

Agenda Item 9

Budget Report 2020/21- Supplementary



Falkirk Integration Joint Board

Date 20 March 2020

Title: Budget Report 2020/21- Supplementary

Action: For Decision

Summary

1. This report seeks to update the IJB on the financial planning as a result of the Covid-19 pandemic and the anticipated impact this will have on the budget setting process.
2. The Budget Report issued for the 20 March 2020 meeting is based on a “business as usual” position. The content of this report remains relevant for most sections. However, it is recognised that the Covid-19 pandemic will impact on financial planning going forward, albeit the extent of this is unknown at this time.
3. In addition a brief update on the position since the 6 March Special IJB is provided.

Recommendations

4. These recommendations supersede those in the Budget Report for 20 March 2020. A number of the original recommendations, for example funding for external organisations, will be managed through the Delegated Authority paper also on this meetings agenda. The Integration Joint Board is asked to:
5. Note that the content of the budget report for 20 March 2020 is a budget prepared for “business as usual”.
6. Note that the Covid-19 pandemic significantly changes the health and social care landscape and this will have a large impact on associated budgets.
7. Approve the provisional budget set out in the 20 March 2020 Budget Report as an interim position which will undoubtedly require revision.
8. Request that the IJB closely monitors the financial impact of the pandemic and the funding associated and brings a report back to the next appropriate meeting of the IJB.
9. Notes that NHS Forth Valley submitted recovery plan information based on the cost improvement themes set out in the 20 March 2020 position.
10. Notes that the 2019/20 position has not been finalised.
11. Approve the Directions appended to the 20 March 2020 Budget Report.

Financial Planning

12. The budget presented for 2020/21 has been prepared on a “business as usual” basis. It is based on the Medium Term Financial Plan (MTFP), Delivery Plan and Business Case all approved by the IJB in December 2019. However, it is recognised that the conditions under which these plans were written have changed dramatically.
13. The ongoing Covid-19 issues will undoubtedly result in extraordinary costs being incurred across the health and social care sector and it is likely that these costs will continue to be incurred for a significant proportion of 2020/21 and quite possibly beyond.
14. The Scottish Government has requested a mobilisation plan to be submitted by Health Boards with IJBs feeding into this process. Work has been undertaken in the Partnership to draft an initial response and look at rough, indicative costings for that response. These costs will be significant as the Partnership looks to support service users, carers and their families, staff and their families, the independent sector who will be concerned for their businesses and the third sector whose funding and services will also be under increasing pressure.
15. The mobilisation plan will also require a review of essential and non essential functions and seek to redeploy staff to deal with the highest priority services.
16. The IJB may require to consider emergency budget measures as the financial impact of the response to Covid-19 is better understood.
17. The IJB, Falkirk Council and NHS Forth Valley have set up separate accounting arrangements to record all expenditure and for the IJB the assumption must be that costs will be recovered by partners and ultimately from government.
18. The response to the pandemic, including financial impact and funding is rapidly evolving. The potential impact on services is not known and this will impact on the ability to deliver the key planning documents that the IJB has approved. These plans, including the budget, will need to be revisited as there is more clarity on service impact and funding.

Update on 6 March 2020 Special IJB

19. On 6 March 2020 the IJB was asked to consider proposals submitted by Falkirk Council and NHS Forth Valley in respect of risk sharing arrangements for 2019/20.

20. The projected 2019/20 year end overspend was £3.767m as follows:

Table 1

	£m
Adult Social Work	0.635
Adult Social Work (HRA)	0.100
Operational & Universal Services	1.365
Set Aside Budget	1.667
Total Projected Overspend	3.767

21. There was agreement to apply two earmarked reserves to this overspend. This is for aids and adaptations (£0.100m) and GP out of hours (£0.140m). This would reduce the overspend to £3.527m.
22. Falkirk Council proposed that each partner would meet the overspend in their service area. NHS Forth Valley requested a 50% contribution to the overspend on health services from IJB reserves, amounting to approximately £1.450m. No agreement was reached on these proposals.
23. A further proposal was presented by the Leader of the Council for consideration which would see a smaller contribution to each partner. NHS Board Members stated that this would require further consideration.
24. At the time of writing, it is understood that the position outlined has not changed. The Covid-19 pandemic has understandably been prioritised for all officers within health and social care.
25. The Chief Executive of NHS Forth Valley agreed to provide a recovery plan in time for the 20 March 2020 budget report. Information on cost improvement measures for 2020/21 onwards was provided on 17 March 2020. This provides some additional context for the six cost improvement themes referenced in the Budget Report. Further work on these themes will be required to identify savings for approval by the IJB. However, focus at this time is on the developing pandemic response.

Conclusions

26. The response to the Covid-19 pandemic, including financial impact and funding is rapidly evolving. Arrangements have been put in place to develop mobilisation plans including estimated costings and funding arrangements are to be confirmed.
27. As a result of the current situation, the budget for 2020/21 is indicative and will have to be fully reviewed once there is more clarity on service impact and funding.

Resource Implications

Within body of the report.

Impact on IJB Outcomes and Priorities

The Budget Report sets out the budget available to the IJB for delivery of the outcomes and priorities of the Strategic Plan. There is uncertainty as a result of Covid-19 in terms of service impact, demand and resulting financial impact. The plans approved to date may need to be revisited in light of these events.

Legal & Risk Implications

The 2020/21 budget proposals contained in the Budget Report assume “business as usual”. The potential financial and economic impacts of the Covid-19 pandemic represent a significant additional risk to the IJB, and the wider public sector going forward.

Consultation

Due to timing, this report has not been sent for consultation to the Director of Finance at NHS Forth Valley or Chief Finance Officer at Falkirk Council as is standard practice. The report has been developed with the Chief Officer.

Equalities Assessment

No equality issues arising from this report. However, it is recognised that Covid-19 may have a significant impact on particular groups. The IJB and partners will have to try and mitigate this as the situation develops.

Report Author

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Author of report – Amanda Templeman, Chief Finance Officer, Falkirk Integration Joint Board

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

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