

Scottish Borders Health & Social Care Integration Joint Board



Meeting Date: 16 December 2020

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MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2020/21 AT 30 SEPTEMBER 2020	
Purpose of Report:	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 September 2020.
Recommendations:	<p>The Health & Social Care Integration Joint Board is asked to:</p> <ol style="list-style-type: none"> a) Note the forecast adverse variance of (£5.525m) for the Partnership for the year to 31 March 2021 based on available information b) Note the forecast position now includes Scottish Government funding allocations representing the IJB's share of a £50m tranche of funding to support immediate challenges in the Social Care sector and the first tranche of funding allocated to Health Boards from the national resource envelope of £1.1bn. Further funding allocations from the Scottish Government have been assumed in respect of the additional costs incurred responding to the Covid-19 situation for the remainder of the year, noting potential shortfalls of £1.720m in delegated functions and £0.29m in large hospital functions retained. No funding has been assumed currently however to mitigate the impact on the Partnership's ability to deliver agreed Financial Plan savings c) Note that the position includes additional funding vired to the Health and Social Care Partnership during the first quarter by Scottish Borders Council of £3.164m to meet previously reported pressures across social care functions from managed forecast efficiency savings within other non-delegated local authority services. It also includes other miscellaneous budget adjustments across delegated and set-aside functions. d) Note 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
Personnel:	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.
Carers:	N/A
Equalities:	There are no equalities impacts arising from the report.
Financial:	<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>
Legal:	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.
Risk Implications:	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 30th September 2020. 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 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 and greater clarity with regard to remaining funding allocations will emerge.

Overview of Monitoring and Forecast Position at 30 September 2020

- 3.1 The paper presents the consolidated financial performance for the period to end of September 2020 (6 months). Although this position includes a forecast of the year

end outturn, members should note that forecasts will continue to be reviewed on an ongoing basis.

- 3.2 At the end of month 6, functions delegated to the partnership are forecasting an adverse projected pressure of £4.544m and the large hospital budget retained and set-aside is forecasting a similarly adverse pressure of £0.981m. 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 total £5.525m adverse pressure on delegated and set-aside functions therefore sits entirely across healthcare functions.
- 3.3 Overall therefore, this represents a favourable movement from the position reported at month 3 and primarily is attributable to the receipt of first tranche of Covid19 funding allocation from the Scottish Government. There are other minor movements relating to the identification of and accounting for savings within core operational budgets as a result in the reduction in activity caused by Covid-19 during the first 6 months of the financial year. A number of actions and opportunities exist to further move to financial balance over the remainder of the financial year which are outlined later in this report.

Covid 19

- 3.4 Costs incurred in the first 6 months are in line with the expenditure reported to Scottish Government through the Health & Social Care Local Mobilisation Plan financial model. In turn this has informed the Scottish Government's allocation of the first tranche of core revenue funding to meet Covid-19 costs April to October including funding in respect of GP practices and social care provider sustainability as outlined in previous reports. No funding has yet been allocated in respect of other component elements such as Family Health Services, Influenza, Winter and Unscheduled Care. 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, neither of which have, to date, had any specific funding allocation made in respect of them.
- 3.5 At the 30 September 2020 therefore, the Scottish Borders Health and Social Care Partnership actual and forecast expenditure pertaining to Covid-19 initial mobilisation subsequent remobilisation is:

	Actual to 30 Sept 20 £m	Projected to 31 March 20 £m
Healthcare Functions	3.572	6.384
Social Care Functions	2.584	4.253
	<u>6.156</u>	<u>10.637</u>

The figures above include the projected costs of current plans for remobilisation, which are near completion but not yet fully formalised. 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 and lost income opportunities.

Efficiency Savings

- 3.6 Forecasts include the estimated impact of non-delivery of savings plans. This position remains under review and the reported position reflects 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)	(0.695)	4.045
Set-Aside Functions	(1.090)	(0.109)	981
Social Care Functions	(2.482)	*(2.482)	0
	(8.312)	(3.286)	(5.026)

*£1.814m of savings have been met by alternative means on a non-recurring basis. SBC Social Care Functions are currently forecasting to deliver the remaining £0.668m by the end of the financial year.

Year End Forecast

Healthcare functions

- 3.7 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 half of the financial year that net of the additional costs of Covid-19, result in a favourable position at the end of month 6 of £1.221m. This is primarily attributable to a delay in recruitment to vacancies during the first 6 months due to Covid-19 and reduction in core activity over April to September and includes net reductions in spend across Primary and Community Services (Community Nursing, Dental and Allied Health Professionals) and Mental Health (staffing).
- 3.8 These partially offset Forecast Undelivered Efficiency Savings of £4.045m. NHS Borders has also projected that based on allocations confirmed to date, inclusive of amounts retained by Scottish Government pending confirmation of actual expenditure, there is an expected shortfall of £1.720m in relation to delegated functions. This estimate is based on comparison with the expenditure forecast presented in the partnership's joint Covid-19 local mobilisation plan (LMP). Scottish Government has indicated that this position will be reviewed in January and it is anticipated that this position will improve as greater certainty over in year expenditure and resources is achieved.

It should be noted that NHS Borders identified a requirement for £7.9m brokerage within its financial plan for 2020/21. It is expected that a share of this brokerage will be available to the IJB in order to mitigate the forecast deficit. This figure, and any further NHS resources available to the IJB, will be confirmed following agreement with the Scottish Government of assumptions within the Health Board's mid-year review that was submitted at the end of November.

Social Care functions

- 3.9 At 30 September, Scottish Borders actual spend to date on social care functions, as stated in Appendix 1, was £19.303m. The Council position includes Scottish Government allocation of £1.078m to meet specific Social Care pressures. Further anticipated Covid-19 pressures are built into the 2020-21 outturn projection of £54.658m and are funded through the Council's Covid-19 reserve, pending further Scottish Government funding. Operational pressures have arisen in some service areas, however it is anticipated that the service will meet these from existing budgets during the remainder of the year.
- 3.10 The Scottish Borders Council forecast at month 6 is based on detailed monthly monitoring during the first 6 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 LMP and has, similar to healthcare functions, been mitigated by off-setting cost reductions due to non-delivery of services as a result of Covid-19.

General

- 3.11 Forecasts therefore include indicative allocations for Covid-19 including assumed levels of funding not yet confirmed, with a residual shortfall. Assuming this, the shortfall, coupled to 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 potential funding allocation in respect of undeliverable savings from the Scottish Government emerges.
- 3.12 Further reports will be brought to the Integration Joint Board as greater clarity develops and an action plan to progress towards overall financial balance is undertaken. The route to achieving this will include:
1. Once agreed with the Scottish Government, application of the outcomes from NHS Borders' mid-year review and core performance of healthcare services over the first 6 months of the year in order to identify and implement further remedial solutions
 2. Further review, challenge and remodelling of planned efficiency savings programmes and seeking out of further opportunities for efficiency savings in the current financial year
 3. A review of all IJB reserves brought forward from 2019/20 and their application against expenditure included within the forecast.
 4. Ongoing discussions with the Scottish Government over the level of further Covid-19 funding allocations
 5. Review of brokerage requirement. The current level of assumed brokerage requirement is indicative based on assessment of the Board's requested flexibility as at the start of the financial year. This will be reviewed going forward.

- 3.13 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. This includes 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, engagement with other partnerships, health boards, local authorities and, in particular, the Scottish Government over likely funding scenarios and review of all costs, expenditure profiles, future commitments and refinement of assumptions for projected expenditure to the end of the year