

**Scottish Borders Health & Social Care
Integration Joint Board**



Meeting Date: 21 September 2022

Report By	Hazel Robertson, Chief Finance Officer IJB
Contact	Hazel Robertson, Chief Finance Officer IJB
Telephone:	07929 760533
MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2022/23 AT 30 JUNE 2022	
Purpose of Report:	The purpose of this report is to update the IJB on the year to date and forecast year end position of the Health and Social Care Partnership (H&SCP) for 2022/23 based on available information to 30 June 2022.
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 (£2.390m) for the H&SCP for the year to 31 March 2023 based on available information b) Note that whilst the forecast position includes costs relating to mobilising and remobilising in respect of Covid-19, and also assumes that all such costs will again be funded by the Scottish Government. c) Note that a recovery plan is to be developed and that any expenditure in excess of delegated budgets in 2022/23 will require to be funded by additional contributions from the partners in line with the Scheme of Integration. d) Note that set aside budgets continue to be under significant pressure as a result of activity levels, flow and delayed discharges. e) Note the importance of ensuring that the strategic commissioning and planning process currently in progress is used to identify options for change which can improve the long term financial sustainability of the partnership whilst at the same time addressing need.
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 2022/23 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:	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

- 1.1 The report provides the year to date financial position and an initial forecast position for functions delegated to the H&SCP (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").
- 1.2 The forecast is based on the available information presented to Scottish Borders Council and the Board of NHS Borders. It highlights the key variances compared to budget at 30 June 2022 (month 3). NHS Borders and Scottish Borders Council, at the time of writing this report have considered the financial position at month 3.
- 1.3 Finance reports will be prepared quarterly and brought to the IJB for consideration. As the year progresses, further analysis and refinement will be provided, allowing the IJB to assess the likelihood of achieving target savings and the likelihood of achieving a breakeven position relative to the budget approved in June 2022.

Overview of Monitoring and Forecast Position at 30 June 2022

- 2.1 The paper presents the consolidated financial performance at the end of June 2022 (period 3). Members should be aware that the forecast is subject to risks and uncertainties which will be revised over the coming months.
- 2.2 Table 1 shows the end of June actual spend across the partnership.

Table 1 end June 2022	Actual £000s	Key issues
Healthcare delegated	37,915	Vacancies, unachieved savings, risk re drugs prices
Social Care delegated	420	Assumption that pressures and savings will be managed in year
Hospital set aside	7,510	Additional nursing and medical staffing, additional beds to deal with delays

2.3 Table 2 shows the current year end forecast.

Table 2 forecast year end	Forecast £000s	Key issues
Healthcare delegated	(272)	Unidentified savings (4,739) and further (1,100) in Mental Health, significant vacancies, which when filled will reduce underspends
Social Care delegated	0	Risks in all service areas. Forecast achievement of budget and savings.
Hospital set aside	(2,118)	Additional nursing and medical staffing, additional beds to deal with delays

2.4 Within delegated functions, the overspend of £(272)k sits entirely in the healthcare delegated functions.

2.5 Forecasts include the estimated impact of non-delivery of savings plans. The NHS forecast is subject to detailed review currently being undertaken. As such, members should recognise that the forecast is an indication of current expenditure trend and is unlikely to be a full representation of the likely outturn. An assessment of financial risk for this year will be developed through 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.

Significant issues at 30 June 2022

Healthcare functions

3.1 Currently, NHS Borders' is presenting forecast savings undelivered in full. 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 period 3.

Social Care functions

3.2 Scottish Borders Council actual spend to date on social care functions, as stated in Appendix 1, was £420k. The unusual position of reporting net income for older peoples services instead of spend is due 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. Other income factors are Scottish Government Covid-19 funding for social care sustainability and the offset of 2021/22 funding allocations brought forward into 2022/23.

3.3 The SBC forecast at period 3 is based on detailed monthly monitoring during the first 3 months of the financial year. 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

- 3.4 Accident and Emergency is experiencing significant cost pressure as a result of additional nurse staffing to meet increased activity / triage, flow issues within the BGH and a heightened level of delayed discharges. To date, as a result of capacity issues, little progress has been made in planning or delivering the set-aside share of the recurring savings target.

General

- 3.5 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 arising from a reduction in activity during the first quarter of 2022/23. This position may be mitigated to some extent when a clearer picture of likely funding allocations from the Scottish Government emerges.

Reserves

- 4.1 The IJB can hold ring-fenced reserves to retain planned underspends. Within Scottish Borders IJB there are significant accumulated reserves in relation to COVID recovery, Scottish government health portfolio commitments, and legacy balances retained from historic transformation funds. The COVID recovery reserve is held on a whole system basis (including non-delegated functions) in line with Scottish Government guidance.
- 4.2 The majority of reserves relate to government provided ring fenced allocations. The funding position for the SG Health Portfolio is increasingly challenging due to macro-economic factors such as fuel prices, inflation generally and pay awards. As a result, the scrutiny over ring fenced allocations is increasing, with SG being more directive about how these may be used, or indeed returned if not utilised.
- 4.3 At end June the IJB holds reserves of £25.546m, which includes the Covid reserves of £11.048m. The balances per portfolio areas are appended to this report. As part of the mid year review process an assessment will be undertaken of each balance to ascertain what funds require to be released to support existing plans, what is likely to be returned to SG, and whether the release of any funds will contribute to an improved monitoring position.

Recovery Plan

- 5.1 Where there is a forecast overspend in delegated functions, the Chief Officer and the Chief Financial Officer of the IJB must agree a recovery plan to address the overspending budget. NHS Borders and Scottish Borders Council are expected to work in partnership with the Chief Financial Officer and Chief Officer to facilitate the development of this plan, and to share progress against the plan with the IJB.
- 5.2 Savings plans will proactively consider any impacts on:
- the National Health and Wellbeing outcomes
 - the Integration Delivery Principles and
 - the 'Triple Aim' (i.e. Improving Population Health, Improving Value for Money and Improving Service User Experience).

- 5.3 Required savings plans for 2022/23 comprise £1.3m for SBC services and £4.7m for NHSB services. The savings target for NHSB includes accumulated non-delivery of prior year savings targets for services delegated by the IJB. The Health Board has deferred consideration of increased savings targets pending development of its medium term (three year) financial plan in summer 2022.
- 5.4 The CFO and other senior officers will continue to engage with other partnerships, health boards, and local authorities to identify options for consideration, and, in particular, with the Scottish Government over likely funding scenarios. However, the funding position at central government is becoming more challenging due to significant cost drivers such as pay awards and fuel prices. Scottish Government are being more proactive in reviewing spend against allocations and looking for unspent allocations to be returned. In this context we need to be mindful that that existing or hoped for allocations may be at risk going forward.
- 5.5 The recovery plan will include a review of the monitoring position at end September, challenge and remodelling of savings delivery and options, and utilisation of reserves.
- 5.6 The Scheme of Integration (SOI) makes provision for partner organisations to provide additional resources to the IJB where its recovery plan has been unsuccessful in a given year. Under the terms of the SOI amounts provided to meet this gap are repayable to the partners in future periods. To date this provision has not been used.

Conclusion and Recommendation to IJB Board


- 6.1 Currently the financial forecast holds significant risk: non delivery of financial savings targets in healthcare delegated services and continued pressures in the set aside budgets due to excess activity. There is also emerging risk around government funding allocations. A more detailed review of the level of financial risk is being conducted based on QTR1 results. Further work will include:
- Ongoing analysis and reporting of the H&SCP (and NHS Borders' and Scottish Borders Council's) local mobilisation plan financial models
 - Further review, challenge and remodelling of planned efficiency savings programmes
 - Review of all costs, expenditure profiles, future commitments and refinement of assumptions for projected expenditure to the end of the year
 - Review of reserves and governmental income assumptions
 - Consideration of financial position alongside activity levels.
- 6.2 The IJB should ensure that the strategic planning process currently underway is used effectively to identify, quantify and evaluate options for change which will ensure the partnership is able to move into a position of financial sustainability.

Appendix 1 Monthly Revenue Management Report

MONTHLY REVENUE MANAGEMENT REPORT					
Summary		2022/23	At end of Month:		June
	Annual Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000
Generic Services	82,349	26,036	87,338	84,361	2,977
Older People Service	27,258	(7,935)	21,879	21,879	0
Prescribing	23,132	5,770	23,132	23,132	0
Joint Learning Disability Service	21,383	3,857	23,811	24,454	(643)
Joint Mental Health Service	20,767	4,951	23,949	21,816	2,133
SB Cares	13,675	4,697	14,672	14,672	0
Physical Disability Service	2,533	714	2,816	2,816	0
Targeted Savings	(4,739)	0	(4,739)	0	(4,739)
Large Hospital Functions Set-Aside	27,038	7,510	27,922	30,040	(2,118)
Total	213,396	45,600	220,780	223,170	(2,390)




Appendix 2 Monthly Revenue Management Report – Social Care

MONTHLY REVENUE MANAGEMENT REPORT						
Delegated Budget Social Care Functions		2022/23	At end of Month:		June	
	Base Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Summary Financial Commentary
Joint Learning Disability Service	17,801	2,809	20,262	20,262	0	It is assumed that £295k of pressures due to the 2022/23 impact of client specific pressures funded non-recurrently in 2021/22 will be managed within existing budgets during the financial year. There is also an assumption that £472k Financial Plan savings will be delivered in full.
Joint Mental Health Service	1,956	145	2,038	2,038	0	The service is experiencing pressures caused by increasing client numbers and associated increased expenditure. This is actively being addressed with the aim to reduce expenditure in line with budget.
Older People Service	27,258	(7,935)	21,879	21,879	0	Pressures relating to the agreed full year cost of Homecare Provider grants linked to increased hourly rates, required to ensure the sustainability of providers experiencing significant staffing absence and other unfunded Covid-19 pressures such as continued use of PPE to be claimed through the LMP. Credit value YTD relates to resource transfer.
SB Cares	13,675	4,697	14,672	14,672	0	£107k pressure relating largely to the continued increased PPE requirement in Care Homes and Home Care settings. Additionally, staffing pressures related to increased use of overtime and agency staff due to recruitment issues. Both are anticipated to be managed within the service.
Physical Disability Service	2,533	714	2,816	2,816	0	The service is reporting a marginal overspend against budget, this will be managed throughout the year.
Generic Services	6,958	(10)	8,235	8,235	0	Pressures amounting to £103k relating to locality based client care forecasts are anticipated to be managed within the service during the remainder of the financial year.
Total	70,181	420	69,902	69,902	0	


Appendix 3

Monthly Revenue Management Report – Healthcare

MONTHLY REVENUE MANAGEMENT REPORT						
Delegated Budget Healthcare Functions		2022/23	At end of Month:		June	
	Base Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Summary Financial Commentary
Joint Learning Disability Service	3,582	1,048	3,549	4,192	(643)	Small underspend at period 4 largely due to vacancies, which are in recruitment. Likely that outturn will be an improved position.
Joint Mental Health Service	18,385	4,838	21,485	19,352	2,133	Likely that outturn will be a worsening position due to undelivered savings of £1.1m, medical vacancies, ongoing use of locums and pressure on drugs.
Joint Alcohol and Drugs Service	426	(32)	426	426	-	No major issues to report
Prescribing	23,132	5,770	23,132	23,132	-	Likely worsening position for outturn £300k - some drugs in short supply resulting in significant increase in unit price, hopefully a short term issue.
Unidentified savings	(4,739)	-	(4,739)	-	(4,739)	Too early to give a definitive view but likely to be an area of significant and material concern.
Generic Services	75,391				-	
Independent Contractors		9,266	32,670	32,670	-	AHP service is mainly vacancies which are being recruited to. Similarly
Community Hospitals		1,496	6,175	5,984	191	District Nursing reflects a number of vacancies within School Nursing and
Allied Health Professionals		1,907	7,791	7,628	163	Community Healthcare Teams, which are being recruited to. PCIP spend level
District Nursing		1,052	4,181	4,208	(27)	will reflect a combination of brought forward reserves and in year allocations.
PCIP		245	1,465	1,465	-	In year allocation is insufficient to cover all the workstreams, ongoing
Generic Other		12,325	28,286	25,636	2,650	engagement with Scottish Government regarding level of recurring resource.
						Underspend in dental due to level of vacancies.
Total	116,177	37,915	124,421	124,693	(272)	

Appendix 4

Monthly Revenue Management Report – Large Hospital Set Aside

MONTHLY REVENUE MANAGEMENT REPORT						
Large Hospital Functions Set-Aside		2022/23	At end of Month:		June	
	Base Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Summary Financial Commentary
Accident & Emergency	3,149	1,105	3,450	4,420	(970)	Overspend due to additional nursing staff and supplies. In the main due to the number and length of time we are having to hold patients in A&E due to flow issues within the BGH. This is a direct result of delayed discharges within the acute and community hospitals (on average 60 to 70 patients). The projection assumes no change between now and the end of the year.
Medicine & Long-Term Conditions	17,229	4,813	17,786	19,252	(1,466)	Overspend of £237k without savings relates to additional junior medical staff, nursing and supplies within MAU. The medical staffing will be funded from August. The overspend in nursing in MAU relates to 7 additional beds currently open to deal with delayed discharges. As with the additional costs in ED it is anticipated that this will continue to the end of the financial year.
Medicine of the Elderly	6,660	1,592	6,686	6,368	318	There is a small underspend in the DME department at the end of mth 3 over both pays and supplies. This underspend will reduce between now and the end of the year.
Unidentified Savings	-	-	-	-	-	
Total	27,038	7,510	27,922	30,040	(2,118)	

Appendix 5 IJB Reserves by Portfolio Area

Portfolio	Ring Fenced Allocations (RRL)	Additional Commitments (NHSB)	Total Balance held in Reserves
	£	£	£
Alcohol & Drugs	368,740	605,782	974,522
BBV	0	97,329	97,329
Mental Health	2,287,674	0	2,287,674
PCIP	1,522,980	0	1,522,980
PC Digital	182,369	164,158	346,527
PC Premises	148,831	191,047	339,878
PC Other	531,524	37,155	568,679
Public Health	36,134	108,771	144,905
Regional Diabetes	1,342,059	150,939	1,492,998
Urgent & Unscheduled Care	871,566	0	871,566
Vaccines	0	153,687	153,687
Winter	0	427,468	427,468
Workforce & Wellbeing	687,261	0	687,261
Community Living Change Fund	377,966	0	377,966
Other	275,052	209,001	484,053
HB Support	0	3,720,613	3,720,613
COVID	11,048,000	0	11,048,000
	0	0	0
	19,680,156	5,865,950	25,546,106