

Integration Joint Board

Date of Meeting: 31 May 2023

Title of Report: Provisional Year End – 12 months to 31 March 2023

Presented by: James Gow, Head of Finance and Transformation

The Integration Joint Board is asked to:

- Note that the HSCP expects to report an underspend of £9.1m for 2023/24, equivalent to 2.7% of the resources allocated to it.
- Note that it is anticipated the HSCP will be able to carry this underspend forward to fund the 2023/24 budget gap and key infrastructure and transformation projects.
- Note confirmation that savings of £4.1m have been delivered, 68% of savings plan.
- Note that total reserves held have reduced from £21.2m at the start of the year to £16.9m at the year end.
- Note that all figures provided in this report are provisional and subject to external audit.

1. EXECUTIVE SUMMARY

- 1.1 This report provides a provisional summary of the financial position of the Health and Social Care Partnership as at 31 March 2023 and year end position which will be reported in the Annual Accounts. The report also provides a summary of the delivery of the savings programme and reserves.
- 1.2 Overall the financial position improved markedly as the year end approached and a significant underspend is reported. The total provisional underspend against the resources available to the HSCP was £9.1m or 2.7% of total spend budget. Actual spend for the year totalled £332m, an increase from £312m in 2021/22. The £9.1m underspend will be carried forward in IJB reserves.
- 1.3 The outturn was substantially better than forecast for a number of reasons including additional late funding allocations and spend on key contracts being lower than expected and below previous trends. The positive result for the year is expected to enable the HSCP to avoid having to make any requests for

additional financial support in 2023/24 and will also enable important transformation, prevention and infrastructure improvement projects to proceed.

2. INTRODUCTION

2.1 This report provides a summary of the provisional 2022/23 year end financial position of the Health and Social Care Partnership. It is subject to external audit and, at the time of writing there remains potential for minor changes.

3. DETAIL OF REPORT

3.1 12 Months to 21 March 2023

The table below provides a summary for 2022/23. Appendix 1 provides an analysis of the year end variances by service. The outturn for both Social Work and Health were better than had been previously forecast.

Service	Actual £000	Budget £000	Variance £000	% Variance
COUNCILSERVICESTOTAL	89,184	92,740	3,556	3.8%
HEALTH SERVICES TOTAL	242,496	248,038	5,542	2.2%
GRAND TOTAL	331,680	340,778	9,098	2.7%

3.1.2 For Social Work the main area of concern throughout the year related to the Learning Disability, Mental Health and Physical Disability budgets. These finished the year £1.2m overspent. This overspend was offset by slippage on growth budgets, underspending in other areas and non-recurring savings.

3.1.3 Within the NHS budget there are overspends reported on Acute & Complex care budgets (£0.5m), prescribing (£0.9m) and estates (£0.4m). These have all been offset by non-recurring funding, vacancies and confirmation of funding streams by Scottish Government at the end of the year.

3.2 Year end variance against forecast

3.2.1 The HSCP had been reporting an improving position throughout the year, it is recognised that the final position was significantly better than had been forecast.

Service	M11 Forecast Favourable Variance £m	Provisional 2022/23 Outturn £m
COUNCILSERVICESTOTAL	2.0	3.6
HEALTH SERVICES TOTAL	2.3	5.5
TOTAL	4.3	9.1

3.2.2 For Social Work there have been a number of favourable movements across many service areas. The older adults budget ended the year £0.9m better than forecast (total budget £43.9m). This was due to costs associated with the smarter commissioning model, implemented towards the end of the year, being less than expected and income in council owned care homes increasing towards the end of the year. The final overspend on Learning Disability, Mental Health and Physical Disability budgets was also £0.3m less than had been forecast. These variances account for most of the improvement in the forecast.

3.2.3 Likewise within the NHS budget year end spend was generally less than had been forecast. The main year end movements were:

1. significant reduction in cost per case charges from NHS GG&C based on prior month charges and historic trends (£0.9m favourable change). In 22/23 GGC reporting on these charges ran 3 to 6 months behind the reporting period making forecasting difficult and placed a reliance on historic data.
2. write back of provisions for injury benefits and the regrading of band 2 to band 3 HCSW. The provisions for these items were assessed as too high based on the up to date information.
3. reduction in cost per item charges for GP prescribing and additional year end funding (£0.3m favourable change)

Vacancy savings and slippage on investments also continued through to the year end.

3.2.4 Overall the favourable outturn does mask underlying cost pressures and overspending on some services. Financial year 2022/23 was unusual due to higher than expected pay increases and inflation. The delays in securing pay settlements and the unexpected strain this placed on government finances throughout the year meant that many of the NHS funding streams in particular were confirmed very late. The outcome is extremely positive and provides the HSCP with the ability to manage its financial position in 2023/24 in a better way than had been expected. It is acknowledged that forecasting processes require to be reviewed to ensure that they are not unduly prudent or risk averse throughout the year. Developmental work will need to consider how service management engage with the finance teams as well as technical financial reporting and contract management processes.

3.2.5 The implications are that the HSCP does not now expect to be reliant on brokerage via NHS Highland as outlined in its Budget for 2023/24. This has been communicated to NHS Highland. The Underspend will be carried forward and the balance that is not required to fund the actual budget gap will be available for investment and transformation, some of it has been earmarked for specific projects.

3.3 Savings Delivery

3.3.1 In total £4.1m (68%) of the £6m target was achieved during the year. Appendix 2 provides detail on a project by project basis. The balance which has not been delivered (on a recurring basis), totalling £1.9m will be carried forward into 2023/24. The table below summarises the provisional year end position:

2022/23 Savings	Year to 31 March 2023			
	Target	Achievement	Balance	%
	£' 000	£' 000	£' 000	
Fully Achieved	3,076	3,076	0	
Remaining Programme	2,733	818	1,915	
Non recurring	253	253	0	
Total	6,062	4,147	1,915	68%

The remaining balances will be carried forward into savings reports next year, it is the case that several of these are likely to remain difficult to achieve, it is not suggested that they are removed from the savings plan at this point in time. Projects now considered to be fully complete will not be reported on further.

3.3.2 One of the biggest challenges relates to the Cowal Community Hospital project, this is being managed by NHS Highland and is subject to delay and additional costs. The project is now underway with construction work expected to commence in summer 2023. This project is key to delivery of a number of savings on the plan. An appointment has also now been made to progress the shared service catering model with Argyll & Bute Council, the work will initially be focussed on the HSCP care home facilities.

3.4 Reserves

3.4.1 Earmarked reserves of £21.2m were carried into 2022/23. Of this total, which included a general reserve of £682k, £16.5m was spent during the year. This total spend figure includes a clawback of £6.0m relating to the covid-19 reserve. All covid related expenditure was fully funded by the use of the reserve during the year. The General Reserve was fully spent:

- Purchase of the Kintyre Care Centre and fees £330k;
- Completing the refurbishment of the residences in Lochgilphead 130k; and
- The Learning Disabilities service restructure £220k.

3.4.2 As is usual there were a number of funding streams received by the HSCP during 2022/23 that were not fully spent during the year. These have added £3.1m to the closing earmarked reserve figure. Additionally, the underspend is also added to reserves which takes the year end balance to £16.9m. The £9.1m underspend carry forward will be earmarked for managing the budget gap outlined in the HSCP budget for 2023/24 (£4.0m) and for investment, prevention and transformation projects. Appendix 3 provides further detail.

4 RELEVANT DATA AND INDICATORS

4.1 Information is derived from the financial systems of both partners.

5 CONTRIBUTION TO STRATEGIC PRIORITIES

5.1 The Integration Joint Board has a responsibility to set a balanced budget which is aligned to the Strategic Plan. It is required to ensure that financial decisions are in line with Strategic Priorities. The favourable financial

performance in 2022/23 presents an opportunity for service transformation and investment in strategic priorities going forward.

6 GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – the underspend will be carried forward and will enable the HSCP to avoid requiring any additional funding to cover its budget gap in 2023/24.
- 6.2 Staff Governance – None directly from this report but there is a strong link between HR management and delivering a balanced financial position.
- 6.3 Clinical Governance – the in-year reduction in resources to support Primary Care Improvement may have Clinical Governance implications.

7. PROFESSIONAL ADVISORY

- 7.1 Professional Leads have been consulted with in respect of the implications of the budget and savings programme.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 None directly from this report.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

- 9.1 None.

10. RISK ASSESSMENT

- 10.1 The favourable position increases the risk of future reductions in funding. The figures outlined in this report are provisional and subject to external audit.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

- 11.1 None directly from this report, engagement on activities relating to savings and transformation forms part of the project plans where appropriate.

12. CONCLUSIONS

- 12.1 This report provides a provisional summary of the financial position for the 2022/23 year. The outturn is better than expected. It is anticipated that the underspend will be carried forward by the HSCP into 2023/24 and will be used to fund the budget gap and enable important investment and transformation.
- 12.2 Good overall progress has been made with the savings programme and £4.1m in savings (68% of target) was delivered. There will be a number of projects carried forward into 2023/24 and these will have to be progressed in addition to managing the new savings plan.

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	

APPENDICES:

Appendix 1 – 2022/23 Provisional Outturn

Appendix 2a – Fully Achieved Savings Forecast Outturn for 2022-23

Appendix 2b – Live Savings Programme

Appendix 3 – Reserves

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