

Agenda Item 6

Finance Report



Falkirk Integration Joint Board

4 June 2021

Finance Report

For Decision

1. Executive Summary

- 1.1 This report provides an overview of the draft financial results for 2020-21, together with a high-level summary of the 2021/22 budget position, including development of efficiency savings plans.
- 1.2 A breakeven position is expected to be reported for 2020-21 subject to audit. In line with previous years, risk sharing arrangements were applied in order to arrive at this position.
- 1.3 Closing reserve balances for 2020-21 are expected to be in the region of £18.069m (an increase of £11.482m compared to the closing position reported in the previous year). This reflects slippage in planned expenditure, receipt of late allocations and creation of a new earmarked reserve in relation to unused Covid funding.
- 1.4 An interim budget remains in place for 2021/22 at this stage pending further work to identify additional efficiency savings and confirmation of a number of outstanding funding allocations.

2. Recommendation

The Integration Joint Board is asked to:

- 2.1 note the 2020/21 draft outturn and that the unaudited accounts will be considered by the Audit Committee on 18th June.
- 2.2 note the 2021/22 budget position and further work required to identify additional efficiency savings (particularly in relation to set aside service areas).
- 2.3 approve the breakdown of the payments to Falkirk Council and NHS Forth Valley as per the Directions summary provided at appendix 2.

3. 2020-21 Draft Financial Outturn

- 3.1 An overspend of £1.860m was reported as at 31st March as summarised in table 1 below. This represents a favourable movement of £0.751m compared to the forecast previously reported primarily due to improvement in the Social Care position.

TABLE 1: 20-21 Financial Performance	Apr - Mar Budget £m	Apr - Mar Actual £m	Underspend/ (Overspend) £m
Large Hospital Services	29.629	31.119	(1.490)
Primary Healthcare Services	82.015	83.593	(1.578)
Social Care Services	103.643	103.436	0.207
Community Healthcare Services	40.668	39.667	1.001
Total	255.955	257.815	(1.860)
Set Aside	29.629	31.119	(1.490)
Integrated Budget	226.326	226.696	(0.370)
Total	255.955	257.815	(1.860)

3.2 Specific performance issues are outlined below:

- Large Hospital Services** – the overspend of £1.490m reported as at 31 March was due to ongoing pay pressures within A&E and various inpatient specialties (including geriatrics and mental health) reflecting ongoing use of locums and agency staff to cover key vacancies. This position was offset by a favourable variance in non-pay costs (e.g., surgical sundries, lab supplies and drugs) linked to lower overall hospital activity levels as a result of Covid-19.
- Primary Healthcare Services** – the overspend of £1.578m reported as at 31 March reflected pressures within General Medical Services (GMS) and Primary Care Prescribing. Key areas of overspend within GMS related 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, 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) contributed to the overspend position.
- Social Care Services** – the underspend of £0.207m reported as at 31 March was due to sustained improvement in the residential care service position (reflecting continued low occupancy rates compared to pre-Covid levels) combined with non-recurring underspends within the assessment and care planning team due to delays in recruitment to vacancies. Note that this favourable position masked significant budget pressures within Home Care.
- Community Healthcare Services** – the underspend of £1.001m reported as at 31 March was due to 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 position also reflected an element of non-recurring savings arising from vacancies within several service areas (including Community AHPs, Mental Health, Palliative Care and Health Promotion). However, this masked continued pay pressures within Falkirk Community Hospital and the

impact of high cost out of area care packages within the complex care service.

- 3.3 A risk sharing arrangement was agreed by Partners in order to address the £1.860m year-end overspend reported at 31 March. In line with previous years, the terms of the risk share require each partner to make an additional payment to the IJB in order to deliver an overall breakeven position on the specific services delegated to them by the IJB. As a result, NHS Forth Valley made an additional payment of £0.578m to offset the net overspend reported against Primary and Community Care services. NHS Forth Valley also directly managed the overspend on Set Aside. No additional payment was required from Falkirk Council (rather the £0.207m underspend reported against the social care budget was transferred to the general reserve).
- 3.4 During the course of the year the Scottish Government provided £13.660m of additional Covid funding in line with the amount requested through our Local Mobilisation Plan returns. Total costs and unachieved savings amounted to £8.711m, with the balance of £4.949m transferred to reserves to be carried forward to 2021-22. Key areas of expenditure related to the provision of PPE, financial support for external Social Care Providers and independent Primary Care Contractors and additional costs to cover staff absence due to sickness, shielding or self-isolation.
- 3.5 Overall reserve balances increased by £11.482m at 31 March compared to the start of the year as a result of delays in planned expenditure, timing issues in relation to winter planning and Covid costs requiring unused funding to be carried forward in line with Scottish Government guidance and receipt of late funding allocations. Table 2 below presents a summary of the draft closing reserve position by category (further detail is provided in appendix 1).

TABLE 2: Draft reserve movements	£m
Opening balance 1st April 2020	6.587
Late Allocations	4.532
Covid	4.949
Delays in planned expenditure	1.794
Social care underspend to general reserve	0.207
Increase in reserves	11.482
Closing balance 31 March 2021	18.069

- 3.6 The draft annual accounts will be considered by the Audit Committee on 18th June and submitted to the External Auditor thereafter in accordance with the statutory deadline of 30th June.

4. 2021/22 Budget position

- 4.1 The overall budget for financial year 2021/22 is currently reported at £242.938m as summarised in table 3 below. This represents an uplift of £5.142m to the recurring base compared to the previous year.

TABLE 3: 21-22 Interim budget	£m
Large Hospital Services	29.587
Primary Healthcare Services	78.561
Social Care Services	94.453
Community Healthcare Services	40.337
Total	242.938
Set Aside	29.587
Integrated Budget	213.351
Total	242.938

- 4.2 The budget remains interim at this stage, subject to further work to identify additional efficiency savings in order to achieve a balanced position. In addition, confirmation of a number of funding allocations remains outstanding (pending the outcome of national negotiation and/or Scottish Government approval including agreed contract uplifts for independent Family Health Service contractors, pay awards and the ongoing impact of Covid-19).
- 4.3 A summary of the Directions are attached at appendix 2 to confirm the breakdown of the payment to both Falkirk Council and NHS Forth Valley (£94.453m and £148.485m respectively) by delegated function as specified in the Integration Scheme.

5. 2021/22 efficiency savings

- 5.1 Recurring savings of £6.091m require to be delivered in order to achieve financial balance in 2021-22 (comprised of £4.656m relating to the integrated budget and £1.435m relating to set aside). To date savings totalling £5.090m have been identified in relation to the integrated budget as summarised in table 4 below. Work is ongoing to quantify efficiency plans within Set Aside service areas.

TABLE 4: 2021/22 Savings Proposals	£m Plan	£m Forecast	RAG Status
<u>Adult Social Care</u>			
Ongoing social work review & assessment	0.250	0.306	Green
Residential Care Services (community bed base capacity modelling)	2.325	2.325	Amber
Review of day services	0.150	0.150	Green
Review of charging arrangements	0.100	0.028	Green
Review of home care contactual arrangements & rates	0.600	0.600	Amber
	3.425	3.409	
<u>Community Healthcare</u>			
Falkirk & Boness Community Hospitals (community bed base capacity modelling)	0.500	0.500	Amber
Locality planning	0.010	0.010	Green
Community Residential Resources	0.011	0.055	Green
	0.521	0.565	
<u>Primary Care Prescribing</u>			
FYE of prior year tariff reductions	0.000	0.235	Red
FYE Prescribing Improvement Initiative - phase 1	0.000	0.210	Green
Prescribing Improvement Initiative - phase 2	0.168	0.089	Green
Medicines Waste Project	1.165	0.583	Red
	1.333	1.116	
<u>Set Aside (large hospital services)</u>			
To be confirmed	TBC	TBC	Red
Total	5.279	5.090	

6. 2021-22 Covid-19 Financial Returns

- 6.1 Financial returns will continue to be submitted to the Scottish Government on a regular basis to capture the additional costs associated with the pandemic. All 2021-22 Covid related costs are expected to be fully funded via a combination of earmarked Covid reserves and additional Scottish Government funding.
- 6.2 Initial cost estimates for 2021/22 were submitted to the Scottish Government in late February, reflecting anticipated ongoing expenditure in relation to PPE, financial sustainability support for external Social Care Providers and independent Primary Care Contractors, infection prevention and control and increased costs to cover staff absence due to sickness, shielding or self-isolation. Total costs are currently estimated £6.750m (excluding the impact of unachieved savings).
- 6.3 Consideration of the long term impact and unintended consequences of the pandemic are also being considered as part of revised remobilisation and recovery plans (including development of new services and enhanced support for existing services such as Mental Health and various community initiatives). The financial returns will be updated as appropriate to record all associated costs.

7. Conclusions

- 7.1 A breakeven position is expected to be reported for 2020-21 once risk sharing arrangements are applied (subject to audit). In addition, a significant increase in reserve balances is projected as at 31 March on account of slippage in planned expenditure, receipt of late allocations and creation of a new earmarked reserve in relation to unused Covid funding.
- 7.2 In terms of the current financial year, an interim budget remains in place at this point totalling £242.938m. It is recognised that a number of allocations have still to be confirmed and further work is required to identify additional efficiency savings.

Resource Implications

Resource implications are considered in the body of the report.

Directions

A summary of the Directions confirming the payment to both Partners for 2021-22 are attached at appendix 2 with effect from 1st April 2021.

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.

Legal & Risk Implications

There are no legal implications arising from the report recommendations. It is difficult to provide a robust forecast outturn for 2021-22 at this early stage in

the year (at the time of writing, financial results for period 1 are not yet available). However there are a number of emerging risks arising from various national policy commitments (including the Scottish Living Wage, National Care Home Contract, pay awards and potential impact of the Independent Review of Adult Social Care) together with the ongoing impact of the pandemic.

Consultation

This report has been drafted through engagement and information sharing with colleagues in Falkirk Council and NHS Forth Valley. Requirement for consultation in terms of proposed new savings may be necessary.

Equalities Assessment

There are no equality implications as a direct result of the report recommendations. However, there may be a requirement for an equalities assessment to be performed in relation to any new proposed savings schemes.

8. Report Author

Jillian Thomson, HSCP Chief Finance Officer

9. List of Background Papers

n/a.

10. Appendices

Appendix 1:	Draft reserves closing position
Appendix 2:	Directions summary 2021-22

Appendix 1

IJB DRAFT Reserve balances 2020-21	OPENING BALANCE (1 Apr 20)	TRANSFERS OUT	TRANSFERS IN	CLOSING BALANCE (31 Mar 21)
Integration Funding	(£630)	£630		£0
Partnership Funding	(£2,739)	£3,609	(£2,744)	(£1,874)
Leadership Funding	(£1,390)	£2,083	(£1,342)	(£649)
Innovation/Invest to Save	£0		(£500)	(£500)
Locality development	£0		(£60)	(£60)
Health & Wellbeing	£0		(£415)	(£415)
Reducing Health & Social inequalities	£0		(£415)	(£415)
PC Transformation Funds	(£105)	£13		(£92)
Transforming Urgent Care	£0			£0
Services for Survivors	(£100)	£15		(£85)
Sensory Strategy	(£41)	£1		(£40)
Dementia Innovation Fund	(£288)		(£73)	(£361)
Veterans	£0			£0
Mental Health Innovation Fund	(£128)	£87	(£64)	(£105)
Alcohol & Drugs Partnership	(£35)	£35	(£30)	(£30)
British Sign Language Plan	(£17)			(£17)
Choose Life	(£47)		(£24)	(£71)
GP Out of Hours Fund	(£66)	£50	(£144)	(£160)
GP Sub Committees	(£24)		(£23)	(£47)
Unscheduled Care	£0			£0
Action 15 Mental Health Strategy	£0		(£6)	(£6)
Primary Care Improvement Fund	(£289)	£289	(£461)	(£461)
GMS premises	(£86)	£9	(£101)	(£178)
Capital Grant	(£145)		(£349)	(£494)
Housing Revenue Account	(£141)		(£796)	(£937)
NEW Carers Strategy	£0		(£771)	(£771)
NEW Self Directed Support	£0		(£63)	(£63)
NEW Covid	£0	£5,397	(£13,593)	(£8,196)
NEW Community Living Change Fund	£0		(£569)	(£569)
NEW FMG global sum c/f	£0		(£38)	(£38)
NEW Additional Drugs Death funding	£0	£1	(£175)	(£174)
NEW Perinatal Mental Health	£0	£8	(£52)	(£44)
NEW District Nursing	£0		(£64)	(£64)
Total Earmarked	(£6,271)	£12,227	(£22,872)	(£16,916)
Contingency Reserve	(£316)		(£630)	(£946)
NEW General Reserve	£0		(£207)	(£207)
Total general	(£316)	£0	(£837)	(£1,153)
GRAND TOTAL	(£6,587)	£12,227	(£23,709)	(£18,069)

Appendix 2

FALKIRK IJB DIRECTIONS SUMMARY 2020-21					
Ref no	Description	Function	Budget	Direction to	Approved
21-22 SA 01	Accident and Emergency Services	Set aside	£7,388,048	NHS Forth Valley	Pending
21-22 SA 02	Inpatient Hospital Services General Medicine	Set aside	£3,859,222	NHS Forth Valley	Pending
21-22 SA 03	Inpatient Hospital Services Geriatric Medicine	Set aside	£5,076,465	NHS Forth Valley	Pending
21-22 SA 04	Inpatient Hospital Services Rehabilitation Medicine	Set aside	£1,656,431	NHS Forth Valley	Pending
21-22 SA 05	Inpatient Hospital Services Respiratory Medicine	Set aside	£1,359,804	NHS Forth Valley	Pending
21-22 SA 06	Inpatient Hospital Services Psychiatry of Learning Disability	Set aside	£1,513,310	NHS Forth Valley	Pending
21-22 SA 07	Palliative Care (Hospital Based)	Set aside	£1,163,539	NHS Forth Valley	Pending
21-22 SA 08	Mental Health Inpatient Services	Set aside	£7,569,725	NHS Forth Valley	Pending
21-22 I OP 01	District Nursing Services	Integrated	£4,974,251	NHS Forth Valley	Pending
21-22 I OP 02	Community Nursing Services	Integrated	£434,044	NHS Forth Valley	Pending
21-22 I OP 03	Community Addiction Services	Integrated	£3,108,888	NHS Forth Valley	Pending
21-22 I OP 04	Community Based AHP Services	Integrated	£6,842,502	NHS Forth Valley	Pending
21-22 I OP 05	Public Dental Service	Integrated	£1,179,761	NHS Forth Valley	Pending
21-22 I OP 06	Services provided outwith a hospital in relation to geriatric medicine	Integrated	£1,166,838	NHS Forth Valley	Pending
21-22 I OP 07	Palliative Care (delivered in Community)	Integrated	£88,858	NHS Forth Valley	Pending
21-22 I OP 08	Community Learning Disability Services	Integrated	£1,101,936	NHS Forth Valley	Pending
21-22 I OP 09	Community Mental Health Services	Integrated	£7,639,400	NHS Forth Valley	Pending
21-22 I OP 10	Continence Services	Integrated	£212,915	NHS Forth Valley	Pending
21-22 I OP 11	Services Provided by health professionals to promote public health	Integrated	£1,328,238	NHS Forth Valley	Pending
21-22 I OP 12	Community Hospitals (recurrent budget)	Integrated	£6,494,992	NHS Forth Valley	Pending
21-22 I OP 13	Resource Transfer	Integrated	£0	NHS Forth Valley	Pending
21-22 I OP 14	Joint Partnership Agreements	Integrated	£1,914,278	NHS Forth Valley	Pending
21-22 I OP 15	Partnership Funds (ICF/ Delayed Discharge / Bridging)	Integrated	£3,850,160	NHS Forth Valley	Pending
21-22 I OP 16	Integration Fund Pass Through Funding	Integrated	£0	NHS Forth Valley	Pending
21-22 I UN 01	Primary Medical Services (GMS)	Integrated	£25,399,229	NHS Forth Valley	Pending
21-22 I UN 02	General Dental Services (GDS)	Integrated	£9,993,812	NHS Forth Valley	Pending
21-22 I UN 03	General Ophthalmic Services (GOS)	Integrated	£3,118,743	NHS Forth Valley	Pending
21-22 I UN 04	General Pharmaceutical Services (GPS)	Integrated	£37,759,196	NHS Forth Valley	Pending
21-22 I UN 05	GP Out of Hours Services	Integrated	£2,290,198	NHS Forth Valley	Pending
21-22 I ASC 01	Care at Home	Integrated	£39,516,480	Falkirk Council	Pending
21-22 I ASC 02	MECS/Telecare/Telehealth	Integrated	£986,950	Falkirk Council	Pending
21-22 I ASC 03	Housing Aids & Adaptations/Equipment/Improvement grants	Integrated	£1,929,310	Falkirk Council	Pending
21-22 I ASC 04	Garden Aid	Integrated	£489,000	Falkirk Council	Pending
21-22 I ASC 05	Residential Care	Integrated	£33,167,270	Falkirk Council	Pending
21-22 I ASC 06	Sheltered Accommodation/Housing with Care	Integrated	£1,414,390	Falkirk Council	Pending
21-22 I ASC 07	Community Mental Health	Integrated	£676,440	Falkirk Council	Pending
21-22 I ASC 08	Respite Care	Integrated	£1,850,990	Falkirk Council	Pending
21-22 I ASC 09	Carers	Integrated	£1,743,580	Falkirk Council	Pending
21-22 I ASC 10	Assessment & Care Planning	Integrated	£5,568,010	Falkirk Council	Pending
21-22 I ASC 11	Day Care Services	Integrated	£4,289,660	Falkirk Council	Pending
21-22 I ASC 12	Community Learning Disability	Integrated	£507,960	Falkirk Council	Pending
21-22 I ASC 13	Adult Support & Protection	Integrated	£255,910	Falkirk Council	Pending
21-22 I ASC 14	Sensory Team & Resource Centre	Integrated	£533,680	Falkirk Council	Pending
21-22 I ASC 15	Voluntary Organisations	Integrated	£801,750	Falkirk Council	Pending
21-22 I ASC 16	Advocacy	Integrated	£95,550	Falkirk Council	Pending
21-22 I ASC 17	Joint Loan Equipment Store	Integrated	£429,360	Falkirk Council	Pending
21-22 I ASC 18	Management & Support Costs	Integrated	£196,480	Falkirk Council	Pending
			£242,937,553		

Total Budget

Set Aside Budget £29,586,544 12%

Integrated Budget £213,351,009 88%

£242,937,553

Directions

NHS Forth Valley £148,484,783 61%

Falkirk Council £94,452,770 39%

£242,937,553

Funding Contribution

NHS Forth Valley £170,642,316 70%

Falkirk Council £72,295,237 30%

£242,937,553