

*Scottish Borders Health & Social Care  
Integration Joint Board*



Meeting Date: 23 September 2020

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<b>MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2020/21 AT 30 JUNE 2020</b>	
<b>Purpose of Report:</b>	The purpose of this report is to update the IJB on the forecast year end position of the Health and Social Care Partnership (H&SCP) for 2020/21 based on available information to the 30 June 2020.
<b>Recommendations:</b>	<p>The Health &amp; Social Care Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> <li>a) <b>Note</b> the forecast adverse variance of (£7.359m) for the Partnership for the year to 31 March 2021 based on available information</li> <li>b) <b>Note</b> the forecast position includes £1.078m Scottish Government funding allocations representing the IJB's share of a £50m tranche of funding to support immediate challenges in the Social Care sector. Further allocations of £0.737m have been received after period end, and will be allocated for future reports.</li> <li>c) <b>Note</b> that the position includes additional funding vired to the Health and Social Care Partnership during the first quarter by Scottish Borders Council of £2.965m to meet previously reported pressures across social care functions from managed forecast efficiency savings within other non-delegated local authority services</li> <li>d) <b>Note</b> that any expenditure in excess of the delegated budgets in 2020/21 will require to be funded by additional contributions from the partners in line with the approved scheme of integration</li> </ul>
<b>Personnel:</b>	There are no resourcing implications beyond the financial resources identified within the report. Any significant resource impact beyond those identified in the report that may arise during 2020/21 will be reported to the Integration Joint Board.
<b>Carers:</b>	N/A

<b>Equalities:</b>	There are no equalities impacts arising from the report.
<b>Financial:</b>	<p>No resourcing implications beyond the financial resources identified within the report.</p> <p>The report draws on information provided in finance reports presented to NHS Borders and Scottish Borders Council. Both partner organisations' Finance functions have contributed to its development and will work closely with IJB officers in delivering its outcomes.</p>
<b>Legal:</b>	Supports the delivery of the Strategic Plan and is in compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
<b>Risk Implications:</b>	To be reviewed in line with agreed risk management strategy. The key risks outlined in the report form part of the draft financial risk register for the partnership.

## Background

- 2.1 The report relates to the initial forecast position on both the budget supporting all functions delegated to the partnership (the “delegated budget”) and the budget relating to large-hospital functions retained and set aside for the population of the Scottish Borders (the “set-aside budget”).
- 2.2 The forecast position is based on the available information presented to Scottish Borders Council and the Board of NHS Borders. It highlights the key areas of financial pressure at 30<sup>th</sup> June 2020. NHS Borders and Scottish Borders Council, at the time of preparation of this report have yet to consider an updated monitoring position beyond month 3. Further reports will be brought to the IJB as the financial year progresses on a regular and frequent basis. As this happens, further analysis and refinement as a result of the impact of the Covid-19 pandemic on activity levels, mobilisation costs, remobilisation plans and associated costs, lost income and unachievable savings will take place.

## Overview of Monitoring and Forecast Position at 30 June 2020

- 3.1 The paper presents the consolidated financial performance for the period to end of June 2020 (3 months). Although this position includes a forecast of the year end outturn members should be aware that this forecast remains subject to a number of risks and uncertainties which are likely to result in substantial revision as greater certainty is attained over the next few months.
- 3.2 At the end of month 3, functions delegated to the partnership are forecasting an adverse projected pressure of £6.494m and the large hospital budget retained and set-aside is forecasting a similarly adverse pressure of £0.865m. Within delegated functions, following the delegation of additional budget to social care functions by Scottish Borders Council, an overall breakeven position is currently projected and the £6.494m adverse pressure therefore sits entirely across healthcare functions.
- 3.3 Overall therefore, this represents a favourable movement from the position reported at month 2 of £5.495m of which £2.688m relates to the transfer of budget from other non-delegated council functions and of the remaining £2.807m movement, £0.551m is attributable to increased delivery of planned efficiency savings from the position previously reported and £2.256m relating to a reduction in forecast costs particularly in relation to CV-19 costs and further refinement of assumptions over the level of activity and resulting costs across core operational budgets.

## Covid 19

- 3.4 Costs incurred in the first three months are in line with the expenditure reported to Scottish Government through the Health & Social Care Local Mobilisation Plan financial model. There has been initial allocation of £1.078m (the Scottish Borders H&SCP share of an initial £50m tranche of funding) to support immediate challenges in the Social Care sector (with a further share of £25m (£0.539m) pending). In addition, £0.198m support has been received in relation to uplift of the Scottish Living Wage. All other costs remain unfunded at this time. It is anticipated that funding will be made available following conclusion of the COSLA peer review process and at conclusion of the NHS Scotland Quarter One (Q1) Review in late

September 2020 which encompasses all Health and Social Care Partnership Covid-19 spend, including social care. At this time it is anticipated that all costs will be fully funded, although no assumption has been made within the financial projections currently. In addition to direct costs attributable to Covid 19, mobilisation plans also include other attributable costs such as lost income and the opportunity cost of delivery of planned efficiency savings.

- 3.5 At the 30 June 2020, the Scottish Borders Health and Social Care Partnership actual and forecast expenditure pertaining to Covid-19 initial mobilisation and now remobilisation is:

	Actual to 30 June 20 £m	Projected to 31 March 20 £m
Healthcare Functions	1.622	7.270
Social Care Functions	0.924	4.253
	<u>2.546</u>	<u>11.523</u>

The figures above include the projected costs of current plans for remobilisation. Until these plans are formalised and likely funding landscape known, expected costs of remobilisation have not been factored into projected outturn positions and only actual incurred costs of mobilisation to Covid-19 have been included. The figures in the table above also include actual and forecast opportunity cost of planned savings that have been assessed as being undeliverable in 2020/21 as a result of Covid-19.

### Efficiency Savings

- 3.6 Forecasts include the estimated impact of non-delivery of savings plans. This position remains under review and will be updated following the conclusion of the NHS Quarter One review process and ongoing review and challenge of assumptions across Scottish Borders Council's Fit for 2024 and NHS Borders' Financial Turnaround Programmes.

	Targeted Savings per Financial Plan £m	Projected Savings to be Delivered £m	Shortfall £m
Healthcare Functions	(4.740)	(0.442)	4.298
Social Care Functions	(2.482)	(1.335)	1.147*
	<u>(7.222)</u>	<u>(1.777)</u>	<u>5.445</u>

\*Scottish Borders Council have advised that it is anticipated that the shortfall in savings delivery will be offset through additional funding in line with the overall breakeven position for Social Care presented within the paper. This position will be confirmed in future reports.

### Year End Forecast

*Healthcare functions*

- 3.7 The NHS forecast at month 3 is based on detailed review currently being undertaken through the Q1 review process. At this stage costs related to the expected remobilisation of clinical services are not included within the forecast. As such, members should recognise that the forecast is presented as an indication of current expenditure trend and is unlikely to be a full representation of the likely outturn position. Beyond the additional costs of Covid-19, including the non-delivery of planned savings on which the financial plan is predicated, operational functions are reporting a reduction in core activity over the first quarter that net of the additional costs of Covid-19, result in a favourable position at the end of month 3.
- 3.8 At the end of June, delegated healthcare functions are reporting a favourable variance on core operational budgets of £0.963m. This is primarily attributable to a delay in recruitment to vacancies during the first 3 months due to Covid-19 and reduction in core activity over the first quarter and includes net reductions in spend across Primary and Community Services (Community Nursing, Dental and Allied Health Professionals) and Mental Health (staffing).

#### *Social Care functions*

- 3.9 At 30 June, Scottish Borders actual spend to date on social care functions, as stated in Appendix 1, was (£2.373m). This unusual position of reporting net income instead of spend is attributable to a number of factors specific to 2020/21. These relate to the upfront transfer of social care funding (£7.4m) and health board resource transfer (£2.7m) from NHS Borders during the first quarter for the whole of the financial year to enable local authority cash-flow and £1.1m allocated Scottish Government Covid-19 funding for social care.
- 3.10 The Scottish Borders Council forecast at month 3 is based on detailed monthly monitoring during the first 3 months of the financial year to assess the financial implications of the Covid 19 pandemic on the IJB including increased costs, loss of income and the impact of delays in delivery of financial plan savings. This impact has been reported through the Health & Social Care Local Mobilisation Plan tracker and is estimated at a gross impact of almost £4.1m which has been netted down by the Scottish Government funding of £1.078m and off-setting cost reductions due to non-delivery of services as a result of Covid-19 of £0.502m as at the end of June. The resulting net pressure was £2.5m at this time.

#### *General*

- 3.11 Additional costs of Covid-19 to date, together with the opportunity cost of undeliverable financial plan savings, continues to outweigh any financial benefit and reduced cost within core operational services attributable to a reduction in activity during the initial months of the pandemic. This position may be mitigated considerably when a clearer picture of likely funding allocations from the Scottish Government emerges. It is expected that at the time of reporting next to the IJB, some clarity will have been given, at least for the first quarter of the financial year.
- 3.12 Further reports will be brought to the Integration Joint Board as greater clarity develops. To enable this, further work will be undertaken across a number of key areas in order to refine the forecast impact on the IJB in 2020/21 including:

- Ongoing analysis and reporting of the Health and Social Care Partnership's (and wider NHS Borders' and Scottish Borders Council's) local mobilisation plan financial models
- Further review, challenge and remodelling of planned efficiency savings programmes
- Ongoing engagement with other partnerships, health boards, local authorities and, in particular, the Scottish Government over likely funding scenarios
- Review of all costs, expenditure profiles, future commitments and refinement of assumptions for projected expenditure to the end of the year