

*Scottish Borders Health & Social Care
Integration Joint Board*



Meeting Date: 22 September 2021

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| MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2021/22 AT 30 JUNE 2021 | |
| 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 June 2021. |
| Recommendations: | <p>The Health & Social Care Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> a) Note the forecast adverse variance of (£5.951m) for the Partnership for the year to 31 March 2022 based on available information b) Note that whilst the forecast position includes costs relating to mobilising and remobilising in respect of Covid-19, it also assumes that all such costs will again be funded by the Scottish Government in 2021/22. c) Note that the position includes additional funding vired to the Health and Social Care Partnership during the first quarter by Scottish Borders Council to meet reported pressures across social care functions from managed forecast efficiency savings within other non-delegated local authority services and funding brought forward in respect of Covid-19 expenditure. d) Note that any expenditure in excess of the delegated budgets in 2021/22 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 2021/22 will be reported to the Integration Joint Board. |
| Carers: | N/A |
| Equalities: | There are no equalities impacts arising from the report. |

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| 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: | <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> |
| Risk Implications: | <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 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 June 2021. 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 2021

- 3.1 The paper presents the consolidated financial performance for the period to end of June 2021 (month 3). 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 £3.839m and the large hospital budget retained and set-aside is forecasting a similarly adverse pressure of £2.112m. 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 £3.839m adverse pressure therefore sits entirely across healthcare functions, mainly attributable to the forecast non-delivery of financial efficiency savings.

Efficiency Savings

- 3.3 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) | (0.290) | 4.450 |
| Social Care Functions | (3.356) | (2.576) | 0.780 |
| | (8.096) | (2.866) | 5.230 |

Year End Forecast

Healthcare functions

- 3.4 The NHS forecast at month 3 is based on detailed review currently being undertaken through the Q1 review process. 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. Additional costs relating to Covid-19 are included, with the expectation that these will be funded by the Scottish Government. Presently, NHS Borders' is presenting forecast savings undelivered in full, until assurance that these will be funded also. Beyond the additional costs of Covid-19, including the non-delivery of planned savings on which the financial plan is predicated, operational functions are still reporting a reduction in core activity over the first quarter that net of the additional costs of Covid-19 and undelivered savings, results in a favourable position at the end of month 3.

- 3.5 At the end of June, delegated healthcare functions are reporting a favourable variance on core operational budgets of £0.611m. This is primarily attributable to a delay in recruitment to vacancies during the first 3 months due to Covid-19 and a continued reduction in core activity such as Dental Services over the first quarter and includes net reductions in spend across Primary and Community Services and Mental Health / Learning Disability services.

Social Care functions

- 3.6 At 30 June, Scottish Borders actual spend to date on social care functions, as stated in Appendix 1, was (£2.775m). This unusual position of reporting net income instead of spend is attributable to a number of factors specific to 2021/22. These relate to the upfront transfer of social care funding and health board resource transfer from NHS Borders during the first quarter for the whole of the financial year to enable local authority cash-flow, Scottish Government Covid-19 funding for social care sustainability and the offset of 2020/21 funding allocations brought forward into 2021/22.

- 3.7 The Scottish Borders Council forecast at month 3 is based on detailed monthly monitoring during the first 3 months of the financial year. It is noted that in order to

deliver a breakeven position, social care functions assume all Covid-19 costs included within the Local Mobilisation Plan, including undelivered efficiency savings, will be funded by the Scottish Government in full.

Large Hospital functions retained and set-aside

- 3.8 Accident and Emergency is experiencing significant cost pressure as a result of additional nursing as a result of increased activity / triage and also in response to the Covid-19 pandemic. Within Medicine and Long-Term conditions, the adverse position is entirely attributable to increased drugs spend. To date, little progress has been made planning or delivering the set-aside share of recurring acute savings target as a result of reduced capacity due to Covid-19. These pressures are partially offset by a small downturn in activity in DME leading to a forecast underspend in this area.

General

- 3.9 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 first quarter of 2021/22. 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.
- 3.10 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 2021/22 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 as increased capacity is rebuilt
 - 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