

Agenda Item

9

Title/Subject: 2019/20 Financial Projection

Meeting: Integration Joint Board

Date: 06 December 2019

Submitted By: Chief Finance Officer

Action: For Noting

1. INTRODUCTION

- 1.1 The purpose of this paper is to provide the IJB with an update on the financial projection for 2019/20. This report is shorter than the usual format due to the number of significant papers being considered at the December IJB.

2. RECOMMENDATION

- 2.1. The IJB are asked to note the contents of this report.
- 2.2. Delegate authority to the Chief Officer to utilise up to £0.150m of reserves to increase intermediate care bed capacity and enhance community support over the winter period.

3. BACKGROUND

- 3.1. In September 2019 a financial projection update report was presented to the IJB. Key messages from this report were:
- There was a high risk that the Partnership would not achieve financial balance in 2019/20
 - An overspend of £3.241m was projected for the Partnership
 - Whilst the overspend was projected for health services, risk existed across the Partnership
 - For health services savings had not been identified to fully bridge the financial gap
 - No risk sharing agreement had been reached by the Partners

4. FINANCIAL PROJECTION UPDATE

- 4.1. The updated budget and the projection against that budget are shown in the tables below:

Table 1

	£m
6 September 2019 Budget	227.515
Adjustments to Funding Settlement from NHS Forth Valley	1.888
Adjustments to Funding Settlement from Falkirk Council	-
Changes in planned use of reserves	-
Revised Base Budget	229.403

Table 2

	£m
Budgets delegated to Falkirk Council (non HRA)	0.684
Budgets delegated to NHS Forth Valley	1.394
Projected Overspend	2.078
Budgets Delegated to Falkirk Council (HRA)	-
Budgets Delegated to Falkirk Council (Capital)	-
Set Aside Budget	1.461
Total Outturn	3.539

- 4.2. This outturn shows an improvement in health services of £0.386m from the position reported in September. The improved position is mainly a result of underspends in operational, community based services which are offsetting the pressure areas set out in paragraph 4.4. Further detail is provided in appendices 1 to 3 to this paper.
- 4.3. Previous reports to the IJB have flagged up that demand for external home care places is causing financial pressure. As a result of a further period of increasing external home care hours, an overspend of £0.684m is now projected in this area. External home care hours procured has increased by 16.5% over the same period in 2018/19. A recovery plan has been developed to try and address the rising demand for home care, focussing on efficiency of the internal home care service, more scrutiny of packages being procured externally and changing some existing processes. There will be an update provided to the IJB at the next meeting.
- 4.4. The other main areas of financial pressure remain as highlighted in previous reports, namely:
- Community hospitals
 - Mental health inpatient services

- Set aside – bank and agency spend
- Primary care
- Prescribing
- Non identification and/or delivery of savings

4.5. There is an increased risk of further financial pressure as a result of winter activity. The Forth Valley Winter Plan for 2019/20 has been submitted to the Scottish Government. Of the £0.521m of funding received for Forth Valley as a whole, a number of priority projects have been identified. This includes £0.064m for ECT Community Nursing and £0.052m for Frailty at the Front Door. However, no funding has been earmarked for additional social work provision or the use of intermediate care beds or contingency beds within the Community Hospitals. Should the contingency beds within Falkirk Community Hospital be required, the winter plan notes that these could cost in the region of £0.398m. There is no provision in the current projection for additional costs for contingency beds should they be required.

4.6. A proposal was developed by the Head of Integration and submitted for funding as part of the winter plan to increase the number of intermediate care beds at Summerford and enhance community support. No funding was awarded, however NHS Forth Valley has committed to providing AHP support to extend the number of intermediate care beds in Summerford. Additional funding is required to provide the necessary adult social care resource. It is recommended that the IJB delegate authority to the Chief Officer to approve the use of up to £0.150m of earmarked reserves to increase intermediate care bed capacity and enhance community support over the winter period. There is £0.430m of Integration Funding which is not yet committed. This funding was ringfenced by the Scottish Government for social care. However, it should be noted that this is a non-recurring funding source.

5. RESERVES

5.1. A summary of the latest reserves projection is set out in appendix 4. Some key points to note are included in the table below:

Table 3

Reserve	Update
Integration Funding	<p>Integration Funding is ring fenced funding from the Scottish Government for social care. The figure in reserves represents the balance of the fund that was not spent in 2016/17.</p> <p>IJB previously approved using £0.200m to progress work on the Recovery, Recuperation and Reablement model and to put in place a clear Organisational Development approach. This work is underway although the full £0.200m may not spend in this financial year.</p>

Partnership Funding	<p>The Partnership Funding programme brings together a number of funding streams - Integrated Care Fund, Delayed Discharge Fund and Carers Funding. The programme is open to statutory, third and independent sector partners.</p> <p>The Partnership Funding programme provides a critical opportunity for partners to establish, transform and deliver integrated services, in line with local priorities and also to test and drive innovation. During 2019/20, the programme has been reviewed to ensure that the structure and allocation of Partnership Funds is agile and able to support both transformation and emerging improvement need within the Partnership.</p> <p>The Partnership Funding Group, which is a sub-group of the Strategic Planning Group, makes recommendations to the IJB regarding allocation of funds from the main programme. Leadership Funding is allocated by the Falkirk HSCP Leadership Team, with approval via the Chief Officer in consultation with the Chair and Vice Chair of the IJB.</p>
Leadership Funding	<p>Leadership Funding is an allocation from Partnership Funding which has been delegated to the Leadership Team. Allocations are determined by the Falkirk HSCP Leadership Team, with approval via the Chief Officer in consultation with the Chair and Vice Chair of the IJB.</p> <p>The Chief Officer, Chair and Vice Chair have approved the use of approximately £0.410m of funds on a recurring basis, to recruit staff to support delivery of the Strategic Plan. This includes policy officers, PMO support, communications support and other key posts.</p> <p>These posts are not expected to be filled until 2020. However, approximately £0.720m of the annual £1m allocation is now committed.</p>
Transforming Urgent Care	No update provided.
Mental Health Innovation Fund	No update provided.
GP Out of Hours Fund	No update provided.
Unscheduled Care	<p>The £0.140m of IJB reserves has been removed from the IJB and put into core NHS services. This decision has not come to the IJB for consideration. This funding will be used for a number of posts in line with the areas specified in the Scottish Government allocation letter.</p>

6. RISK SHARING & DUE DILIGENCE

- 6.1. The September IJB report noted that Falkirk Council had indicated that for 2019/20, they considered it appropriate to maintain the risk sharing agreement adopted for 2018/19 – each Partner covering the overspend in their service area. Falkirk Council has re-iterated that they are firmly of this view.
- 6.2. NHS Forth Valley have now proposed that Falkirk IJB should meet 50% of the combined set aside, operational and universal financial pressure from existing reserves. However, NHS Forth Valley have not specified which reserves should be utilised. Based on the current projections, a sum of £1.428m would be required from reserves. NHS Forth Valley require a recovery plan to address the overspend and agreement with Falkirk Council on risk sharing before requesting a decision from the IJB.
- 6.3. It is important to note that in the June 2019 IJB budget report funding gap for health services was projected to be £3.472m. This has reduced by £0.617m to £2.855m. The financial plan for health services has not been balanced at any point in the budget planning cycle. This is a significant risk for the IJB, particularly as responsibility for management of these services moves from NHS Forth Valley and into the Partnership.
- 6.4. The EY report, also on this agenda, has highlighted that the IJB does not have a long term agreement on risk sharing. This is an agreement which is required between NHS Forth Valley and Falkirk Council. At the time of writing this report, the risk sharing agreement discussions have not been concluded.
- 6.5. The September IJB set out the finance work required as part of the due diligence for health services transferring to the operational management of the Partnership. Information required to progress this work hasn't been received at the time of writing this paper, although meetings have been move this area forward.

7. DIRECTIONS

- 7.1. Revised directions have been included at appendices 5 and 6. As in previous reports, these appendices represent changes to the funding allocated to the partners, usually as a result of changes to the funding received from the Scottish Government.
- 7.2. Work is ongoing to revise the directions, and how they are used by the IJB, for the financial year 2020/21.

8. CONCLUSIONS

- 8.1. This report provides a projected outturn for the Falkirk Partnership for 2019/20. There remains a significant financial risk to the Partnership. The total projected overspend is £3.539m.
- 8.2. An overspend of £0.684m is now projected as a result of sustained pressure on external home care. A recovery plan is being implemented to try and bring this into balance in 2019/20.
- 8.3. NHS Forth Valley have confirmed that they would seek an allocation from reserves of £1.428m to cover the projected 2019/20 overspend on health services. However, this requires Falkirk Council agreement on risk sharing.
- 8.4. The IJB's external auditors, EY, have highlighted that the IJB does not have a long term agreement on risk sharing. The agreement on risk sharing between NHS Forth Valley and Falkirk Council has not been concluded.
- 8.5. The IJB requested further information on due diligence work. Progress, which would inform a report to the IJB, has been slower than anticipated. However, work continues to gather all necessary information.

Resource Implications

The resource implications are considered in the body of the report.

Impact on IJB Outcomes and Priorities

The budget sets out the overall resources available to the Partnership to support delivery of the Strategic Plan. Failure to deploy and plan for these resources appropriately would negatively impact on IJB outcomes and priorities.

Legal & Risk Implications

The main financial risks facing the Partnership are considered in the body of the report. There remains a high likelihood that the Partnership will not achieve financial balance in 2019/20. Risk sharing discussions have not concluded.

The consequences of not achieving financial balance are that partners will have to contribute in accordance with a risk sharing agreement to be determined. Alternatively reserves will have to be applied which could disrupt future investment plans. Furthermore, failure to plan for and achieve financial stability could undermine the ability to deliver the outcomes in the strategic plan and lead to more short term budget reductions which could negatively impact on service users.

This risk is reflected in the IJB's strategic risk register and is currently rated high.

Consultation

The Chief Officer of the IJB, Chief Finance Officer of Falkirk Council and Director of Finance of NHS Forth Valley have been consulted on this report.

Equalities Assessment

The budget may include savings proposals which involve service change. These should all be subject to an Equality Assessment.

Submitted by: Patricia Cassidy, Chief Officer Falkirk IJB

Author – Amanda Templeman

Date: 15 November 2019

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.

APPENDIX 1

FALKIRK IJB - FUNDING CONTRIBUTIONS
FOR PERIOD TO 31/10/19

	Operational £m	Universal £m	Set Aside £m	ASW £m	Integration Funding £m	Resource Transfer £m	Reserves £m	Total £m
Figure per the Directions	31.460	72.094	26.284	65.926	10.052	11.455	3.744	221.015 Agrees to Budget Report for 2019/20
<i>Recurring December to March</i>								
Minor Adj incl Baseline Uplift	0.177	-	0.064	-	0.003	-	-	0.244
Superannuation Uplift	1.101	-	1.009	-	-	-	-	2.110
<i>In Year Adjustments</i>								
Primary Care Improvement Fund - Tranche 1	0.215	1.363	-	-	-	-	-	1.578
Mental Health Action 15	0.489	-	-	-	-	-	-	0.489
Mental Health Outcomes Framework	0.162	-	-	-	-	-	-	0.162
Health Prevention & Promotion Bundles	0.334	-	-	-	-	-	-	0.334
Delayed Discharge & Seasonal Pressures	0.105	-	0.050	-	-	-	-	0.155
Psychological Therapies - Waiting Times	0.217	-	-	-	-	-	-	0.217
Psychological Therapies - Masters Post	0.104	-	-	-	-	-	-	0.104
Miscellaneous Adjustments	0.269	(0.390)	0.148	-	-	-	-	0.027
Less 19/20 Allocations - already in baseline	-	(0.151)	-	-	-	-	-	0.151
PMS Uplift	-	1.542	-	-	-	-	-	1.542
Tariff Reduction for Prescribing	-	(0.582)	-	-	-	-	-	0.582
PC Support to GP Practices	-	0.342	-	-	-	-	-	0.342
GP OOH Fund	-	0.143	-	-	-	-	-	0.143
Support to Kersiebank	-	0.314	-	-	-	-	-	0.314
Transfer DOTS from NHS to Universal	-	0.267	-	-	-	-	-	0.267
Directed Enhanced Services	-	0.848	-	-	-	-	-	0.848
AMD Primary Care Fellowes	-	-	0.130	-	-	-	-	0.130
Sensory Strategy Grant	-	-	-	0.009	-	-	-	0.009
Pay Award Adjustment	-	-	-	0.036	-	-	-	0.036
Primary Care Improvement Fund	-	-	-	-	-	-	0.060	0.060
PC & MH Transformation Funds	-	-	-	-	-	-	0.010	0.010
Year to Date Movements	3.173	3.696	1.401	0.045	0.003	-	0.070	8.388
FUNDING AS AT 31/10/19	34.633	75.790	27.685	65.971	10.055	11.455	3.814	229.403

**BUDGET MONITORING STATEMENT 2019/20
FOR PERIOD TO 31/10/19**

SUMMARY STATEMENT

	<u>Budget</u>	<u>Projected</u> <u>Outturn</u>	<u>(Fav)/ Adv</u> <u>Variance</u>	
	£m	£m	£m	
EXPENDITURE				
Adult Social Work Services	87.478	88.162	0.684	
NHS Forth Valley - Set Aside	27.686	29.147	1.461	
NHS Forth Valley - Operational & Universal	114.239	115.633	1.394	
	<u>229.403</u>	<u>232.942</u>	<u>3.539</u>	
INCOME				
Falkirk Council Contribution	65.971	65.971	-	
NHS Forth Valley Contribution	138.108	138.108	-	
Integration Funding (via Health Boards)	10.055	10.055	-	
Resource Transfer (via Health Boards)	11.455	11.455	-	
Use of Earmarked Reserves	3.814	3.814	-	See note 1
	<u>229.403</u>	<u>229.403</u>	<u>-</u>	
SURPLUS/(DEFICIT)	<u>-</u>	<u>(3.539)</u>	<u>(3.539)</u>	
Transfer from HRA Reserves		-		
Transfer from Capital Reserves		-		
Transfer from Other Reserves		-		
Projected Outturn		(3.539)		

Note 1

This figure represents earmarked reserve funds that have been allocated to the budget to date.

The total is made up of:

	£m	
Partnership Funding	3.744	Assumes full spend - this may be adjusted
Primary Care Improvement Fund	0.060	
PC & MH Transformation Funds	0.010	
	<u>3.814</u>	

	Falkirk Council			NHS Forth Valley			Total Partnership		
	Budget £m	Projected Outturn £m	(Fav)/ Adv Variance £m	Budget £m	Projected Outturn £m	(Fav)/ Adv Variance £m	Budget £m	Projected Outturn £m	(Fav)/ Adv Variance £m
Care at Home Services									
Care at Home	33.120	35.105	1.985	-	-	-	33.120	35.105	1.985
MECS/Telecare/Telehealth	0.628	0.434	(0.194)	-	-	-	0.628	0.434	(0.194)
Equipment & Adaptations	0.388	0.355	(0.033)	-	-	-	0.388	0.355	(0.033)
Housing Aids & Adaptations	1.200	1.200	-	-	-	-	1.200	1.200	-
Improvement Grants	0.327	0.327	-	-	-	-	0.327	0.327	-
Garden Aid	0.489	0.489	-	-	-	-	0.489	0.489	-
Community Based AHP Services	-	-	-	6.826	6.786	(0.040)	6.826	6.786	(0.040)
Care of Elderly Provided Outwith a Hospital	-	-	-	1.196	1.158	(0.038)	1.196	1.158	(0.038)
District Nursing	-	-	-	4.621	4.660	0.039	4.621	4.660	0.039
Community Nursing	-	-	-	0.215	0.215	-	0.215	0.215	-
Palliative Care	-	-	-	0.085	0.088	0.003	0.085	0.088	0.003
	36.152	37.910	1.758	12.943	12.907	(0.036)	49.095	50.817	1.722
Residential/Building Based Services									
Community Hospitals	-	-	-	6.181	6.751	0.570	6.181	6.751	0.570
Residential Care	34.208	34.609	0.401	-	-	-	34.208	34.609	0.401
Housing with Care/Sheltered Accommodation	1.251	1.344	0.093	-	-	-	1.251	1.344	0.093
	35.459	35.953	0.494	6.181	6.751	0.570	41.640	42.704	1.064
Mental Health Services									
Mental Health Inpatient Services	-	-	-	7.067	7.403	0.336	7.067	7.403	0.336
Community Mental Health	1.308	1.155	(0.153)	6.490	6.201	(0.289)	7.798	7.356	(0.442)
Addiction Services	-	-	-	3.265	3.080	(0.185)	3.265	3.080	(0.185)
	1.308	1.155	(0.153)	16.822	16.684	(0.138)	18.130	17.839	(0.291)
Respite & Carers Support									
Respite Care	1.367	1.108	(0.259)	-	-	-	1.367	1.108	(0.259)
Carers	0.697	0.684	(0.013)	-	-	-	0.697	0.684	(0.013)
	2.064	1.792	(0.272)	-	-	-	2.064	1.792	(0.272)
Other Care Services									
Assessment & Care Planning	4.742	4.058	(0.684)	-	-	-	4.742	4.058	(0.684)
Day Care Services	4.699	4.402	(0.297)	-	-	-	4.699	4.402	(0.297)
Community Learning Disability	1.019	0.966	(0.053)	0.974	0.737	(0.237)	1.993	1.703	(0.290)
Adult Support & Protection	0.104	0.146	0.042	-	-	-	0.104	0.146	0.042
Sensory Team & Resource Centre	0.507	0.405	(0.102)	-	-	-	0.507	0.405	(0.102)
Voluntary Organisations	0.737	0.696	(0.041)	-	-	-	0.737	0.696	(0.041)
Public Health Promotion	-	-	-	1.256	1.052	(0.204)	1.256	1.052	(0.204)
Continence Services	-	-	-	0.204	0.175	(0.029)	0.204	0.175	(0.029)
Public Dental Service	-	-	-	1.143	1.101	(0.042)	1.143	1.101	(0.042)
	11.808	10.673	(1.135)	3.577	3.065	(0.512)	15.385	13.738	(1.647)
Joint Partnership									
Advocacy	0.096	0.088	(0.008)	-	-	-	0.096	0.088	(0.008)
Joint Loan Equipment Store	0.384	0.384	-	-	-	-	0.384	0.384	-
Joint Partnership Agreements	-	-	-	1.872	2.015	0.143	1.872	2.015	0.143
Partnership Funding	-	-	-	3.663	3.663	-	3.663	3.663	-
	0.480	0.472	(0.008)	5.535	5.678	0.143	6.015	6.150	0.135
Universal Services									
Prescribing	-	-	-	37.290	38.850	1.560	37.290	38.850	1.560
Primary Care	-	-	-	38.956	39.099	0.143	38.956	39.099	0.143
	-	-	-	76.246	77.949	1.703	76.246	77.949	1.703
Set Aside (excluding Mental Health) Management & Support Costs	- 0.207	- 0.207	- -	20.619 -	21.744 -	1.125 -	20.619 0.207	21.744 0.207	1.125 -
TOTAL	87.478	88.162	0.684	141.923	144.778	2.855	229.401	232.940	3.539 Note 1

Note 1

£141.923m is made up of:
NHS Forth Valley Contribution
Use of Earmarked Reserves

	£m	
NHS Forth Valley Contribution	138.109	Per Appendix 1
Use of Earmarked Reserves	3.814	Per Appendix 1
	141.923	

FALKIRK HEALTH AND SOCIAL CARE PARTNERSHIP

PROJECTED RESERVES POSITION FOR 2019/20 AS AT 31/10/19

	OPENING BALANCE 01/04/2019 £m	TRANSFERS IN £m	PROJECTED TRANSFERS OUT/SPEND £m	PROJECTED CLOSING BALANCE 31/03/2020 £m
General Reserve	0.316	-	-	0.316
Housing Revenue Account	0.202	-	-	0.202
Capital Grant	0.078	-	(0.078)	-
Sensory Strategy	0.050	0.009	(0.010)	0.049
Services for Survivors	0.112	-	(0.112)	-
Dementia Innovation Fund	0.200	0.100	(0.025)	0.275
British Sign Language Plan	0.011	0.005	(0.002)	0.014
Choose Life	0.023	-	-	0.023
Integration Funding	0.630	-	(0.200)	0.430
Partnership Funding	2.350	2.744	(2.945)	2.149 *
Leadership Funding	1.390	1.000	(0.550)	1.840 *
Alcohol & Drugs Partnership	0.063	-	(0.063)	-
PC & MH Transformation Funds	0.478	-	(0.478)	-
Transforming Urgent Care	0.245	-	-	0.245
Mental Health Innovation Fund	0.064	-	-	0.064
GP Out of Hours Fund	0.143	-	-	0.143
GP Sub Committees	0.024	-	(0.024)	-
Unscheduled Care	0.140	-	(0.140)	-
Primary Care Improvement Fund	0.419	-	(0.419)	-
	6.938	3.858	(5.046)	5.750

* Figures based on project allocations; there may be some variation for actual spend.
Spend profile may change based on further applications to the funds.
A fuller review of these funds will be included in the next report to the IJB.

PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

DIRECTION TO FALKIRK COUNCIL

Direction for Financial Year 2019/20

1. The Integration Joint Board has the authority to make decisions in respect of services commissioned from Falkirk Council (“the Council”). The Integration Joint Board directs the Council in terms of section 26 of the Public Bodies (Joint Working) (Scotland) Act 2014 to carry out each of the functions listed in Annex 2 of the Integration Scheme (“the functions”), subject to the following conditions:-
 - (a) the functions will be carried out consistent with the existing policies of the Council and any relevant decisions of the Council in relation to its revenue budget;
 - (b) the functions will be carried out in a manner consistent with the strategic plan; and
 - (c) no material change will be made to policies (for example eligibility criteria) or service provision (for example Discharge to Assess services) within the functions (with the exception of the function under section 24 of the Local Government and Planning (Scotland) Act 1982) unless agreed by the IJB.
 - (d) any material change to policies or service provision as outlined in (c) must be initiated and discussed through the Leadership Group (agreed by the IJB on 7 October 2016)
2. The IJB will make a payment to the Council of £87.478m to carry out the functions.
3. This direction will remain in force until revoked in full or part by the IJB.

Falkirk Integration Joint Board
6 December 2019

PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

DIRECTION TO FORTH VALLEY HEALTH BOARD

Direction for Financial Year 2019/20

1. The Integration Joint Board has the authority to make decisions in respect of services commissioned from Forth Valley Health Board (“the Health Board”). The Integration Joint Board directs the Health Board in terms of section 26 of the Public Bodies (Joint Working) (Scotland) Act 2014 to carry out each of the functions listed in Annex 1 of the Integration Scheme (“the functions”), subject to the following conditions:-
 - (a) the functions will be carried out consistent with the existing policies of the Health Board and any relevant decisions of the Health Board in relation to its revenue budget;
 - (b) the functions will be carried out in a manner consistent with the strategic plan; and
 - (c) no material change will be made to policies (for example reablement strategies) or service provision (for example patient pathways) within the functions unless agreed by the IJB.
 - (d) any material change to policies or service provision as outlined in (c) must be initiated and discussed through the Leadership Group (agreed by the IJB on 7 October 2016)
2. The IJB will make a payment to the Health Board of £114.239m to carry out the functions in respect of operational and universal services. The Health Board will make use of the sum of £27.686m set aside in relation to Large Hospital Services.
3. The Health Board will pass through £10.052m of Integration Funding to Falkirk Council in line with Scottish Government allocations. A further £11.455m will be passed to Falkirk Council in respect of resource transfer funding. £3.744m of funding for the Integrated Care Fund and Delayed Discharge will be allocated in line with the agreed Partnership Funding governance process.
4. This direction will remain in force until revoked in full or part by the IJB.