

Agenda Item 6

2021/22 Draft Financial Outturn



Falkirk Integration Joint Board

10 June 2021

2021/22 Draft Financial Outturn

For noting

1. Executive Summary

- 1.1 This report provides an overview of the draft financial results for 2021-22 (subject to audit).
- 1.2 An underspend of £1.187m is reported for 2021-22 against core operational service areas under the integrated budget. An overspend of £0.700m is reported against the set aside budget.
- 1.3 Closing reserve balances for 2021-22 are expected to be in the region of £37.891m (an increase of £19.891m compared to the closing position reported in the previous year). This reflects a significant number of new allocations that were received late in the financial year (including additional unanticipated Covid funding) and delays in planned expenditure in relation to a number of projects funded through earmarked reserves.

2. Recommendation

The Integration Joint Board is asked to:

- 2.1 note the draft outturn for 2021/22.
- 2.2 Note that the unaudited accounts will be considered by the Audit Committee on 17th June 2022.

3. 2021-22 Draft Financial Outturn

- 3.1 Financial breakeven was originally forecast for 2021/22 in respect of core operational service areas reported under the integrated budget. However due to improvement in both the Community Healthcare and Social Care positions a net underspend of £1.187m was reported at 31st March 2022 as summarised in table 1 below.
- 3.2 There was no change to the set aside position. The overspend incurred at 31st March remained broadly in line with the forecast previously reported.

TABLE 1: 2021-22 financial performance	2021-22 Budget £m	2021-22 Actual £m	Underspend/ (Overspend) £m
Large Hospital Services	31.079	31.779	(0.700)
Primary Healthcare Services	79.860	81.475	(1.615)
Social Care Services	102.203	101.534	0.669
Community Healthcare Services	40.841	38.708	2.133
Total	253.983	253.496	0.487
Set Aside	31.079	31.779	(0.700)
Integrated Budget	222.904	221.717	1.187
Total	253.983	253.496	0.487

3.3 In line with previous years, NHS Forth Valley will directly manage the £0.700m overspend on large hospital services as part of set aside arrangements. The £1.187m net underspend against the integrated budget will be transferred to the general reserve.

3.4 Specific performance issues are summarised below:

- **Large Hospital Services (set aside)** – an overspend of £0.700m is reported for the year. This reflects sustained 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 has continued to adversely impact on an element of the planned discharge profile from the hospital.
- **Primary Healthcare Services** – an overspend of £1.615m is reported for the year. This reflects 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 January are known at this stage. Therefore, estimates have been provided for February and March 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.
- **Social Care Services** – an underspend of £0.669m is reported for the year. This reflects lower residential care costs, vacancies within the assessment and care planning team and non-recurring savings within respite and day care services. Note that this position masks significant financial and operational service pressures with Care at Home services due to ongoing demand combined with short staffing challenges. The number of people currently waiting for packages of care remains extremely high and a number of external Providers continue to operate under business continuity measures.

- **Community Healthcare Services** – an underspend of £2.133m is reported for the year. This is primarily due to the temporary closure of wards 1 to 4 at Falkirk Community Hospital (FCH) due to fire related health and safety risks. As a result, displaced ward staff were temporarily redeployed to vacancies in other service areas during the financial year. Options are now being taken forward in conjunction with staff side to secure permanent redeployment options given that these wards are unlikely to reopen. This provides an opportunity to reinvest an element of the FCH recurring pay budgets to enhance and expand community care services including intermediate care, District Nursing, Care at Home and AHP led support. Note that despite the favourable budget position, pressures remain 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. Covid

- 4.1 Covid financial returns continued to be submitted to the Scottish Government on a quarterly basis during 2021-22 to capture the additional costs associated with the pandemic. Total costs of £6.528m were incurred in year and this was funded in full via the existing covid earmarked reserve. Key areas of expenditure related to the provision of Personal Protective Equipment (PPE), financial support for external Social Care Providers and independent Primary Care Contractors, additional costs associated with enhanced infection prevention and control measures and temporary workforce costs to cover staff absence due to sickness, shielding or self-isolation requirements.
- 4.2 As reported at the last meeting, £15.536m of additional and unanticipated covid funding was allocated in late February 2022. The Scottish Government stipulated that if this funding was not fully utilised by 31 March 2022, it must be carried forward through an earmarked Covid reserve “for use by NHS Boards and the IJB” in 2022/23. £1.018m was spent in year, with the balance of £14.518m transferred to reserves.
- 4.3 The Scottish Government has advised that there is no additional Covid consequential funding agreed with HM Treasury for 2022/23 and therefore IJB’s should plan on the basis that no further Covid funding will be issued going forward. Covid reserves will therefore require to be used in the first instance to meet all ongoing Covid related costs during 2022/23 (costs for 2022/23 are currently estimated at £7.467m).

5. Reserves

- 5.1 Overall reserve balances increased by £19.891m during the course of the year. This was largely due to a number of new allocations of a material value that were received late in the financial year, together with delays in planned expenditure in relation to a number of projects funded through earmarked reserves.

- 5.2 Table 2 below presents a summary of the draft closing reserve position by category (further detail is provided in appendix 1).

TABLE 2: 2021-22 movement in reserve balances	£m
<u>Late Allocations</u>	
Covid	14.518
Winter pressures	3.892
MECS fire safety	0.028
Mental Health Recovery & Renewal	0.878
	19.316
<u>Delays in planned expenditure</u>	
Primary Care Improvement Plan	0.493
Dementia Innovation Fund	0.060
Choose Life	0.022
	0.575
Net movement in reserves	19.891

- 5.3 Due to the magnitude of certain reserve balances, coupled with the fact that some are recurring in nature, business cases will require to be brought forward with investment proposals. The IJB has already approved the suggested approach in respect of excess Covid reserves, where the focus for any forthcoming business case will be to reshape whole system services to support our ability to recover and reduce unscheduled care whilst improving outcomes. It is envisaged that business cases will also be required for the proposed use of the following earmarked reserves: Carers, Winter Pressures, Primary Care Improvement Fund, Community Living Change Fund and Mental Health Recovery and Renewal.

6. Conclusions

- 6.1 A net underspend of £1.187m is expected to be confirmed for 2021-22 in respect of the integrated budget. An overspend of £0.700m is expected to be confirmed in respect of large hospital services and this will be directly managed by NHS Forth Valley in line with set aside arrangements.
- 6.2 A significant increase of £19.891m in reserve balances is projected as at 31 March on account of a significant number of late allocations and delays in a number of projects funded via earmarked reserves.
- 6.3 The draft annual accounts will be considered by the Audit Committee on 17th June 2022 and submitted to the External Auditor thereafter in accordance with the statutory deadline of 30th June.

Resource Implications

Resource implications are considered in the body of the report.

Directions

A Direction is not required as a result of this report.

Impact on IJB Outcomes and Priorities

The report presents the 2021/22 outturn which reflects 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 a favourable outturn has been reported for 2021/22, this is largely non-recurring due to timing issues in receipt of funding and delays in planned spend in key service areas. Looking ahead to 2022/23, there are a number of emerging risks arising from various national policy commitments (including the Scottish Living Wage/pay awards, creation of the National Care Service etc) and non-pay pressures (including significant increases in energy costs and general price inflation). As a result, financial sustainability remains high risk on 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.

7. Report Author

7.1 Jillian Thomson, Chief Finance Officer

8. List of Background Papers

8.1 None

9. Appendices

Appendix 1:	Draft reserves closing position
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Appendix 1

2021/22 Falkirk IJB reserve balances	OPENING BALANCE (1 Apr 21)	TRANSFERS OUT	TRANSFERS IN	CLOSING BALANCE (31 Mar 22)
Partnership Funding	(£2.550)	£4.344	(£3.744)	(£1.950)
Innovation/Invest to Save	(£0.500)	£0.250		(£0.250)
NEW Technology Enabled Care			(£0.250)	(£0.250)
Locality development	(£0.060)			(£0.060)
Health & Wellbeing	(£0.415)	£0.415		£0.000
Reducing Health & Social inequalities	(£0.415)	£0.415		£0.000
NEW Health Inequalities & Wellbeing Combined Fund			(£0.772)	(£0.772)
PC Transformation Funds	(£0.092)			(£0.092)
Mental Health Innovation Fund	(£0.105)	£0.128	(£0.128)	(£0.105)
Alcohol & Drugs Partnership/National Mission	(£0.030)	£0.667	(£1.065)	(£0.428)
GP Out of Hours Fund	(£0.160)	£0.050	(£0.215)	(£0.325)
GP Sub Committees	(£0.047)		(£0.006)	(£0.053)
Action 15 Mental Health Strategy	(£0.006)	£0.829	(£0.898)	(£0.075)
Primary Care Improvement Fund	(£0.461)	£4.797	(£5.290)	(£0.954)
GMS premises	(£0.120)	£0.054	(£0.202)	(£0.268)
Covid - health	(£0.787)	£1.805	(£1.164)	(£0.146)
Community Living Change Fund	(£0.569)			(£0.569)
Drugs Death Task Force funding	(£0.174)	£0.155	(£0.237)	(£0.256)
Perinatal Mental Health	(£0.044)	£0.044	(£0.065)	(£0.065)
District Nursing	(£0.064)	£0.197	(£0.190)	(£0.057)
Services for Survivors	(£0.085)	£0.010		(£0.075)
Sensory Strategy	(£0.040)	£0.003		(£0.037)
Dementia Innovation Fund	(£0.361)		(£0.060)	(£0.421)
British Sign Language Plan	(£0.017)			(£0.017)
Choose Life	(£0.071)		(£0.022)	(£0.093)
Capital Grant	(£0.494)	£0.018		(£0.476)
Housing Revenue Account	(£0.920)		(£0.586)	(£1.506)
Carers Strategy	(£0.771)		(£1.359)	(£2.130)
Self Directed Support	(£0.063)		(£0.111)	(£0.174)
Covid - adult social care	(£5.610)	£4.665	(£0.656)	(£1.601)
Winter planning - adult social care	(£1.799)	£0.742	(£0.100)	(£1.157)
NEW leadership funds			(£0.103)	(£0.103)
NEW MHO training			(£0.034)	(£0.034)
NEW digital exclusion			(£0.010)	(£0.010)
NEW appropriate adults			(£0.014)	(£0.014)
NEW MECS fire safety			(£0.028)	(£0.028)
NEW winter pressures - pay award 1 Dec		£1.243	(£1.243)	£0.000
NEW winter pressures - interim care placements			(£1.134)	(£1.134)
NEW winter pressures - care at home			(£1.758)	(£1.758)
NEW Staff Health & Wellbeing			(£0.174)	(£0.174)
NEW GP Practice Exclusion Incident Audit			(£0.012)	(£0.012)
NEW GDS Electric Speed Adjusting Hand Pieces		£0.019	(£0.204)	(£0.185)
NEW GDS Ventilation Improvement Allowance		£0.036	(£0.136)	(£0.100)
NEW Public Dental Service remobilisation			(£0.121)	(£0.121)
NEW Emergency Covid Funding For Eating Disorders		£0.029	(£0.128)	(£0.099)
NEW winter pressures Multidisciplinary Team			(£0.567)	(£0.567)
NEW winter pressures Healthcare Support Workers			(£0.433)	(£0.433)
NEW Mental Health Recovery & Renewal phase 2 PDS			(£0.101)	(£0.101)
NEW link worker £500 thank you payment			(£0.002)	(£0.002)
NEW Mental Health Recovery & Renewal Primary Care			(£0.049)	(£0.049)
NEW FCH underspend to test new community models of care			(£0.829)	(£0.829)
NEW Mental Health Recovery & Renewal Psych Therapies			(£0.256)	(£0.256)
NEW Primary care digital improvement			(£0.054)	(£0.054)
NEW MH support for those hospitalised with covid		£0.016	(£0.040)	(£0.024)
NEW additional covid funding			(£14.518)	(£14.518)
NEW Mental Health Premises improvement			(£0.432)	(£0.432)
NEW GP Practice Telephony System Funding		£0.013	(£0.039)	(£0.026)
NEW Expansion of Buidal - National Drug Mission			(£0.109)	(£0.109)
Total Earmarked	(£16.830)	£20.944	(£39.648)	(£35.534)
Contingency Reserve	(£0.946)			(£0.946)
General Reserve	(£0.224)		(£1.187)	(£1.411)
Total General	(£1.170)	£0.000	(£1.187)	(£2.357)
GRAND TOTAL RESERVES	(£18.000)	£20.944	(£40.835)	(£37.891)