

Agenda Item 6

Finance Report



Falkirk Integration Joint Board

19 November 2021

Finance Report

For Decision

1. Executive Summary

- 1.1 This report provides a summary of the financial position for the six-month period ended 30 September 2021, including the projected forecast outturn for the year.
- 1.2 A net overspend of £0.398m is reported at 30 Sept 2021, primarily due to ongoing pressure within set aside and primary care services. Note that this position represents a significant improvement compared to previous reports presented to the IJB.
- 1.3 The adverse year to date position is expected to be recovered by 31st March, and therefore breakeven is forecast for the year.

2. Recommendations

The Integration Joint Board is asked to:

- 2.1 note the year to date overspend of £0.398m reported as at 30 September 2021.
- 2.2 note that a breakeven position is expected to be achieved at 31 March 2022.
- 2.3 approve the breakdown of the payments to Falkirk Council and NHS Forth Valley as per the Directions summary provided at appendix 1.

3. 2020/21 Annual Budget

- 3.1 The overall budget for financial year 2021/22 currently amounts to £247.529m, comprised of £217.194m in respect of the integrated budget and £30.335m in respect of set aside.
- 3.2 This represents an increase of £0.728m compared to the £246.801m budget reported to the IJB in September which reflects a number of additional in year funding allocations, budget transfers and reserve movements as outlined in table 1.

TABLE 1: Budget reconciliation	£m
Budget reported at 3 Sept 2021 IJB meeting	246.801
<i><u>Additional in year funding allocations:</u></i>	
Navigational flow/urgent care centre	0.059
Outcomes framework (HCV psychiatry)	0.014
GMS (direct patient care service)	0.001
MH innovation fund & psych input	0.108
	0.182
<i><u>Budget virement</u></i>	
Specialist MH Realignment	(0.043)
Social Care realignment	(0.051)
	(0.094)
<i><u>Transfers from/(to) reserves</u></i>	
Partnership funds	0.640
	0.640
Budget reported at 19 Nov 2021 IJB meeting	247.529

- 3.3 The payment to both Falkirk Council and NHS Forth Valley has been updated to reflect the above changes. See appendix 1.
- 3.4 In line with previous years, further budget increases are expected in the latter half of the financial year, due to a number of outstanding funding allocations which remain subject to national negotiation and/or Scottish Government approval (including agreed contract uplifts for independent Family Health Service contractors, the Mental Health Recovery and Renewal Fund, winter pressures and Covid-19).
- 3.5 IJB members will be aware of the additional £300m national funding package recently announced by the Scottish Government to support services over the winter period and to provide longer term improvement in service capacity across our health and social care system. Approximately £247m of the £300m has been identified to date and initial allocations are expected to be received next month. This funding will increase multidisciplinary team working and capacity (including international recruitment), provide a further pay award for social care staff working in direct care roles, support interim care arrangements and enhance staff wellbeing. Further detail is expected to be issued in due course, however early indications suggest Falkirk IJB will receive at least £6.313m (and an element of this is expected to be recurring).

4. Year to Date (YTD) Performance

4.1 YTD Financial Results

An overspend of £0.389m is reported for the 6 month period ended 30 September, as summarised in table 2 below. Note that this position excludes the ongoing impact of Covid-19 which continues to be tracked and monitored separately (see section 5).

TABLE 2: YTD financial performance	Apr - Sept Budget £m	Apr - Sept Actual £m	Underspend/ (Overspend) £m
Large Hospital Services	15.229	15.645	(0.416)
Primary Healthcare Services	39.062	39.735	(0.673)
Social Care Services	47.435	47.435	0.000
Community Healthcare Services	20.198	19.508	0.690
Total	121.924	122.322	(0.398)
Set Aside	15.229	15.645	(0.416)
Integrated Budget	106.695	106.678	0.017
Total	121.924	122.322	(0.398)

4.2 Key issues in terms of year-to-date performance are considered below:

- Large hospital services** (set aside) – an overspend of £0.416m is reported for the 6-month period ended 30 September. This is a significant improvement compared to previous reports and reflects the outcome of the review of all Covid related expenditure to ensure this is removed from the core position. Significant service pressures continue to be experienced within A&E and various inpatient specialties (including general medicine, rehab and mental health). This reflects ongoing demand and case mix complexity/length of stay, together with additional nursing costs in order to maintain safe staffing levels. This is exacerbated by similar short staffing challenges in social care which is impacting on an element of the planned discharge profile from the hospital.
- Primary Healthcare Services** – an overspend of £0.673m is reported for the 6 month period ended 30 September, due to pressures within General Medical Services (GMS) and Primary Care prescribing. Key areas of overspend within GMS relate to premises reimbursements and locum cover costs in respect of maternity/paternity leave claims from independent GP Practices. With respect to Primary Care Prescribing, note that due to the time taken to process prescription data nationally, only actual costs for April to July are available at this stage. Therefore estimates have been provided for August and September based on the most recent average cost per item and forecast volumes. Volume growth in the number of items prescribed and the average cost per item both remain higher than original planning assumptions. This reflects ongoing demand and short supply issues, together with delays in achieving efficiency savings.

- **Community Healthcare Services** – an underspend of £0.690m is reported for the 6-month period ended 30 September. This is largely due to the temporary closure of wards 1 to 4 at Falkirk Community Hospital (FCH) due to fire risk issues. In the meantime, FCH ward staff have been temporarily redeployed to vacancies in other service areas and a master planning exercise is currently underway to inform the long-term future of the site. Note that the favourable YTD position masks significant pressures within JLES, complex care (due to out of area placements, one of which is expected to be repatriated in autumn) and palliative care (in terms of Marie Curie where current activity is higher than planned levels).
- **Social Care Services** – breakeven is reported for the 6-month period ended 31 July. However significant financial and operational service pressures are being reported in relation to home care. This reflects ongoing demand combined with short staffing issues due to Covid self-isolation requirements and a high level of vacancies across both internal and external services. The number of people currently waiting for packages of care is unprecedented and a number of external Providers are operating under business continuity measures. These pressures are offset by lower residential care costs, vacancies within the assessment and care planning team and non-recurring savings within respite and day care services.

4.3 **YTD Savings Delivery**

A recurring savings target of £6.091m was identified for financial year 2021-22 (comprised of £4.656m relating to the integrated budget and £1.435m relating to set aside).

- 4.4 To date savings of £1.291m have been achieved in relation to the integrated budget as summarised in table 3. It is estimated that £1.183m of the planned savings programme has been delayed to Covid. Whilst every effort will continue to be made to deliver these savings in year, it is likely that some additional funding will be required to offset the impact of the delay. The Scottish Government have confirmed that additional funding will be made available in respect of unachieved savings provided that “appropriate review and control is in place and that Integration Authorities take appropriate action to reduce this request for support as far as possible”.

- 4.5 As reported at the last meeting, work is underway to develop a primary care prescribing recovery plan in light of the recurring overspend reported against this budget. However, given the lead in time required for a number of the initiatives that have been identified to date, it is recognised that it is likely to be 2022/23 before any associated savings will be delivered. A further update will be presented at the next IJB meeting.

TABLE 3: 2021/22 Savings Delivery	£m Target/ Plan	£m Achieved to date	£m Remaining Balance	RAG Status
<u>Adult Social Care</u>				
Ongoing social work review & assessment	0.306	0.097	0.209	Green
Residential Care Services (community bed base capacity modelling)	2.325	0.271	2.054	Amber
Review of day services	0.150	0.000	0.150	Amber
Review of charging arrangements	0.028	0.014	0.014	Green
Review of home care contractual arrangements & rates	0.600	0.000	0.600	Red
	3.409	0.382	3.027	
<u>Community Healthcare</u>				
Falkirk & Boness Community Hospitals (community bed base capacity modelling)	0.500	0.694	-0.194	Green
Locality planning	0.010	0.005	0.005	Green
Community Residential Resources	0.055	0.021	0.034	Green
	0.565	0.720	-0.155	
<u>Primary Care Prescribing</u>				
FYE of prior year tariff reductions	0.235	0.118	0.118	Green
FYE Prescribing Improvement Initiative - phase 1	0.210	0.072	0.138	Green
Prescribing Improvement Initiative - phase 2	0.089	0.000	0.089	Green
Medicines Waste Project	0.583	0.000	0.583	Red
	1.116	0.190	0.927	
<u>Set Aside (large hospital services)</u>				
To be confirmed	TBC	TBC	TBC	Red
Total	5.090	1.291	3.799	

5. Covid-19

5.1 Additional Costs

Quarterly financial returns continue to be submitted to the Scottish Government to capture the additional costs associated with the pandemic. Total costs for 2021/22 are currently estimated at £9.311m (an increase of £1.383m compared to the estimate previously reported). This relates to ongoing expenditure in relation to PPE, financial sustainability support for external Social Care Providers and independent Primary Care Contractors,

infection prevention and control expenses and increased costs to cover staff absence due to Covid sickness and self-isolation requirements.

Note that IJB Covid reserves will be utilised in the first instance to meet these costs before any additional funding is sought from the Scottish Government. The available Covid reserve balance amounts to £6.397m.

6. 2020/21 Forecast Outturn

- 6.1 The current forecast projection suggests a net overspend of £0.576m will be incurred by 31 March 2022 (comprised of a £0.755m overspend against the set aside budget offset by an £0.179m underspend against the integrated budget) as per table 4 below.

TABLE 4: Forecast Outturn	Budget £m	Forecast £m	Underspend/ (Overspend) £m
Large Hospital Services	30.335	31.090	(0.755)
Primary Healthcare Services	79.815	81.392	(1.577)
Social Care Services	94.870	94.870	0.000
Community Healthcare Services	42.509	40.753	1.756
Total	247.529	248.105	(0.576)
Set Aside	30.335	31.090	(0.755)
Integrated Budget	217.194	217.015	0.179
Total	247.529	248.105	(0.576)

- 6.2 However it is envisaged that the projected year end overspend can be managed locally to deliver a breakeven position by 31 March 2022.
- 6.3 Achievement of breakeven is predicated on the following assumptions:
- all additional costs associated with Covid-19 (including unachieved savings) are fully funded through a combination of IJB reserves and additional Scottish Government funding.
 - The set aside overspend is managed directly by NHS Forth Valley in line with the position in previous years.
 - £0.829m from the FCH underspend remains ringfenced to test new models of community care and support, including AHP led community services as previously agreed at the last IJB meeting.

7. Conclusion

- 7.1 An overspend of £0.398m is reported for the 6 month period ending 30 September 2021. This is a significant improvement compared to the position previously reported following a detailed review of Covid related expenditure. However, the entire health and social care system remains under significant operational pressure and the position will continue to be closely monitored.

7.2 Breakeven is currently forecast for the year.

Resource Implications

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

Directions

A summary of the Directions confirming the payment to both Partners for 2021-22 are attached at appendix 1.

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. Although breakeven is forecast for 2021/22, this has effectively been achieved on a non-recurring basis and therefore financial sustainability remains high risk as per the IJB's strategic risk register.

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. 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, Chief Finance Officer

9. List of Background Papers

N/A

10. Appendices

Appendix 1: Directions summary

Appendix 1

FALKIRK IJB DIRECTIONS SUMMARY 2020-21					
Ref no	Description	Function	Budget	Direction to	IJB Approved
21-22 SA 01a	Accident and Emergency Services	Set aside	£7,730,229	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 SA 02a	Inpatient Hospital Services General Medicine	Set aside	£3,930,976	NHS Forth Valley	03 September 2021
21-22 SA 03a	Inpatient Hospital Services Geriatric Medicine	Set aside	£5,042,188	NHS Forth Valley	03 September 2021
21-22 SA 04a	Inpatient Hospital Services Rehabilitation Medicine	Set aside	£1,714,039	NHS Forth Valley	03 September 2021
21-22 SA 05a	Inpatient Hospital Services Respiratory Medicine	Set aside	£1,389,941	NHS Forth Valley	03 September 2021
21-22 SA 06a	Inpatient Hospital Services Psychiatry of Learning Disability	Set aside	£1,546,695	NHS Forth Valley	03 September 2021
21-22 SA 07a	Palliative Care (Hospital Based)	Set aside	£1,163,539	NHS Forth Valley	03 September 2021
21-22 SA 08a	Mental Health Inpatient Services	Set aside	£7,818,297	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 01a	District Nursing Services	Integrated	£5,388,849	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 02	Community Nursing Services	Integrated	£434,044	NHS Forth Valley	04 June 2021
21-22 I OP 03a	Community Addiction Services	Integrated	3752439.851	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 04a	Community Based AHP Services	Integrated	£7,366,032	NHS Forth Valley	03 September 2021
21-22 I OP 05a	Public Dental Service	Integrated	£1,191,630	NHS Forth Valley	03 September 2021
21-22 I OP 06a	Services provided outwith a hospital in relation to geriatric medicine	Integrated	£1,194,730	NHS Forth Valley	03 September 2021
21-22 I OP 07a	Palliative Care (delivered in Community)	Integrated	£90,019	NHS Forth Valley	03 September 2021
21-22 I OP 08a	Community Learning Disability Services	Integrated	£1,143,710	NHS Forth Valley	03 September 2021
21-22 I OP 09a	Community Mental Health Services	Integrated	£7,848,555	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 10a	Continence Services	Integrated	£214,607	NHS Forth Valley	03 September 2021
21-22 I OP 11a	Services Provided by health professionals to promote public health	Integrated	£1,381,210	NHS Forth Valley	03 September 2021
21-22 I OP 12a	Community Hospitals (recurrent budget)	Integrated	£6,637,870	NHS Forth Valley	03 September 2021
21-22 I OP 13a	Resource Transfer	Integrated	£0	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 14a	Joint Partnership Agreements	Integrated	£1,918,736	NHS Forth Valley	03 September 2021
21-22 I OP 15a	Partnership Funds (ICF/ Delayed Discharge / Bridging)	Integrated	£3,946,245	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I OP 16a	Integration Fund Pass Through Funding	Integrated	£0	NHS Forth Valley	03 September 2021
21-22 I UN 01a	Primary Medical Services (GMS)	Integrated	£26,209,636	NHS Forth Valley	Pending (supersedes previous Direction)
21-22 I UN 02	General Dental Services (GDS)	Integrated	£9,993,812	NHS Forth Valley	04 June 2021
21-22 I UN 03	General Ophthalmic Services (GOS)	Integrated	£3,118,743	NHS Forth Valley	04 June 2021
21-22 I UN 04a	General Pharmaceutical Services (GPS)	Integrated	£38,186,714	NHS Forth Valley	03 September 2021
21-22 I UN 05a	GP Out of Hours Services	Integrated	£2,305,709	NHS Forth Valley	03 September 2021
21-22 I ASC 01b	Care at Home	Integrated	£39,532,142	Falkirk Council	Pending (supersedes previous Direction)
21-22 I ASC 02	MECS/Telecare/Telehealth	Integrated	£986,950	Falkirk Council	04 June 2021
21-22 I ASC 03	Housing Aids & Adaptations/Equipment/Improvement grants	Integrated	£1,929,310	Falkirk Council	04 June 2021
21-22 I ASC 04	Garden Aid	Integrated	£489,000	Falkirk Council	04 June 2021
21-22 I ASC 05	Residential Care	Integrated	£33,167,270	Falkirk Council	04 June 2021
21-22 I ASC 06	Sheltered Accommodation/Housing with Care	Integrated	£1,414,390	Falkirk Council	04 June 2021
21-22 I ASC 07	Community Mental Health	Integrated	£676,440	Falkirk Council	04 June 2021
21-22 I ASC 08	Respite Care	Integrated	£1,850,990	Falkirk Council	04 June 2021
21-22 I ASC 09	Carers	Integrated	£1,743,580	Falkirk Council	04 June 2021
21-22 I ASC 10	Assessment & Care Planning	Integrated	£5,568,010	Falkirk Council	04 June 2021
21-22 I ASC 11a	Day Care Services	Integrated	£4,445,660	Falkirk Council	03 September 2021
21-22 I ASC 12	Community Learning Disability	Integrated	£507,960	Falkirk Council	04 June 2021
21-22 I ASC 13a	Adult Support & Protection	Integrated	£445,910	Falkirk Council	03 September 2021
21-22 I ASC 14	Sensory Team & Resource Centre	Integrated	£533,680	Falkirk Council	04 June 2021
21-22 I ASC 15	Voluntary Organisations	Integrated	£801,750	Falkirk Council	04 June 2021
21-22 I ASC 16a	Advocacy	Integrated	£151,000	Falkirk Council	03 September 2021
21-22 I ASC 17	Joint Loan Equipment Store	Integrated	£429,360	Falkirk Council	04 June 2021
21-22 I ASC 18	Management & Support Costs	Integrated	£196,480	Falkirk Council	04 June 2021

£247,529,077

Total Budget

Set Aside Budget £30,335,904 12%

Integrated Budget £217,193,174 88%

£247,529,077

Directions

NHS Forth Valley £152,659,195 62%

Falkirk Council £94,869,882 38%

£247,529,077

Funding Contrubution

NHS Forth Valley £174,905,429

Falkirk Council £72,623,648

£247,529,077