

**Integration Joint Board                      Agenda item:**

**Date of Meeting:    31 March 2021**

**Title of Report:       Covid-19 financial implications**

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

**The Integration Joint Board is asked to:**

- Note the details provided in relation to Covid-19 response and associated mobilisation plan costing for 2020-21 and subsequent years
- Acknowledge the uncertainties in the cost elements submitted
- Note that the Scottish Government has in principle approved all mobilisation plans, but that approval for individual cost lines has not yet been received
- Note that any excess funding received must be carried forward as an earmarked reserve at the year end to be used against Covid costs next year

**1.            EXECUTIVE SUMMARY**

1.1           This report provides an overview of the HSCP's Covid-19 mobilisation costs and its future cost planning for living and operating with Covid-19. It provides a snapshot of the financial estimates of the costs of dealing with the Covid-19 response. These cost estimates are updated on a regular basis, and are still subject to considerable uncertainties.

1.2           The Scottish Government has in principle approved all mobilisation plans. However all expenditure items over £500k require formal approval and this is still awaited for all lines submitted. All funding is being routed via NHS Highland and announcements to date total £14.995m. This now includes £2.6m for adult social care winter plan tranche 2 (£600k), community living change fund (£300k) and further integration authority support (£1.7m) announced on 5 February for which fuller details are awaited and which are wholly additional to the Covid-19 cost claims. A small amount (£57.5k) re Chief Social Work Officer funding has still to be distributed. Two other amounts of funding (GP allocation and Scottish Living Wage) are being excluded from our Covid-19 cost returns – in total £598k – and so are not reflected in the analysis below. Looking solely at the allocations from our regular Covid-19 returns, based on the latest return as at 15 January 2021, we have claimed £11.284m and this has now been paid over in full to NHS Highland.

1.3           This report is based on the return for end of January as at 16 February with details of actuals for first 10 months. Scottish Government are reviewing

returns on a quarterly basis. They have indicated that any excess funding should be carried forward at the yearend as earmarked reserves and not returned. This should then be used for any Covid-19 costs in next year before seeking any further support from them.

- 1.4 In addition the return provides projections for future years' costs as recently submitted to the Scottish Government. These costs have all been excluded from the Budget Outlook reports and the Budget Proposals as the expectation is that all Covid-19 related costs will continue to be funded. One significant change to be noted that there is no expectation of any funding for undelivered savings in future years as a result of Covid-19 activity.

## **2. INTRODUCTION**

- 2.1 This report provides information on the Health and Social Care Partnership's response to Covid-19 pandemic and associated estimated costs.

## **3. DETAIL OF REPORT**

### **3.1 Summary of Covid-19 status update and look forward**

- 3.1.1 Re-mobilisation plans have slowed as a result of higher levels of Covid-19 and it is now expected that it may take till quarter 2 or 3 next year before we see a return to fully normal pre-Covid-19 levels of activity.

- 3.1.2 No additional Covid-19 beds have been required to date. This is a significant reduction from early estimates as a result of the effective social distancing now in place. So far, few people have required hospitalisation and there have been few new deaths in our area.

- 3.1.3 We expect our Community Assessment Centres (CACs) to have a role for some considerable time, and we have recruited additional staff to man these. The Mobile Testing Units have reduced with fire stations now offering home testing kits in most of our towns, and anew asymptomatic test site planned for late March / early April in Helensburgh along with pop up testing capability. There is now a weekly regimen of lateral flow tests for testing staff and residents in care homes and care at home workers, day centres and personal assistants. It is also offered to all front facing clinical staff through our hospitals and GP practices. Testing is now also being offered to teachers in schools. Where there is a positive case identified, then additional PCR testing needs to be carried out.

- 3.1.6 We are continuing to provide financial sustainability support to care homes for vacant places (as agreed nationally) and have so far agreed payments totalling £710k. Financial support is also being provided for additional staffing costs, and other direct costs, and we have agreed payments for these of a further £431k. These claims are being processed as fast as possible. We have employed an additional temporary member of staff to concentrate on processing these claims. Financial support is continuing from December to March on a changed, less generous, basis.

- 3.1.7 Social care providers have been provided with personal protective equipment (PPE) free of charge from our community PPE hubs since the

start of May. These hubs are now expected to be in operation at least until end of June, and an updated Memorandum of Understanding governing this has recently been received. After June there will be monthly reviews.

3.1.8 Hospital PPE was also provided free of charge on a push basis from the national distribution centre for a period of time, but this has reverted to a normal chargeable basis since mid-May with the exception of FFP3 masks which are being issued on a push basis due to low supplies, and supplies to support flu and Covid-19 vaccination programmes. There are continuing direct deliveries to GP practices, dental practices and optometrists which are not chargeable. In addition, there are push deliveries of PPE to support vaccination clinics. If they run out in between, further supplies are obtainable through Health Boards. GP practices and dental practices are currently transitioning to direct delivery with online ordering for PPE.

3.1.9 It is clear that the length of time we will have to deal with the implications of this pandemic is extending into the next financial year as well as this year. This disease burden is part of the new activity “norm” and we will have to focus on simultaneously managing Covid-19 whilst resuming routine, comprehensive health and social care. This has financial implications and regular cost returns are submitted of the levels of estimated costs as explained below. We have recently returned a template for estimating Covid-19 costs for 2021/22 to 2025/26. This is attached at Appendix 3. The estimates are summarised below:

<b>Financial Year</b>	<b>Estimated cost £m</b>
2021/22	6.9
2022/23	3.4
2023/24	2.3
2024/25	2.0
2025/26	2.0

3.1.10 This shows that costs are expected to be roughly 60% of current year’s level for the next year, and then halving again the following year to c 30%. There is an expectation of a small loss of income in Q1 of next year, thereafter it is expected to recover to normal levels. No support for undelivered savings is included in these estimates.

## **3.2 Covid-19 Mobilisation costing**

3.2.1 Since the start of April, the HSCP has been required to contribute to a local mobilisation plan cost return on a regular basis, submitted to Scottish Government through NHS Highland. The most recent return was drafted on 16 February and has been referenced for this report.

3.2.2 The format of the return has changed regularly in this period. The initial return of 2 April provided certain parameters for expected staff absence and a predetermined phasing for costs associated with additional beds. The most recent return to Scottish Government reflects actual costs for the first 9 months and revised assumptions to end of the year. These returns will now be submitted only on a quarterly basis going forward, but locally we will continue to update our data on a monthly basis. The return now requires

data to be split between health and social work as funding arrangements differ for each.

- 3.2.3 A small amount of expenditure was incurred in 2019/20 of £41,000 which is matched by a specific funding allocation. In addition the additional FHS Prescribing cost accrual of £324,000 (reflecting people ordering prescriptions earlier than usual in March because of the impending lockdown) was funded through NHS Highland directly in 2019/20, and then clawed back in 2020/21 where there is an offsetting reduction in costs expected.
- 3.2.4 Actual costs are being carefully tracked. Social care providers have been asked to invoice additional Covid-19 related costs separately and detailed guidance has been given to them on what type of additional costs (such as PPE, equipment and additional staffing) is expected. Care Homes are receiving funding of vacant beds due to under-occupancy at 80% of the agreed national care home contract rates to end of August. These payments are now being tapered over a three-month transition period with 75% of claims for voids caused by Covid-19 paid for the month of September, 50% for the month of October and 25% for the month of November. Further support beyond December is on a different basis again. Additional support for extended sick pay for social care providers has also been extended. Claims for other additional costs from end of September are restricted to those for infection prevention control, PPE and additional staffing costs.
- 3.2.5 Direct costs for supplies and equipment are being charged to Covid-19 cost centres. Where additional staff are being employed in-house, and for additional hours over normal working, this is also being tracked through codes on time sheets and specific Covid-19 approvals through workforce monitoring.
- 3.2.6 The Scottish Government has in principle approved all mobilisation plans. Two meetings have been held with Scottish Government officials on our plan submissions but no individual lines have been formally approved. The health and social care system will continue to operate on an emergency footing until the end of March 2021.
- 3.2.7 Separate funding has been received through NHS Highland for the national agreement to implement the Scottish Living Wage which came in 3 weeks earlier than we would normally have implemented it, and at a slightly higher rate. We have received £189k which covers our extra costs, and these are now removed from the mobilisation cost tracker. There was also direct funding of £409k for additional GP practices and pharmacies predominantly for opening on the bank holidays which is not included in the tracker.
- 3.2.8 A summary of all the funding announced and distributed is attached at Appendix 1. All funding is being routed via NHS Highland and announcements to date total £14.995m. This includes an additional £2.6m not included without our covid-19 cost claim. A small amount (£57.5k) re Chief Social Work Officer funding has still to be distributed. Looking solely at the allocations from our regular Covid-19 returns, based on the latest return as at 15 January 2021, we have claimed £11.284m and NHS Highland has received this in full.

3.2.9 Our estimated costs on the claim as at 16 February 2021 total £11.283m prior to receipt of any funding. This has decreased by £1k from the £11.284m previously reported as of 15 January to Scottish Government. The current submission covers the following key areas:

Cost area	£000s	comment
Additional hospital beds	126	Bed purchases
Reduction in delayed discharges (17)	290	Now tracked actual costs for 17 clients, 10 for care at home packages, 7 care home placements. Increased by £11k due to changes in care
PPE	228	Reduced by £8k - community PPE hubs in place till end of year providing f.o.c. to social care and more being pushed f.o.c. to Health also
Estates & facilities	684	Includes hospital deep cleans. Additional costs of remobilisation anticipated. Increase of £11k
Additional staff overtime	523	Decreased by £7k
Additional temporary staff	1,496	Decreased by £164k as Jan costs lower
Additional costs for externally provided services	99	+ £11k
Social care sustainability payments	1,530	Increased by £134k due to new scheme for non-res providers but offset in part by new underspends
Mental Health services	58	Counselling services -£3k
GP practices + Opticians	82	Decreased by £12k – mostly all reversed in December
Additional prescribing (1%)	420	unchanged
Community hubs (CACs) and screening / testing	713	Decreased by £88k re CACs in January
Staff accomm, travel, IT & telephony costs	270	Supporting home working – increased by £5k
Revenue equipment	243	Increased by £17k
Loss of income	822	Reduced charges to patients of other boards and social work client contributions reflecting lack of activity +£15k
CSWO, infection control, Public health capacity, vaccination program	870	Increased by £156k – additional vaccination costs expected March
Winter planning	169	Unchanged
Managing backlog of planned care and unmet demand	13	Unchanged
Underachievement of savings	2,728	In line with latest forecasts – unchanged

Offsetting savings – Soc Work	(80)	New - Offsets sustainability payments for non-res providers in part
<b>Total</b>	<b>11,283</b>	

3.2.10 The key changes are in claim for additional temporary staff (decreased by £164k); community hubs decrease of £88k; vaccination program costs increased by £156k; and sustainability for social care providers increased by £134k which is partially offset by savings on non-residential providers of £80k.

3.2.11 Since then, we have seen substantial increases in our estimates for financial sustainability claims from our care homes – the latest expectation is that these could be as much as £2m. This increase is likely to be fully offset by decreases in the costs on the health side as actual costs have been relatively low in February. Overall our expectation is that we will be slightly overfunded at the year end, and this will require to be earmarked to be carried forward to meet next year’s costs

#### **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 This work supports/underpins the HSCPs strategic and operational response to this emergency pandemic.

#### **6. GOVERNANCE IMPLICATIONS**

6.1 Financial Impact – The additional funding and costs for responding to Covid-19 are estimated and set out in the appendices. There are considerable uncertainties surrounding these estimates and in the funding that will be made available from Scottish Government.

6.2 Staff Governance – The workforce deserves significant credit for their flexibility and proactive response.

6.3 Clinical Governance - Clinical governance response has been fundamental to the shaping and management of the public health projections and demand modelling and our response to ensure patient, client and staff safety.

#### **7. PROFESSIONAL ADVISORY**

7.1 Input from professionals across the stakeholders remain instrumental in the response to the Covid-19 pandemic.

#### **8. EQUALITY AND DIVERSITY IMPLICATIONS**

8.1 These will need to be reviewed and considered as we progress through this pandemic cycle and emergency operating arrangements

## 9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 Compliance with GDPR remains critical and is being considered within the various pieces of work supporting the sharing of information and data to protect health and wellbeing of staff and the public and patients.

## 10. RISK ASSESSMENT

10.1 There is still some uncertainty around the final funding that will be made available from the Scottish Government for Covid-19 mobilisation plans. However funding has been received in full based on the return submitted on 15 January. We expect there will be a small degree of over funding and this will be required to be carried forward as an earmarked reserve towards next year's Covid-19 costs. Approval has been received in principle but we do not yet have approval for any specific expenditure lines for 2020/21. Funding for the 2019/20 costs of £41,000 has been confirmed.

## 11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 None directly from this report.

## 12. CONCLUSIONS

12.1 This report provides an overview of the HSCP response to address the Covid-19 pandemic. This has been achieved through fantastic commitment and support of our staff and all our partners and stakeholders and the wider Argyll and Bute community as well as the SAS and NHS GG&C.

12.2 Our scale of mobilisation has flexed and adapted over the last 12 months. We are however, now moving towards a new phase of this pandemic "Covid-19 normal" which is certainly going to extend into the next 12 months and probably longer. This requires the HSCP and partners to cement new ways of working and operating in our new Covid-19 world and to continue to flex activity for new waves of infection.

12.3 The appendix provides a snapshot of the costing for the Covid-19 mobilisation as per the return of 16 February 2021 which is only £1k different in total for the mid-January return. This will continue to be updated regularly as assumptions are refined and actual costs are incurred. There is also an estimate of future years' Cov-19 costs which are expected to be funded.

## 13. DIRECTIONS

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

## REPORT AUTHOR AND CONTACT

Judy Orr, Head of Finance & Transformation [Judy.orr@argyll-bute.gov.uk](mailto:Judy.orr@argyll-bute.gov.uk)

**APPENDICES:**

Appendix 1 – Covid-19 funding summary as at 5 February 2021

Appendix 2 – Covid-19 local mobilisation tracker weekly return as at 16 February 2021

Appendix 3 – Covid-19 future years cost estimates as at 21 February 2021