

Agenda Item 6

Finance Report



Falkirk Integration Joint Board

18 March 2022

Finance Report

For Decision

1. Executive Summary

- 1.1 This report provides a summary of the financial position for the nine-month period ended 31 December 2021, including the projected forecast outturn for the year.
- 1.2 A net overspend of £0.527m is reported at 31 December 2021, primarily due to ongoing pressure within set aside and primary care services.
- 1.3 There is no change to the forecast outturn which remains at breakeven.

2. Recommendations

The Integration Joint Board is asked to:

- 2.1 note the year to date overspend of £0.527m reported as at 31 December 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.
- 2.4 approve the suggested approach to excess Covid reserves to ensure they are deployed to reshape whole system services within the delegated accountabilities of the IJB, to support our ability to recover, reduce unscheduled care and improve outcomes. A business case will be developed and brought to a future IJB meeting for formal approval as outlined in section 5.

3. 2020/21 Annual Budget

- 3.1 The overall annual budget for financial year 2021/22 currently amounts to £254.122m, comprised of £223.603m in respect of the integrated budget and £30.519m in respect of set aside.
- 3.2 This represents an increase of £6.593m compared to the £247.529m budget reported to the IJB in November due to 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 19 Nov 2021 IJB meeting	247.529
<i><u>Additional in year funding allocations:</u></i>	
Real living wage (Social Care)	0.559
Winter pressures (Social Care)	4.135
Primary Medical Services	0.975
Community Pharmacy global sum	(0.179)
Shingles vaccine	0.092
Set aside (navigational flow & pay awards)	0.207
District nursing	0.133
Community services pay awards (AfC 8 & 9)	0.092
PDS winter preparedness	0.014
Healthy Working Lives	0.018
SAS patient transport	0.017
GDS ventilation grant	0.008
	6.071
<i><u>Budget virement</u></i>	
CMT (transfer from Corporate & Housing)	0.368
DTTO/Fast track	0.069
	0.437
<i><u>Transfers from/(to) reserves</u></i>	
General Medical Services	0.013
Food train	0.072
	0.085
Budget reported at 18 Mar 2022 IJB meeting	254.122

- 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 final quarter of the financial year, mainly linked to Covid-19, the Mental Health Recovery and Renewal Fund and agreed winter pressures funding. It is recognised that a significant element of the winter pressures and Mental Health Recovery and Renewal allocations are predicated on recruitment lead in times, as such there will be a requirement to carry forward any unused funds through reserves to 2022/23. Similarly, the Scottish Government has stipulated that any unused Covid funding must be carried forward through an earmarked Covid reserve.

4. Year to Date (YTD) Performance

4.1 YTD Financial Results

An overspend of £0.527m is reported for the 9 month period ended 31 December, 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 - Dec Budget £m	Apr - Dec Actual £m	Underspend/ (Overspend) £m
Large Hospital Services	22.901	23.524	(0.623)
Primary Healthcare Services	59.736	60.951	(1.215)
Social Care Services	74.972	74.972	0.000
Community Healthcare Services	30.685	29.374	1.311
Total	188.294	188.821	(0.527)
Set Aside	22.901	23.524	(0.623)
Integrated Budget	165.393	165.297	0.096
Total	188.294	188.821	(0.527)

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

4.3 **Large hospital services** (set aside) – an overspend of £0.623m is reported for the 9-month period ended 31 December. This reflects ongoing service pressures within A&E and various inpatient specialties (including general medicine, rehab and mental health) due to increased 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.

4.4 **Primary Healthcare Services** – an overspend of £1.215m is reported for the 9-month period ended 31 December 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 October are known at this stage. Therefore, estimates have been provided for November and December 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.

- 4.5 **Community Healthcare Services** – an underspend of £1.311m is reported for the 9-month period ended 31 December. 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, the night nursing service, complex care (due to 2 out of area placements) and palliative care (in terms of Marie Curie where current activity is higher than planned levels).
- 4.6 **Social Care Services** – breakeven is reported for the 9-month period ended 31 December. However significant financial and operational service pressures are being reported in relation to home care. This reflects ongoing demand combined with short staffing issues across both internal and externally provided services (due to Covid self-isolation requirements and vacancies). The number of people currently waiting for packages of care remains extremely high 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.
- 4.7 **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).
- 4.8 To date savings of £1.865m have been achieved in relation to the integrated budget as summarised in table 3. It is estimated that £2.220m of the planned savings programme has been delayed to Covid. The impact of this will be offset through additional covid funding provided in year, however this is non-recurring funding and therefore any unachieved recurring savings targets will be carried forward to next financial year.

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	Red
Review of day services	0.150	0.113	0.038	Amber
Review of charging arrangements	0.028	0.021	0.007	Green
Review of home care contractual arrangements & rates	0.600	0.000	0.600	Red
	3.409	0.502	2.908	
<u>Community Healthcare</u>				
Falkirk & Boness Community Hospitals (community bed base capacity modelling)	0.500	1.041	-0.541	Green
Locality planning	0.010	0.008	0.003	Green
Community Residential Resources	0.055	0.031	0.024	Green
	0.565	1.079	-0.514	
<u>Primary Care Prescribing</u>				
FYE of prior year tariff reductions	0.235	0.176	0.059	Green
FYE Prescribing Improvement Initiative - phase 1	0.210	0.108	0.102	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	0.284	0.832	
<u>Set Aside (large hospital services)</u>				
To be confirmed	TBC	TBC	TBC	Red
Total	5.090	1.865	3.225	

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 £8.433m. 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 temporary staffing costs to cover employee absence due to Covid sickness and self-isolation requirements. The final return for 2021/22 will be submitted to the Scottish Government on 22 April 2022. The existing IJB covid reserve of £6.397m will be utilised to meet these costs in the first instance

5.2 Further Covid funding of £15.536m has recently been allocated by the Scottish Government for 2021/22 to meet all additional costs (including under delivery of savings). This is £13.500m more than was requested for 2021/22 (see appendix 2).

5.3 The Scottish Government has stipulated that if this funding is not fully utilised in year, any remaining balance must be carried forward through an earmarked Covid reserve “for use by NHS Boards and the IJB” in 2022/23. The IJB CFO network have provided clear advice to the Scottish Government that IJBs can only hold and deploy reserves in relation to delegated integration functions (including set aside) and that position has been discussed with our External Auditors.

5.4 At present no additional Covid consequential funding has been agreed with the UK Treasury for 2022/23 and the Scottish Government has advised IJBs to plan on the basis that no further Covid funding will be issued. Any unused balances carried forward from 2021/22 would therefore be used in the first instance to meet ongoing additional costs incurred during 2022/23 (currently estimated at £7.467m). Any remaining balance after that will be used to reshape whole system services within the delegated accountabilities of the IJB, to support our ability to recover, reduce unscheduled care and improve outcomes. The IJB is asked to approve this approach.

5.5 Early discussions are underway between Chief Officers, CFOs, clinical, management and professional leads on how to implement best value and whole systems models of care in order to shift the balance of care to communities and to deliver a more preventative approach as described within the Christie Commission Report. A business case for the use of any excess Covid reserve will be developed following further engagement with a range of colleagues through the unscheduled care programme. Both Forth Valley Chief Officers co-chair the Unscheduled Care Board with NHS Forth Valley Medical Director.

6. 2020/21 Forecast Outturn

- 6.1 The current forecast projection suggests a net overspend of £0.193m will be incurred by 31 March 2022 (comprised of a £0.710m overspend against the set aside budget offset by an £0.517m underspend against the integrated budget) as per table 4 below.

TABLE 4: Forecast Outturn	Budget £m	Forecast £m	Underspend/ (Overspend) £m
Large Hospital Services	30.519	31.229	(0.710)
Primary Healthcare Services	80.770	82.345	(1.575)
Social Care Services	99.963	99.963	0.000
Community Healthcare Services	42.870	40.778	2.092
Total	254.122	254.315	(0.193)
Set Aside	30.519	31.229	(0.710)
Integrated Budget	223.603	223.086	0.517
Total	254.122	254.315	(0.193)

- 6.2 However it is envisaged that the £0.193m 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.
 - Unused winter pressures funding is carried forward to 2022/23 through reserves.

7. Conclusion

- 7.1 An overspend of £0.527m is reported for the 9 month period ending 31 December 2021. This is an improving trend compared to the position previously reported. However it is recognised that the whole health and social care system remains under sustained 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 2: Final Covid funding letter.

Appendix 1

FALKIRK INTEGRATION JOINT BOARD				
Directions summary 2021-22				

FALKIRK IJB DIRECTIONS SUMMARY 2020-21					
Ref no	Description	Function	Budget	Direction to	IJB Approved
21-22 SA 01c	Accident and Emergency Services	Set aside	£7,863,597	NHS Forth Valley	Pending IJB approval
21-22 SA 02b	Inpatient Hospital Services General Medicine	Set aside	£3,914,756	NHS Forth Valley	Pending IJB approval
21-22 SA 03b	Inpatient Hospital Services Geriatric Medicine	Set aside	£5,053,813	NHS Forth Valley	Pending IJB approval
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	£1,546,700	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 08c	Mental Health Inpatient Services	Set aside	£7,872,531	NHS Forth Valley	Pending IJB approval
21-22 I OP 01c	District Nursing Services	Integrated	£5,522,616	NHS Forth Valley	Pending IJB approval
21-22 I OP 02c	Community Nursing Services	Integrated	£434,044	NHS Forth Valley	04 June 2021
21-22 I OP 03c	Community Addiction Services	Integrated	3831469.157	NHS Forth Valley	Pending IJB approval
21-22 I OP 04b	Community Based AHP Services	Integrated	£7,476,403	NHS Forth Valley	Pending IJB approval
21-22 I OP 05b	Public Dental Service	Integrated	£1,215,465	NHS Forth Valley	Pending IJB approval
21-22 I OP 06b	Services provided outwith a hospital in relation to geriatric medicine	Integrated	£1,194,925	NHS Forth Valley	Pending IJB approval
21-22 I OP 07a	Palliative Care (delivered in Community)	Integrated	£90,019	NHS Forth Valley	03 September 2021
21-22 I OP 08b	Community Learning Disability Services	Integrated	£1,144,271	NHS Forth Valley	Pending IJB approval
21-22 I OP 09c	Community Mental Health Services	Integrated	£7,874,222	NHS Forth Valley	Pending IJB approval
21-22 I OP 10a	Continence Services	Integrated	£214,607	NHS Forth Valley	03 September 2021
21-22 I OP 11b	Services Provided by health professionals to promote public health	Integrated	£1,400,391	NHS Forth Valley	Pending IJB approval
21-22 I OP 12a	Community Hospitals (recurrent budget)	Integrated	£6,637,870	NHS Forth Valley	03 September 2021
21-22 I OP 13b	Resource Transfer	Integrated	£0	NHS Forth Valley	19 November 2021
21-22 I OP 14b	Joint Partnership Agreements	Integrated	£1,919,580	NHS Forth Valley	Pending IJB approval
21-22 I OP 15c	Partnership Funds (ICF/ Delayed Discharge / Bridging)	Integrated	£3,913,744	NHS Forth Valley	Pending IJB approval
21-22 I OP 16a	Integration Fund Pass Through Funding	Integrated	£0	NHS Forth Valley	03 September 2021
21-22 I UN 01c	Primary Medical Services (GMS)	Integrated	£27,095,203	NHS Forth Valley	Pending IJB approval
21-22 I UN 02a	General Dental Services (GDS)	Integrated	£10,001,954	NHS Forth Valley	Pending IJB approval
21-22 I UN 03	General Ophthalmic Services (GOS)	Integrated	£3,118,743	NHS Forth Valley	04 June 2021
21-22 I UN 04b	General Pharmaceutical Services (GPS)	Integrated	£38,219,335	NHS Forth Valley	Pending IJB approval
21-22 I UN 05b	GP Out of Hours Services	Integrated	£2,335,336	NHS Forth Valley	Pending IJB approval
21-22 I ASC 01c	Care at Home	Integrated	£42,441,000	Falkirk Council	Pending IJB approval
21-22 I ASC 02a	MECS/Telecare/Telehealth	Integrated	£1,155,000	Falkirk Council	Pending IJB approval
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 05a	Residential Care	Integrated	£34,338,000	Falkirk Council	Pending IJB approval
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 08a	Respite Care	Integrated	£1,756,000	Falkirk Council	Pending IJB approval
21-22 I ASC 09a	Carers	Integrated	£1,485,000	Falkirk Council	Pending IJB approval
21-22 I ASC 10a	Assessment & Care Planning	Integrated	£6,770,000	Falkirk Council	Pending IJB approval
21-22 I ASC 11b	Day Care Services	Integrated	£4,302,000	Falkirk Council	Pending IJB approval
21-22 I ASC 12	Community Learning Disability	Integrated	£507,960	Falkirk Council	04 June 2021
21-22 I ASC 13b	Adult Support & Protection	Integrated	£327,940	Falkirk Council	Pending IJB approval
21-22 I ASC 14	Sensory Team & Resource Centre	Integrated	£533,680	Falkirk Council	04 June 2021
21-22 I ASC 15a	Voluntary Organisations	Integrated	£1,060,000	Falkirk Council	Pending IJB approval
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
			£254,121,674		

Total Budget

Set Aside Budget ✓ £30,518,915 12%

Integrated Budget ✓ £223,602,759 88%

£254,121,674

Directions

NHS Forth Valley ✓ £154,159,114 61%

Falkirk Council ✓ £99,962,560 39%

£254,121,674

Funding Contribution

NHS Forth Valley ✓ £176,405,348

Falkirk Council ✓ £77,716,326

£254,121,674



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HSCP Chief Finance Officers
NHS Board Directors of Finance
Cc:
HSCP Chief Officers
Local Government Directors of Finance
NHS Chief Executives

via email

25th February 2022

Colleagues

Further Covid funding 2021-22

Following the recent submission of your Quarter 3 financial returns, I am writing to confirm further funding of £981 million for NHS Boards and Integration Authorities to meet Covid-19 costs and to support the continuing impact of the pandemic. This funding is being provided on a non-repayable basis and includes provision for under-delivery of savings. While I anticipate that funding will be allocated in line with **Annexes A and B**, it will be a matter for NHS Boards and Integration Authorities to agree any revisions where appropriate to take account of local circumstances.

Within the overall funding outlined above, £619 million is being provided for Integration Authorities, which includes funding for a range of Covid-19 measures. The significant disruption to services has created a backlog of demand as well as increasing unmet need and frailty of service users. Investment is needed across day care services, care at home and to support unscheduled care, to keep people within the community, where possible and safe to do so, to avoid unplanned admissions and impacts on delayed discharges. Alongside this is the impact on mental health and services have been stepped up through, for example, Mental Health Assessment Units. This funding will also cover sustainability payments to social care providers and additional staff costs across Health & Social Care.

Where funding remains at year end 2021-22, this must be carried in an earmarked reserve for Covid-19 purposes in line with usual accounting arrangements for Integration Authorities, and I expect that this funding to be used before further allocations are made through the Local Mobilisation Planning process. This can be used to support continuation of costs which were funded in 2021-22 as a direct result of Covid-19. Use of these allocations to meet Covid-19 expenditure should be agreed by the IJB Chief Finance Officer and the NHS Board Director of Finance. The funding should be targeted at meeting all additional costs of responding to the Covid pandemic in the Integration Authority as well as the NHS Board.

/cont'd



Any proposed utilisation of the earmarked reserves to meet new expenditure that had not been funded in 2021-22 will require agreement from the Scottish Government, and it will remain important that reserves are not used to fund recurring expenditure, given the non-recurring nature of Covid funding.

Thank you for your support and engagement during 2021-22 and I look forward to continued close work with you as we take forward plans for 2022-23 and beyond.

Yours sincerely

Richard McCallum
Director of Health Finance and Governance

Annex A Funding by Board Area

Further Covid-19 Funding (£000s)	Health Board	HSCP	Total
NHS Ayrshire & Arran	14,420	42,765	57,185
NHS Borders	7,471	17,575	25,046
NHS Dumfries & Galloway	13,997	16,146	30,143
NHS Fife	20,947	43,961	64,908
NHS Forth Valley	7,531	32,355	39,886
NHS Grampian	7,533	55,697	63,230
NHS Greater Glasgow & Clyde	88,484	132,917	221,401
NHS Highland	10,947	37,604	48,551
NHS Lanarkshire	15,121	68,810	83,931
NHS Lothian	31,641	114,566	146,207
NHS Orkney	2,575	3,746	6,321
NHS Shetland	999	3,620	4,619
NHS Tayside	2,441	45,355	47,796
NHS Western Isles	1,608	3,887	5,495
NHS National Services Scotland	118,110	-	118,110
Scottish Ambulance Service	11,326	-	11,326
NHS Education for Scotland	- 1,909	-	- 1,909
NHS 24	-	-	-
NHS National Waiting Times Centre	5,436	-	5,436
The State Hospital	-	-	-
Public Health Scotland	3,071	-	3,071
Healthcare Improvement Scotland	- 176	-	- 176
Total	361,573	619,004	980,577

Please note these figures represent the total funding across several allocations (PPE, Test & Protect, Vaccinations and General Covid Funding). A detailed analysis will be provided to each NHS Territorial Board setting out the split across Board and Integration Authorities.

Annex B Total Funding by Integration Authority

Integration Authority	Further Covid-19 Funding £000s
East Ayrshire	14,143
North Ayrshire	15,891
South Ayrshire	12,731
Scottish Borders	17,575
Dumfries and Galloway	16,146
Fife	43,961
Clackmannanshire & Stirling	16,819
Falkirk	15,536
Aberdeen City	24,317
Aberdeenshire	19,675
Moray	11,705
East Dunbartonshire	9,930
East Renfrewshire	14,781
Glasgow City	73,130
Inverclyde	10,370
Renfrewshire	16,964
West Dunbartonshire	7,741
Argyll & Bute	11,881
North Highland	25,724
North Lanarkshire	32,102
South Lanarkshire	36,708
East Lothian	13,537
Edinburgh City	70,314
Midlothian	9,506
West Lothian	21,209
Orkney	3,746
Shetland	3,620
Angus	11,843
Dundee	16,784
Perth & Kinross	16,728
Western Isles	3,887
Total	619,004

Please note these figures represent the total funding across several allocations (PPE, Test & Protect, Vaccinations and General Covid Funding). A detailed analysis will be provided to each NHS Territorial Board setting out the split across Board and Integration Authorities.