

*Scottish Borders Health & Social Care  
Integration Joint Board*



Meeting Date: 17 February 2021

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| <b>MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2020/21 AT 31 DECEMBER 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 31 December 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 projected breakeven position for the Partnership for the year to 31 March 2021 based on available information</li> <li>b) <b>Note</b> the forecast position now includes additional Scottish Government funding allocations for 2020/21</li> <li>c) <b>Note</b> that the position includes additional funding vired to the Health and Social Care Partnership during the first 9 months by Scottish Borders Council in order 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 adverse movement in projected outturn position between now and the end of the financial year resulting in expenditure in excess of 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.   |

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| <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>             | <p>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.</p>   |
| <b>Risk Implications:</b> | <p>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.</p>   |

## Background

- 2.1 The report relates to the 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 31 December 2020, together with how a combination of additional funding from the Scottish Government combined with forecast under-spends on core operational services as a result of activity reductions during the Covid-19 pandemic has mitigated these.

## Overview of Monitoring and Forecast Position at 31 December 2021

- 3.1 The paper presents the consolidated financial performance for the period to end of December 2020 (9 months). Although this position includes a forecast of the year end outturn and a balanced and breakeven position at 31 March 2021, members should note that forecasts will continue to be reviewed on an ongoing basis between now and the end of the financial year.
- 3.2 At the end of month 9, functions delegated to the partnership are forecasting a breakeven position as is the large hospital budget retained and set-aside. This represents a favourable movement from the position previously reported, primarily as a result of confirmation of further funding allocations by the Scottish Government in respect of the additional costs associated with Covid-19.
- 3.3 There are other minor movements relating to savings within core operational budgets as a result in the reduction in activity caused by Covid-19 during the first 9 months of the financial year. Overall therefore, whilst significant additional costs have been incurred in respect of Covid-19 mobilisation and remobilisation, it is now confirmed that these costs will be met from additional Scottish Government Covid-

19 funding allocations received during the financial year. There are considerable additional financial pressures relating to the non-delivery of planned financial efficiency savings, but across both delegated and non-delegated functions, it is again forecast that these will be offset by a combination of virement from non-delegated functions and forecast under-spends across core operational services as a result of a reduction in service activity since this start of the financial year.

### Covid 19

- 3.4 Costs incurred in the first 9 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 a second tranche of the Scottish Government's allocation of core revenue funding to meet Covid-19 costs to be made to Health Boards and Health and Social Care Partnerships including specific funding in respect of GP practices, social care sustainability and winter planning and nursing director support.
- 3.5 At the 31 December 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<br>31 Dec 20<br>£m | Projected to<br>31 Mar 20<br>£m |
|-----------------------|------------------------------|---------------------------------|
| Healthcare Functions  | 4.862                        | 6.351                           |
| Social Care Functions | 4.223                        | 6.586                           |
|                       | <u>9.085</u>                 | <u>12.937</u>                   |

The figures above include the projected costs of current plans for remobilisation and winter planning programmes. 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. The forecast costs to 31 March 2021 above have increased by £2.300m since the position previously reported in December. These relate primarily to social care in respect of additional provider costs and an increase in the level of undeliverable planned savings 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 the reported position reflects assumptions across Scottish Borders Council's Fit for 2024 and NHS Borders' Financial Turnaround Programmes.

|                       | Targeted<br>Savings per<br>Financial Plan<br>£m | Projected<br>Savings to be<br>Delivered<br>£m | Savings to be<br>Delivered<br>By Alternative<br>Means<br>£m |
|-----------------------|---|---|---|
| Healthcare Functions  | (4.740)   | (1.850)                                       | 3.555   |
| Set-Aside Functions   | (1.090)   | (0.109)                                       | 981   |
| Social Care Functions | <u>(2.482)</u>                                  | <u>(1.170)</u>                                | <u>1.312</u>  |
|                       | <u>(8.312)</u>                                  | <u>(3.129)</u>                                | <u>(5.848)</u>  |

## 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 9 months of the financial year that net of the additional costs of Covid-19, result in a favourable position at the end of month 9 of £1.543m. This is primarily attributable to savings in pay and supplies costs in Community Nursing (£0.100m), vacancies within Community Hospitals (£0.200m) offset by additional non-pay costs (£0.050m), current vacancies within Allied Health Professionals (£0.350m), a number of Other Services' pay and non-pay under-spends attributable to reduced activity such as Dental Services and Prescribing (£0.330m).
- 3.8 These partially offset forecast Undelivered Efficiency Savings of £3.555m. NHS Borders has also projected that - based on allocations now confirmed - £3.370m of funding requires allocation to delegated functions in order to meet forecast costs over the remainder of the financial year.

It should be noted that NHS Borders identified a requirement for £7.9m brokerage within its financial plan for 2020/21. The additional Covid19 allocation includes further support to non-delivery of savings and as such NHS Borders has now revised its brokerage request. At this stage it is no longer anticipated that there will be a brokerage requirement for 2020/21. There remains a recurrent shortfall against savings plans and NHS Borders will consider any future brokerage requirements as part of its financial plan for 2021/22. This will include consideration of any gap emerging against the NHS delegated functions within the scope of the Health & Social Care partnership.

### *Social Care functions*

- 3.9 At 31 December 2020, Scottish Borders actual spend to date on social care functions, as stated in Appendix 1, was £36.025m. The Council position includes Scottish Government allocation of £3.608m which has been released to meet specific Social Care pressures. Further anticipated Covid-19 pressures are built into the 2020-21 outturn projection of £54.448m. It is assumed that these pressures and any further pressures which materialise before the 31<sup>st</sup> March 2021 will be funded through 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, enabling a breakeven position to be reported.
- 3.10 The Scottish Borders Council forecast at month 9 is based on detailed monthly monitoring during the first 9 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 allocations for Covid-19 funding by the Scottish Government. Work is currently ongoing in partnership between the two organisations to determine the exact impact of the latest schedule of allocations and assess how best it should be allocated. This includes additional support provided against non-delivery of savings.
- 3.12 Further reports will be brought to the Integration Joint Board through financial year end confirming a more certain outturn position as it becomes available. In the interim work also continues on ongoing review of core financial performance across functions, any further anticipated costs of Covid-19 remobilisation programmes, delivery of planned efficiencies and forecast IJB reserves positions. Close liaison with the Scottish Government during this time therefore is assured. This will focus on 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 and the review of all costs, expenditure profiles, future commitments and refinement of assumptions for projected expenditure to the end of the financial year.