yet reflected in the year to date. We had flagged previously that our allocation was likely to decrease. We have taken a more cautious approach when estimating the forecast outturn and this explains the discrepancy between year to date and outturn for Health figures.
- 3.2.2 The underspend is primarily caused by Covid-19 related funding exceeding Covid related expenditure along with underspends due to suspension of services. This is offset in part by shortfalls against savings targets of c £1.2m year to date. There is also a shortfall in income from charges to other health boards, again largely due to the Covid-19 pandemic, and a small number of budget overspends arising from cost pressures.
- 3.2.3 The most prominent budget overspends are GP locum cover on Mull (till end of June only) and for Kintyre Medical Group, sickness absence medical locum and overnight A&E nurse staffing cover at Lorn & Islands Hospital and Mull PPC, agency staffing in Lorn & Islands Hospital laboratory, locum costs for medical

staffing in Dunoon, locum radiography costs at MACHICC, TAVI procedures at Golden Jubilee, and unfunded pay costs for 3 displaced staff. There are also unfunded costs for one long stay in-patient in New Craigs and one in Fife and a private sector placement in England. 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.

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

3.2.5 The main areas of overspend are in Community & Hospital Services where these have now been fully offset by Covid funding, Budget Reserves (due to savings not being achieved) and Prescribing (savings not being achieved) in the areas described above. More detail is given at Appendix 1.

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

3.3.1 The forecast outturn position for Social Work for 2020-21 is a forecast overspend of £1.879m (2.4%), improved by £231k from last month's forecast. The main driver is a shortfall on savings delivery of £2.348m (see section 3.5 below), and overspends in the following areas due to demand pressures (totalling £3.347m):

- Homecare £522k
- Physical Disability supported living £706k
- Learning Disability supported living £814k
- Learning Disability Joint Residential £477k
- External residential placements for children £828k

3.3.2 The above figures show the impact of higher demand and do not include the impact of non-delivery of savings. Further information is provided within Appendix 2.

3.3.3 Children and Families overall has a forecast outturn underspend of £134k, improved by £196k in the month, driven mainly by an overspend on Looked After Children in residential placements of £851k, improved from last month by £72k as a result of one external placement ending. There was also an improvement in Adoption underspend because of a one-off payment of £54k for an external adoption placement. The management restructure saving of £150,000 has not been delivered in full this year as the new structure was implemented from end of August. The overspend on residential placements has been offset by underspends on adoption and fostering, staffing vacancies in the children & families area teams, and contact and welfare payments and criminal justice where costs were lower due to less contact because of Covid.

- 3.3.4 Chief Officer forecast positive variance is £1,815k reflecting some central provisions and unallocated sums held centrally, as well as forecast over-recovery of vacancy savings of £866k. This is a conservative forecast as we have a year to date variance of £751k. This cost centre budget includes £1,830k Covid funding received to date from Scottish Government. This is shown as fully matched by expected expenditure with a zero variance. The further Covid funding announced for us has not yet been invoiced to NHS Highland and is therefore not yet included here. Total Covid funding for social work of £2.079m has been allocated to us to date.
- 3.3.5 Adult Services overall is forecast to be overspent by £3.932m which has increased by £62k in the month. The biggest single area of Social Work overspend continues to be on Learning Disability (£2.205m – increased by £153k in month) where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand. The changes here relate to under recovery of income (offset by income from Covid under Chief Officer) and supported living service demand.
- 3.3.6 The next largest area of forecast overspend is Older People at £816k, (improved by £105k in month) mostly on home care £780k (savings and additional demand – improved by £142k in month due to use of cost and demand pressure contingency to meet saving) and Older People Other £787k (undelivered savings). We had expected homecare costs to reduce later this year in response to care home admissions returning to more normal pre-Covid levels, but we are not seeing this yet so the forecast has been adjusted accordingly. The next area of concern continues to be Physical Disability £831k - nearly all on supported living - mainly additional demand, but also some on the Integrated Equipment Store where planned savings have not been delivered.
- 3.3.7 In terms of the forecast outturn, this is being driven by the as yet undelivered savings which are being claimed from Scottish Government but funding for these has not yet been announced. Nearly all social work Covid costs are being funded on an actuals cost basis in the current funding allocation so the risk is restricted to the undelivered savings.

3.4 Forecast Outturn Position as at 30 November 2020 – Health

- 3.4.1 Within Health delivered services the forecast overspend is £11k overspend increased by £3k from last month's forecast of £8k, overall relatively unchanged. The assumption is that Covid costs and loss of income (but not undelivered savings) will be fully reimbursed by Scottish Government in line with the in principle approvals which we have received. The outturn forecast is therefore largely driven by undelivered savings of £1.842m, some emerging cost pressures in Community & Hospital Services, offset by some underspends due to suspension of services. There are no significant movements from last month. More detail is given at Appendix 2.
- 3.4.2 The first tranche of funding in respect of the first quarter was announced for health Boards as at end of September. Some of this is based on actuals (social care, PPE, test & protect, hospital scale up, loss of income) and some on NRAC shares (primary care, additional staffing, equipment). This was updated based on a revised Q2 submission at end of November based on actuals and not

NRAC shares and some overfunding for us has been noted but not yet withdrawn. However this has been allowed for in the forecast, but not in the year to dates as yet. We are advised that a further substantive funding allocation will be made in January and will include realignment of funding in line with actual spend incurred. More details are in the Covid report. It is clear that decisions on Covid funding will be a major influence on the outturn, in conjunction with performance on savings delivery.

3.5 Savings Delivery

- 3.5.1 As at end of November, £5.282m of the target £10.386m savings have been delivered, 51% of the total and this includes £529k delivered on a non-recurring basis. This has increased by £644k in the month. We are now forecasting to deliver £6.209m of the savings in total by the year end, 60% of the total, an increase of £138k in the month. 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 £2.348 which is improved by £124k in the month. This is after non-recurring savings of £115k.
- 3.5.3 The forecast outturn shortfall for Health is £1.842m after non-recurring savings and this is unchanged in the month. There is a 4 weekly cycle of regular meetings to review both Health & Social Work savings by Head of Service. Current progress on the unachieved savings is set out in the action tracker included at Appendix 3c.
- 3.5.4 It is clear that the failure to deliver on all savings (overall shortfall of £4.190m predicted) is the key driver in the forecast outturn overspend of £1.890m. Efforts were hampered by the need to prioritise responses to Covid-19 pandemic in March through to June, and subsequent work on re-mobilising services where these were suspended. 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 complete assurance that these costs will be met in full. The recent funding excluded anything for savings but also excluded offsetting underspends which is helpful for Health, but has no impact for Social Work due to sustainability payments being made to all providers. However indications are now that we should receive some funding for these.

3.6 Progress against Financial Recovery Plan

- 3.6.1 On 16 September 2020 the IJB agreed a financial recovery plan as required by the integration scheme when an overspend is predicted. The plan totalling £2.988m is summarised below:

Increased confidence in delivering already agreed savings	£1.000m
Additional non-recurring savings	£0.650m
Covid loss of income and undelivered savings claim	£1.338m

- 3.6.2 The above position was based on the financial forecast as at end of July. The forecast as at end of November is now improved by £1.098m and the outturn

for Health is expected to be around break even. An additional £529k of non-recurring savings are now forecast. Also the Covid loss of income claim is expected to be met in full and this is now reflected in the Social Work forecast. Further funding for social care of £122k has been announced. The Social care loss of income claim amounts to £403k as at end of November. In addition the claim for undelivered savings amounts to £4.190m.

- 3.6.3 In summary, progress of £1.098m against the financial recovery plan has been recognised in the updated forecast. There remains £1.9m to deliver by the end of the financial year. This is expected to be covered through Covid claims for undelivered savings, as well as through further improvements in savings delivery and additional offsetting underspends.

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 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. 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 £1.890m as at 30 November 2020. This is expected to be improved by further Scottish Government funding towards undelivered savings but this is not yet certain.
- 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 uncertainty around Covid-19 funding from the Scottish Government. It is not yet known if there will be financial support for undelivered savings. We are forecasting not to deliver £4.190m 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 November 2020. The forecast outturn position for 2020-21 is a forecast overspend of £1.890m. £4.190m 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 November 2020

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

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

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

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