

Agenda Item 6

Finance Report 2020-2021



Falkirk Integration Joint Board

19 March 2021

Finance Report 2020-2021

For Noting

1. Executive Summary

- 1.1 This report provides a summary of the financial results for the 10-month period ending 31st January, including consideration of the likely forecast outturn for the year.
- 1.2 An overspend of £2.192m was reported for the 10-month period ended 31st January, reflecting continuing demand led pressures within primary care (primarily in relation to prescribing) and social care (in terms of care at home services).
- 1.3 An overspend of £2.611m is currently forecast for the year which is broadly in line with the projection previously reported to the IJB. Risk sharing arrangements have now been formally agreed with partners in order to deliver a breakeven position by 31st March 2021. All Covid related expenditure and unachieved savings will be fully funded by the Scottish Government and therefore do not affect the forecast outturn.
- 1.4 Reserve balances are expected to increase by £4.273m at year end due to slippage in recruitment, timing issues in relation to expenditure on certain aspects of winter planning/Covid 2nd Wave contingency arrangements and receipt of a number of late funding allocations.

2. Recommendations

The Integration Joint Board is asked to:

- 2.1 note the year to date overspend of £2.192m reported as at 31st January 2021.
- 2.2 note the projected year end overspend of £2.611m and risk sharing agreement with partners to deliver a breakeven position by 31 March 2021.
- 2.3 note the anticipated increase in reserves as at 31st March 2021.
- 2.4 approve the allocation of partnership funding as presented in appendix 1.

3. 2020/21 Annual Budget

- 3.1 The overall budget for financial year 2020/21 is currently reported at £250.006m (comprised of £220.953m in respect of the integrated budget and £29.053m in respect of set aside).
- 3.2 This represents a net increase of £5.293m compared to the budget previously reported to the IJB in November due to a number of in year funding adjustments and reserve movements as outlined in table 1 below:

TABLE 1: Budget reconciliation	£m
Budget reported at 30 September 2020	244.713
<i><u>Additional in year funding allocations:</u></i>	
GMS uplift 20/21	1.130
Set aside - perinatal funding bid	0.052
Set aside - redesign of urgent care	0.297
Covid funding	5.171
Winter planning	1.055
Drug Deaths Taskforce	0.077
	7.782
<i><u>In year budget adjustments:</u></i>	
20/21 transfer to GPS global sum	(0.735)
Historic GPS O&D payment	(0.078)
GMS & Prescribing budget realignment (FMG merger)	(1.538)
Other adjustments	(0.048)
	(2.399)
<i><u>Transfers (to)/from reserves:</u></i>	
PCIF slippage	(0.139)
MH innovation fund	0.087
GMS global sum	(0.038)
	(0.090)
Budget reported at 31 January 2021	250.006

- 3.3 The payment to both Falkirk Council and NHS Forth Valley has been updated in the Directions to reflect the above changes (£96.565m and £153.441m respectively).

4. Year to Date Financial Performance

- 4.1 An overspend of £2.192m is reported for the 10-month period ended 31st January, as summarised in table 2 below.

TABLE 2: Summary of YTD financial performance	Apr - Jan Budget £m	Apr - Jan Actual £m	Apr - Jan Underspend/ (Overspend) £m
Large Hospital Services	23.947	24.949	(1.002)
Primary Healthcare Services	68.057	69.765	(1.708)
Social Care Services	80.471	80.905	(0.434)
Community Healthcare Services	32.889	31.937	0.952
Total	205.364	207.556	(2.192)
Set Aside	23.947	24.949	(1.002)
Integrated Budget	181.417	182.607	(1.190)
Total	205.364	207.556	(2.192)

- 4.2 Key issues in terms of year to date (YTD) performance are reported below:
- 4.3 **Large hospital services (set aside)** – an overspend of £1.002m is reported for the 10 month period ended 31 January, reflecting ongoing pay pressures within A&E and various inpatient specialties (including geriatrics and mental health) due to the ongoing use of locums and agency staff to cover vacancies. This is offset by a favourable variance in non-pay costs (e.g. surgical sundries, lab supplies and drugs) linked to lower overall activity levels as a result of Covid-19.
- 4.4 **Primary Healthcare Services** - an overspend of £1.708m is reported for the 10-month period ended 31 January, reflecting pressures within General Medical Services (GMS) and Primary Care Prescribing. Key areas of overspend within GMS relate to Golden Hello payments and reimbursement of locum cover costs in respect of non-Covid related sickness absence and maternity/paternity leave claims from independent GP Practices. With respect to Primary Care Prescribing, the adverse YTD position reflects increased concession prices in respect of drugs in short supply combined with delays in delivering efficiency savings (in terms of both local savings initiatives and agreed national tariff reductions). Note that an element of the short supply issue is considered to be Covid related (specifically affecting Sertraline and Paracetamol – costs for these 2 drugs have been removed from the position and recharged against the Covid budget).
- 4.5 **Social Care Services** – an overspend of £0.434m is reported for the 10-month period ended 31 January. This is largely due to rising demand for Home Care which mirrors the increasing trend reported in prior years reflecting the policy intent to support people to remain independent in their own homes as far as possible. The adverse YTD position is partially offset

by non-recurring underspends within respite care and the assessment and planning team (due a number of vacancies which have not been filled as yet) combined with partial delivery of planned efficiency savings.

- 4.6 **Community Healthcare Services** – an underspend of £0.952m is reported for the 10 month period ended 31 January. As previously, reported this reflects historic underspends within Health Promotion, Substance Misuse, Integrated Learning Disabilities and Integrated Mental Health Services linked to the successful delivery of prior year recurring savings schemes. The favourable year to date position also reflects an element of non-recurring savings arising from vacancies within several service areas (including Community AHPs, Mental Health, Palliative Care and Health Promotion). However, note that the YTD underspend masks continued pay pressures within Falkirk Community Hospital and the impact of high cost out of area care packages within the complex care service.
- 4.7 **Covid-19** – all Covid related costs incurred to date (£8.9m) have been fully funded by the Scottish Government. Key areas of expenditure relate to the provision of PPE, financial support for external Social Care Providers and independent Primary Care Contractors and additional staffing costs to cover absence due to sickness, shielding or self-isolation. An in-depth review of YTD expenditure is underway to ensure that all Covid related expenditure has been fully identified and recharged against the mobilisation plan.
- 4.8 **Savings Delivery** – additional non-recurring funding has also been provided by the Scottish Government to offset the impact of the pandemic on planned savings initiatives. Of the total savings target of £4.977m, it is estimated that £2.704m of savings have been delayed or unable to proceed due to the impact of Covid-19. A summary of the current status of the savings plan is presented in table 3. Unachieved recurring savings targets will be carried forward for delivery in 21/22.

Target £m	TABLE 3: 20/21 savings	Forecast £m	Covid Impact £m	Residual Balance £m
	<u>Adult Social Work</u>			
0.950	Review & assessment	0.149	0.801	0.000
0.650	Locality planning		0.650	0.000
0.300	Specialist services		0.300	0.000
0.300	Income generation/inflationary uplift	0.092	0.208	0.000
2.200		0.241	1.959	0.000
	<u>Primary Care Prescribing</u>			
0.742	Part 7 drug tariff adjustments	0.451	0.088	0.203
0.080	Full year effect of DOAC switch	0.080		0.000
0.011	Recovery of specials unauthorised price differentials	0.011		0.000
0.367	Prescribing Improvement Initiative	0.049	0.318	0.000
1.165	Medicines Waste Project			1.165
2.364		0.590	0.406	1.368
	<u>Community Healthcare</u>			
0.038	Complex Care	0.038		0.000
0.010	Community Residential Resources		0.010	0.000
0.022	Drugs	0.022		0.000
0.014	Supplies	0.014		0.000
0.084		0.074	0.010	0.000
0.329	Balance still to be identified		0.329	0.000
4.977	Total	0.905	2.704	1.368

5. 2020/21 Forecast Outturn

TABLE 4: Forecast outturn	2020/21 Budget £m	202/21 Forecast £m	Forecast Underspend/ (Overspend) £m
Large Hospital Services	29.053	30.575	(1.522)
Primary Healthcare Services	80.021	81.454	(1.433)
Social Care Services	96.565	97.086	(0.521)
Community Healthcare Services	44.367	43.502	0.865
Total	250.006	252.617	(2.611)
Set Aside	29.053	30.575	(1.522)
Integrated Budget	220.953	222.042	(1.089)
Total	250.006	252.617	(2.611)

- 5.1 A year end overspend of £2.611m is currently forecast as summarised in the table 4.
- 5.2 Risk sharing arrangements have now been formally agreed with partners. The agreement mirrors the previous financial year, whereby the set aside overspend was managed directly by NHS Forth Valley and the overspend reported against the integrated budget was offset by additional payments from both Falkirk Council and NHS Forth Valley in order to deliver an overall breakeven position on the specific services delegated to them by the IJB.
- 5.3 Based on the current forecast outturn reported in table 4 above, NHS Forth Valley will require to manage the £1.522m overspend reported against the set aside budget. With respect to the integrated budget, an additional payment of £1.089m is required as summarised below:
- Falkirk Council £0.521m
 - NHS Forth Valley £0.568m
- 5.4 The position will be kept under review during the remainder of the financial year.

6. Reserves

- 6.1 As at 31 January, total available reserve balances amounted to £6.154m, comprised of a £0.946m contingency reserve and £5.208m of earmarked reserves.
- 6.2 Earmarked reserves are expected to increase by a further £4.273m to £9.481m by 31st March 2021, largely due to slippage in planned recruitment programmes, timing in relation to expenditure on certain aspects of winter planning/Covid 2nd Wave contingency arrangements and receipt of late funding allocations. A summary is provided in table 5.

TABLE 5: Forecast earmarked reserve balances at 31 March 2021	Balance as at 31 Jan 2021 £m	Transfers to/(from) reserves £m	Forecast balance at 31 Mar 2021 £m
<u>Integration Funding</u>			
Partnership Funds	1.661	0.440	2.101
Leadership Funds	0.342		0.342
Innovation/Invest to Save	0.500		0.500
Locality development	0.060		0.060
Health & Wellbeing	0.415		0.415
Reducing health & Social inequalities	0.415		0.415
	3.393	0.440	3.833
<u>Primary Care</u>			
Primary Care Improvement Fund	0.367		0.367
Primary Care Transformation Fund	0.092		0.092
GP Out of Hours	0.160		0.16
GP sub committee support	0.037	0.010	0.047
GMS premises	0.141		0.141
NEW: FMG global sum c/f	0.038		0.038
	0.835	0.010	0.845
<u>Mental Health</u>			
Mental Health Innovation Fund	0.105		0.105
Demmentia Innovation Fund	0.288	0.070	0.358
	0.393	0.070	0.463
<u>Other</u>			
Services for Survivors	0.100	(0.025)	0.075
Sensory Strategy	0.041	(0.001)	0.040
British Sign Language Plan	0.017		0.017
Choose Life	0.047	0.023	0.070
Capital Grant	0.145	0.300	0.445
Housing Revenue Account	0.141	0.556	0.697
NEW: Covid-19		1.500	1.500
NEW: Winter planning		0.750	0.750
NEW: Additional Drugs Death funding	0.096		0.096
NEW: Staff Health & Wellbeing		0.013	0.013
NEW: Community Living Change Fund		0.573	0.573
NEW: District Nursing		0.064	0.064
	0.587	3.753	4.34
TOTAL	5.208	4.273	9.481

- 6.3 Note that work is underway as part of remobilisation and recovery plans to consider the use of reserves to support the potential service impact of long Covid, particularly in relation to Mental Health.

7. Partnership Funds

- 7.1 The Partnership Funding Group (PFG) considered 2 funding proposals in February as summarised below (further detail is provided at appendix 1):

Project Name	Lead Organisation	Recommendation
Stenhousemuir FC CIC	Stenhousemuir Football Club	Approve
Medication Review (Care at Home & Community Hospitals & MAR chart)	NHS Forth Valley	Approve

- 7.2 Both proposals are affordable within the available partnership funding resource and align with the IJB strategic and delivery plans. The proposals have been endorsed by the PFG and the Strategic Planning Group. The Board is asked to approve these proposals.

8. Year end process and annual accounts

- 8.1 The 2020/21-year end process is likely to be complex due to a number of technical accounting issues relating to Covid-19 in terms of funding arrangements, the substance and form of transactions and the basis of preparation of the financial statements.
- 8.2 In line with the previous financial year, an element of flexibility has been granted in relation to the statutory timescale for completion and submission of the unaudited annual accounts to External Audit. However the current working assumption is that that 2020/21 unaudited accounts will be prepared and submitted in line with the normal deadline of 30 June.

9. Conclusion

- 9.1 An overspend of £2.192m is reported as at 31st January 2021. This reflects ongoing demand led pressures within primary care prescribing and care at home services.
- 9.2 A year end overspend of £2.611m is forecast at this stage based on anticipated expenditure trends and savings delivery. Risk sharing arrangements have now been formally agreed with partners in order to deliver a breakeven position by 31st March 2021. Note that all Covid related

expenditure and unachieved savings will be fully funded by the Scottish Government and therefore do not affect the forecast outturn.

- 9.3 Reserve balances are expected to increase by £4.273m at year end, reflecting slippage in recruitment and the requirement to create a number of new earmarked reserves in respect of potential timing issues relating to winter planning/Covid 2nd wave contingency arrangements and receipt of late funding allocations.

Resource Implications

Resource implications are considered in the main body of the report.

Impact on IJB Outcomes and Priorities

The report presents the total integrated budget available to deliver the IJB's strategic priorities and delivery plan outcomes. It is vital that priorities and outcomes are delivered on sustainable financial basis.

Directions

Amendments to the Directions to reflect in year changes to the budget are currently being prepared in line with statutory guidance.

Legal & Risk Implications

There are no legal implications arising from the report recommendations. Key risks at this stage in the financial year relate to the projected year end overspend and ongoing uncertainty regarding the impact of Covid-19.

Consultation

This report has been drafted through engagement and information sharing with colleagues in Falkirk Council and NHS Forth Valley.

Equalities Assessment

There are no equality implications as a direct result of the report recommendations.

10. Report Author

Jillian Thomson, Chief Finance Officer

11. List of Background Papers

N/A

12. Appendices

Appendix 1: Partnership Funding Group proposals - February

Appendix 1

Project Name & Lead Agency	Resource Request	Project Summary	Strategic Alignment	Recommendation and Justification/Condition
Stenhousemuir FC CIC	Yr 1:£18,000 Yr 2:£18,540 Yr3: £19,095	<p>The primary purpose of the project would be to employ a FTE Community Engagement & Inclusion Officer to strategically manage the clubs community development programme and to develop a partnership delivery model with Falkirk HSCP. A key component of the project would be to enhance existing provision and expand the Stenhousemuir FC CIC community engagement and inclusion programme in line with the clubs vision, and in collaboration with Falkirk HSCP, to play a leading role in the recovery and growth of its community.</p> <p>Existing programmes and newly developed programmes will be open to any individual within the Falkirk area and will be free of charge to the participant. The club proposal is to integrate its activities and programmes into the HSCP referral process, specifically through the Community Link Workers, to establish a comprehensive support service for individuals with mild to moderate physical and mental health issues.</p> <p>It is estimated that the clubs overall Engagement & Inclusion programme will positively benefit the lives of over 300 people weekly in year 1 which could rise to over 400 in year 2 and 3.</p>	<p>The programmes offered will enable and encourage self-management. Programmes will be developed following consultation with HSCP & communities, promoting resilient and stronger communities. Service user experience will also improve with increased choice of community based supports.</p>	<p>Approve</p> <p>Conditions:</p> <ul style="list-style-type: none"> • Quarterly monitoring includes evidence that support is being targeted towards areas of most need. • SF CIC work with HSCP to ensure appropriate referral pathways and process. • All appropriate policies are in place.

Request for Change

Organisation	Change request	Financial Implication	Recommendation
NHS Forth Valley: Community Pharmacy	<p>During 2019/20 Falkirk HSCP Partnership Funds was allocated to recruit 3wte pharmacy technicians to support medication review in care at home role and 0.5wte technician and 1.2wte pharmacists to support medication review in Falkirk Community Hospital all for a 2 year fixed term period. Due to the temporary nature of the posts and national shortage within the pharmacy workforce, it was not possible to recruit as hoped. 1.1 FTE Pharmacists in residential care (FCH and Summerford) and 1FTE Pharmacy Technician were recruited to support Home Care.</p> <p>Following a review of the project, the PFG noted the importance and potential positive impact of the service for services users, efficiency savings, enhanced discharge and reduction in GP workload. A request was made for revised project proposal, taking into consideration the experience of the project to date. A proposal has been submitted requesting approval as follows:</p> <ul style="list-style-type: none"> Recruit 3wte care at home pharmacy technicians (Agenda for change band 5) on a permanent basis with appropriate risk share between Falkirk HSCP and NHSFV Pharmacy services to allow project to progress Acknowledge and support the implementation of the Falkirk Medicines Policy as a priority by an agreed date. Establish and agree a funding model for community pharmacy to be remunerated to develop and maintain MAR charts (cost to be confirmed) Agree to fund 1wte pharmacist (Agenda for change band 7) and 1wte pharmacy technician (Agenda for change band 5) on a permanent basis with appropriate risk share between Falkirk HSCP and NHSFV Pharmacy services. 	<p>£242,489 in respect of staffing costs 2021/2022.</p> <p>£15,400 in respect of Community Pharmacy fees re MAR charts.</p> <p>(NB – final request to be confirmed, based on staffing scales)</p>	<p>Approve</p> <p>Condition:</p> <ul style="list-style-type: none"> Resource is deployed flexibly to ensure emerging needs across system can be supported e.g. Community Hospital, Intermediate Care, Care Home