

Integration Joint Board

Agenda item: 9a

Date of Meeting: 16 June 2021

Title of Report: Budget Monitoring as at 31 March 2021

Presented by: Judy Orr, Head of Finance and Transformation

The Finance & Policy Committee is asked to:

- Note the outturn position for 2020-21 is an underspend of £1.089m as at 31 March 2021 which includes a repayment of £1.0m from over delivered vacancy savings to Argyll and Bute Council as agreed in negotiating the settlement for 2021-22.
- Note the repayment arrangements for previous years overspends described at 3.6.
- Approve the new earmarked reserves set out at 3.5.2 and 3.5.3

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 2021.
- 1.2 There is a full year underspend of £1.089m as at 31 March 2021. This consists of an underspend of £906k within Social Work delivered services and an underspend of £183k within Health. The position has deteriorated by £927k in the month which relates wholly to the need to make a year-end provision of £787k for annual leave and £862k for a job evaluation claim for hospital ward based Health Care Assistants being regraded from Band 2 to Band 3 going back to 2018. Without this, the position would have improved by £722k mainly due to improvement in the Social Work position.
- 1.3 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. Additional costs were 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.
- 1.4 We have received approval in principle for these additional costs and all costs have been met in full – in fact we have been overfunded by £146k and

this is being carried forward as an earmarked reserve. In addition £2.65m of Covid funding for Social Care is intended for next year, and has now been removed from the outturn budget and actuals (included at the end of February as previously reported).

- 1.5 The net underspend requires to be repaid to Argyll and Bute Council in accordance with the scheme of integration to reduce the previous years' overpayments.
- 1.6 New earmarked reserves have been created at the end of 2020-21 which along with carried forward earmarkings total £6.586m – details set out at 3.5.

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 2020-21.

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 to the IJB on 31 March 2021 was a forecast underspend of £2.016m, made up of an underspend of £1.721m for Health related services and £295k for Social Work related services.
- 3.1.2 The final year end position is an underspend of £1.089m, made up of an underspend of £183k for Health related services and £906k for Social Work related services. This final position is a deterioration of £927k in the month which relates wholly to the need to make a year-end provision of £787k for annual leave and £862k for a job evaluation claim for hospital ward based Health Care Assistants being regraded from Band 2 to Band 3 going back to 2018. Without this, the position would have improved by £722k mainly due to improvement in the Social Work position.
- 3.1.3 The movements for Social Work is described at 3.3.1 below. The improvement is mainly on Older People. Underspends are mainly due to high levels of vacancies. The overspends are mainly on 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. However the undelivered savings have been covered by support from the Scottish Government, as has loss of income.

3.2 Outturn – Health

- 3.2.1 Within Health, there is an underspend of £183k which is a decrease of £1.538m in the month. The deterioration has been wholly due to the year end provisions for annual leave of £787k and for re-grading of hospital ward based Health Care Assistants from Band 2 to Band 3 following a retrospective claim going back to 2018 which is now nearing settlement. A provision of £862k has been made for this. The annual leave provision is not normally necessary because the leave year is co-terminus with the year

end, but has been due to Covid-19 which has meant that some staff have been unable to take their leave during the year and special provisions for carried forward of leave were agreed nationally. These two provisions have caused the significant overspend under Management Service (which would otherwise have been slightly underspent).

3.2.2 The underspend is primarily caused by significant level of vacancy savings and reduced non-pay spend due to suspension of services, unspent funding in budget reserves which does not meet the criteria for earmarking, and a prior year rates rebate. This is offset in part by shortfalls against savings targets of £414k (net of non-recurring underspends). 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:

- unfunded costs for long stay in-patients in New Craigs and Fife
- locum costs for medical staffing in Dunoon
- sickness absence medical locum cover at Lorn & Islands Hospital
- agency staffing in Lorn & Islands Hospital surgical services
- unfunded pay costs for three displaced staff
- TAVI procedures at the Golden Jubilee (transcatheter aortic valve implantation)
- additional overnight nurse staffing in Mull PCC
- locum radiography costs at MACHICC
- a high cost admission to the Priory
- locum GP costs in Kintyre Medical Group
- out of hours costs on Jura
- growth in oncology drug use in Lorn & Islands Hospital Day Bed Unit
- increased charges from NHS GG&C for cystic fibrosis and oncology drugs
- loss of income arising from fewer out of area admissions to A&B hospitals
- backlog maintenance of estates

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 overspends in Income and Planning & Performance are caused by savings not achieved due to Covid. More detail is given at Appendix 1.

3.3 Outturn – Social Work

- 3.3.1 The outturn position for Social Work for 2020-21 is an underspend of £906k which is an improvement of £611k from the position reported at end of February. The changes have largely been in Older People which has improved by £704k in the month. This has mostly been in Older People Other where there has been an improvement in savings slippage, and in assessment & care management mainly due to staff vacancies.
- 3.3.2 The largest overspend £1.236m has been on Learning Disability due to a combination of service demand, and slippage on savings (£787k). The next largest overspend of £776k is on Physical Disability which is due to higher than budgeted demand for supported living (£688k) and extra purchasing spend in the Integrated Equipment store (£101k).
- 3.3.3 The overspends due to slippage on savings have been covered by support from the Scottish Government. This support has been reduced due to some offsetting amounts totalling £405k from underspends on contact & welfare payments and underspends on care home placements.
- 3.3.4 There have been underspends on Older People mainly on external residential care home placements (£492k) due to the impact of the pandemic, additional income in the HSCP run care homes (£241k) and staffing related underspends particularly across the assessment and care management teams due to vacancies (£197k).
- 3.3.5 Further information is provided within Appendix 1.

3.4 Savings Delivery

- 3.4.1 As at end of March, £7.738m of the target £10.386m savings have been delivered, 75% of the total – this includes £1.996m non-recurring savings. This has increased by £1.484m since last reported at end of February. Further information is provided at Appendix 2. The highlighted lines show where savings have been declared in the month.
- 3.4.2 The outturn shortfall for Social Work is £2.149m. This has improved by £75k from the forecast at the end of February.
- 3.4.3 The outturn shortfall for Health of £414k after non-recurring savings of £1.729m. This has improved by £86k from the forecast at end of February.
- 3.4.4 The failure to deliver on all savings with an overall shortfall of £2.562m is fully offset by Scottish Government funding support of £2.728m included in January allocations. (The excess is being carried forward as earmarked funds.) It has been recognised that 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.

3.5 Reserves

- 3.5.1 At 1 April 2020 earmarked reserves of £605,018 were carried forward to the new year. I previously reported that £374,551 have been utilised. This has

subsequently been reduced by £9k as the funding for Near Me have not yet been spent as planned. The carried forward balance for these previously agreed earmarkings is therefore £239,447 as shown below:

Earmarking	£	£ allocated	£ Balance
Primary Care Improvement Fund (PCIF)	102,616	102,616	0
Action 15 of the Mental Health Strategy 2017-27	123,418	123,418	0
Additional ADP Funding	59,517	59,517	0
GP Fellowship MH Funding	74,000	74,000	0
TEC funding to support local scale up (Near Me)	50,902	6,000	44,902
Supporting Improvements to GP Premises	55,565		55,565
Best Start - Maternity Services (Board re-provision)	60,000		60,000
Technology Enabled Care (Near Me)	9,000		9,000
Scotgem Lochgilphead Funding	10,000		10,000
ACT Widen Access 19-20	10,000		10,000
TEC Analogue to Digital Funding	50,000		50,000
Total	605,018	365,551	239,467

3.5.2 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 spent for this purposes:

Earmark description	£	Comment
Covid allocations	751,116	Unspent SG allocations
Primary Care Improvement Fund	1,793,306	Unspent SG allocations
Action 15 Mental Health Strategy	238,955	Unspent SG allocations
Alcohol & Drug Partnership	160,000	Unspent SG allocations
Child Healthy Weight	20,000	Unspent SG allocations
Type 2 Diabetes Framework (70%) & (30%)	25,003	Unspent SG allocations
Best Start Implementation	86,000	Unspent SG allocations
PFG School Nursing Tranche 2	67,423	Unspent SG allocations
GP Premises	27,782	Unspent SG allocations
Primary Care OOH Funding	92,438	Unspent SG allocations
Perinatal MH Funding	41,196	Unspent SG allocations
Reduce Drug Deaths	44,191	Unspent SG allocations
District Nurse Posts	60,444	Unspent SG allocations
Wellbeing Funding	8,860	Unspent SG allocations
ASC Nurse Director Support IPC	78,066	Unspent SG allocations
E-health Strategy Funding	51,700	Unspent SG allocations
Insulin Pumps funding correction re Vat	82,230	Unspent SG allocations
ScotGEM Funding - A&B Hosp / LIH	7,000	ScotGEM funding
Aros residences upgrade	250,000	Medical education funding
W.o.S. Trauma Network Tranche 1 (70%) / Tranche 2 (30%)	72,325	Start up funding
TOTAL	£3,958,125	

3.5.3 Argyll and Bute Council has been requested to create the following new earmarked reserves, all of which are in respect of specific monies received but not yet spent for this purposes:

Earmark description	£	Comment
Telecare Analogue to Digital funding	40,000	Unspent SG allocations
Mental Health Officer Training	28,221	Unspent SG allocations
Trauma Training trials	24,244	Unspent SG allocations

Winter planning funding for vulnerable children & young people	65,411	Unspent SG allocations
Covid funding	1,931,000	Unspent SG allocations
Community Living Change Funding	300,000	Unspent SG allocations
TOTAL	£2,388,876	

3.5.4 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.

3.5.5 If the new earmarkings are approved, this would increase the earmarked reserves from £239k to £6.586m as shown below:

	£
Earmarkings carried forward	239,467
New earmarkings held by NHS Highland	3,958,125
New earmarkings held by Argyll & Bute Council	2,388,876
Total	6,586,468

3.5.7 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. It was expected that the brokerage for 2019-20 would require to be repaid but, as part of the funding settlement for 2021/22, NHS Highland has now agreed to write this off.

3.6.2 The overspend on Social Work services in 2017-18 and 2018-19 still requires to be paid back, as does the overspend for 2019-20. The Council's Policy & Resources Committee consider the repayment profile at its meeting in May 2021 when the 2020/21 underspend was confirmed.

3.6.3 The agreed new repayment schedule is presented overleaf:

	Repayment 2018-19 Overspend £000	Repayment 2019-20 Estimated Overspend £000	Total Repayment £000	Status
2021-22	200	0	200	agreed
2022-23	900	0	900	agreed
2023-24	493	407	900	agreed
2024-25	0	759	759	agreed
Total	1,593	1,166	2,759	

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 outturn position for 2020-21 was an underspend of £1.089m as at the year end. The underspend requires to be repaid to Argyll and Bute Council towards previous overspends as outlined in the report.

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 main risk during the year was the effort prioritised on the Covid-19 response which removed some focus from delivery of savings. This was

covered by Scottish Government support but this support will not be extended to 2021-22.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 None directly from this report but any proposals to address future budget gaps 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 2020-21. The final year end position is an underspend of £1.089m, made up of an underspend of £183k for Health related services and £906k for Social Work related services. The outturn includes provision for new earmarkings totalling £6.347m, bringing total earmarked reserves to £6.586m.

12.2 The underspend 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 2021

Appendix 2 – Savings achieved as at 31 March 2021