

*Scottish Borders Health & Social Care
Integration Joint Board*



Meeting Date: 16 November 2022

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MONITORING AND FORECAST OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2022/23 AT 30 SEPTEMBER 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 September 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 (£6.740m) for the H&SCP delegated services for the year to 31 March 2023 based on available information. b) Note that the forecast position includes costs relating to mobilising and remobilising in respect of Covid-19, and assumes that all such costs will be funded via Scottish Government monies held in the earmarked reserve. c) Note that a recovery plan is in development 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. Previously, additional contributions have not been repayable. d) Note that set aside budgets continue to be under significant pressure as a result of activity levels, flow and delayed discharges. e) Agree the importance of ensuring that the strategic commissioning and planning process currently in progress is used to identify options for change which will improve the long term financial sustainability of the partnership whilst at the same time addressing priority needs.
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 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 key variances at month 6 compared to budget. NHS Borders and Scottish Borders Council, at the time of writing this report have considered the financial position at month 6.
- 1.3 Finance reports are prepared quarterly and brought to the IJB for consideration. As the year progresses, further analysis and refinement will allow the IJB to assess the likelihood of achieving breakeven relative to the budget approved in June 2022.
- 1.4 A process for financial evaluation of spending plans has been developed and approved by the Strategic Planning Group. The proposal will ensure that financial plans which underpin the Strategic Commissioning Plan will cover disinvestment as well as investment. This will be essential in moving towards achievement of recurrent financial balance.

Overview of Monitoring and Forecast Position at 30 September 2022

- 2.1 The paper presents the consolidated financial performance at the end of September 2022 (period 6). 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 September actual spend across the partnership.

Table 1 end June 2022	Actual £000s	Key issues
Healthcare delegated	68,392	Vacancies, unachieved savings, risk re drugs prices
Social Care delegated	20,364	Receipt of additional funding from SG
Hospital set aside	15,417	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	(4,904)	Unidentified savings (4,839), significant vacancies, which when filled will reduce underspends
Social Care delegated	0	Forecast achievement of budget and savings. Earmarking funds into 2023/24
Hospital set aside	(1,836)	Additional nursing and medical staffing, additional beds to deal with delays

- 2.4 Forecasts include the estimated impact of non-delivery of savings plans. The NHS forecast continues to be subject to detailed review. 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 based on the Quarter Two outcomes and ongoing review and challenge of assumptions across Scottish Borders Council's Fit for 2024 and NHS Borders' Financial Turnaround Programmes. A review of reserves brought forward has identified a potential contribution of £0.7m to the forecast outturn.

Significant issues at 30 September 2022

Healthcare functions

- 3.1 Currently, NHS Borders' is presenting £1m delivery of forecast savings. 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 such that net of the additional costs of Covid-19 and undelivered savings, results in a £350k favourable position at the end of period 6.
- 3.2 IJB have previously been advised of the tightening of the Primary Care Improvement Programme (PCIP) allocation. The current programme has been reprioritised to live within existing resources for this financial year. We have not yet received tranche 2 funding for the current year. There is a projected annual

shortfall of £2.5m to fund the full programme. We do not know what the government plans are for base-lining this programme.

Social Care functions

- 3.3 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 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 assumes 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.

Scottish Government Emergency Budget

- 3.5 The Emergency Budget Review (EBR) for 2022-23 identified significant investment in public sector pay deals – delivering higher increases in pay for low earners to help individuals deal with the cost of living crisis. Additional savings of £615m were identified to enable enhanced public sector pay offers and balance the books. This includes £400m reprioritisation of spend in Health and Social Care. The outlook for 2023 and beyond is clearly even more difficult as many of these measures are non-recurrent. Specific implications for the Health and Care portfolio are outlined in Appendix 6.

General

- 3.6 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. The position regarding funding allocations from the Scottish Government continues to be much tighter than in previous years, with allocations often being split over the year and contingent on brought forward reserves.

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 as exemplified in the Emergency Budget Statement. As a result, the scrutiny over ring

fenced allocations is increasing, with SG being more directive about how these may be used, or returned if not utilised.

- 4.3 At end September the IJB earmarked reserves remain at £25.546m, which includes the Covid reserves of £11.048m. A review of earmarked reserves brought forward has been completed, which shows that around £0.7m is available to offset expenditure to date. This has not yet been factored into the monitoring position. This excludes the Covid reserve where no flexibility is assumed at this time.

Recovery Plan and Forward Outlook

- 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 setting of increased savings targets pending further development of its medium term (three year) financial plan.
- 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. Scottish Government are implementing a Value and Sustainability programme and both the IJB CFO and the NHS DOF are members of this programme.
- 5.5 In the context of the Emergency Budget the Scottish Government are being more proactive in reviewing spend against allocations and requiring unspent allocations to be returned. In this context, existing or hoped for allocations may be at risk going forward.
- 5.6 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.
- 5.7 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 repayment 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 underway. 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
 - Continued review of reserves and governmental income assumptions
 - Consideration of financial position alongside activity levels.
- 6.2 Critically, 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. This will therefore by necessity include options for decommissioning as well as changes to the services that are currently commissioned.

Appendix 1 Monthly Revenue Management Report

MONTHLY REVENUE MANAGEMENT REPORT					
Summary	2022/23	At end of Month:		Sept	
	Annual Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000
Generic Services	82,307	46,729	91,474	90,789	685
Older People Service	27,258	(1,204)	21,127	16,206	0
Prescribing	23,132	11,846	23,132	23,532	(400)
Joint Learning Disability Service	21,383	11,185	23,816	24,387	50
Joint Mental Health Service	20,767	11,003	24,462	25,962	(1,500)
SB Cares	13,675	7,706	15,922	15,922	0
Physical Disability Service	2,533	1,491	2,749	2,749	0
Targeted Savings	(4,739)	0	(4,739)	(1,000)	(3,739)
Large Hospital Functions Set-Aside	27,038	15,417	28,998	30,834	(1,836)
Total	213,354	104,173	226,941	229,381	(6,740)




Appendix 2 Monthly Revenue Management Report – Social Care

MONTHLY REVENUE MANAGEMENT REPORT								
Delegated Budget Social Care Functions		2022/23	At end of Month:				Sept	
	Base Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Proposed Virement £'000	Projected (Over)/Under Spend £'000	Summary Financial Commentary
Joint Learning Disability Service	17,801	9,126	20,267	20,888	(621)	621	0	Allocation of £621k additional Scottish Government funding for Health & Social Care. This leaves a balanced outturn forecast and includes funding for both operational pressures and savings deemed to be undeliverable.
Joint Mental Health Service	1,956	903	2,036	2,036	0	0	0	The service is forecasting a £31k overspend which is anticipated will be addressed by the service during the remainder of the year.
Older People	27,258	(1,204)	21,127	16,206	4,921	(4,921)	0	Service is forecasting a balanced position, following budget virements from additional Scottish Government funding to Joint Learning Disability service (£621k) to cover operational pressures and undeliverable savings; £1.8m to repay IJB pressures that are now funded by Scottish Government and to earmark £2.5m additional Scottish Government funding into 2023-24 in line with spend forecasts.
SB Cares	13,675	7,706	15,922	15,922	0	0	0	Continued pressures relating to the continued increased PPE requirement in Care Homes and Home Care settings to be funded through the LMP. Additionally, staffing pressures related to increased use of overtime and agency staff due to recruitment issues is anticipated to be managed from within the service or other IJB delegated
Physical Disability Service	2,533	1,491	2,749	2,749	0	0	0	The service is reporting a marginal overspend against budget, this will be managed throughout the year.
Generic Services	6,958	2,342	8,449	8,449	0	0	0	The service is forecasting a £270k pressure relating to staffing and locality based client specific expenditures. It is anticipated that ongoing work to re-base locality budgets in Generic Services as well as Older People and People with Physical
Total	70,181	20,364	70,550	66,250	4,300	(4,300)	0	


Appendix 3

Monthly Revenue Management Report – Healthcare

MONTHLY REVENUE MANAGEMENT REPORT						
Delegated Budget Healthcare Functions		2022/23	At end of Month:		Sept	
	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	2,059	3,549	3,499	50	Likely small underspend at year end due to vacancies, primarily service manager vacancy since the start of the year.
Joint Mental Health Service	18,385	9,886	22,000	23,500	(1,500)	Likely that outturn will be a worsening position due to undelivered savings of £1.1m, medical vacancies, locums £0.35m and drugs £0.1m
Joint Alcohol and Drugs Service	426	214	426	426	-	Slippage could be around £0.7m which will be carried forward in earmarked reserves
Prescribing	23,132	11,846	23,132	23,532	(400)	Spike in demand in August and unit costs increased due to short term supply constraints, which is expected to ease. Some issues with PRISMS data.
Unidentified savings	(4,739)	-	(4,739)	(1,000)	(3,739)	Anticipated £1m achieved of which £0.5m will be recurring.
Generic Services	75,349				-	
Independent Contractors		18,032	33,787	33,787	-	AHP service is mainly vacancies which are being recruited to. Similarly
Community Hospitals		2,950	6,032	5,900	132	District Nursing reflects a number of vacancies within School Nursing and
Allied Health Professionals		3,850	7,864	7,700	164	Community Healthcare Teams, which are being recruited to. PCIP spend level
District Nursing		2,146	4,181	4,292	(111)	will reflect a combination of brought forward reserves and in year allocations.
PCIP		949	2,342	2,342	-	In year allocation is insufficient to cover all the workstreams, ongoing
Generic Other		16,460	28,819	28,319	500	engagement with Scottish Government regarding level of recurring resource.
						Underspend in dental due to level of vacancies.
Total	116,135	68,392	127,393	132,297	(4,904)	

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:		Sept	
	Base Budget £'000	Actual to Date £'000	Revised Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Summary Financial Commentary
Accident & Emergency	3,149	2,385	3,658	4,770	(1,112)	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	9,573	18,830	19,146	(316)	Overspend of £237k without savings relates to additional junior medical staff, nursing and supplies within MAU. The medical staffing is 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	3,459	6,510	6,918	(408)	There is a small underspend in the DME department over both pays and supplies. This underspend will reduce between now and the end of the year.
Unidentified Savings	-	-	-	-	-	
Total	27,038	15,417	28,998	30,834	(1,836)	

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

Appendix 6 Reduction in Government Reserves by Portfolio Area

Portfolio by Budget Line	£m	Description
Health and Social Care		
Covid	116.0	A range of actions relating to Covid expenditure on vaccinations, test and protect, PPE and additional capacity to drive down additional costs.
Social Care and National Care Service (NCS) re-profiling	70.0	Continuing to progress the commitment to fair work and adult social care, with a one-off saving released this financial year as we work with stakeholders on delivery mechanisms for future years. Re-phasing of NCS development from the Financial Memorandum based on recruitment profile and data and digital investment.
Primary Care	65.0	This has been achieved by a reduction in the planned growth rate for the Primary Care Improvement Fund, including a one-off utilisation of reserve funding held by integration authorities. In addition, it includes re-phasing of some elements of the planned enhancements to community optometry and audiology services.
Re-phasing and pausing of other programmes	63.0	Includes Scottish Trauma Network, Genomics programmes and improvement programmes on older people, clinical audit and education and development.
Mental Health	38.0	This has included continuing to support overall increases to mental health spending as well as delivery of dementia, learning disability and autism services, and cross-cutting trauma work at level of last year's spend. Within the revised budget we will seek to focus on progressing existing commitments including clearing CAMHS and psychological therapies waiting times backlogs.
SG Staff Reductions and other central savings	21.0	Includes vacancy freezes and tightening of recruitment controls at a central level. This does not apply to NHS staff.
Digital	14.0	Reprioritising of work across projects such as Digital prescribing and Microsoft Office updates.
Population Health	13.0	Re-phasing of commitment to double investment in sport, reprioritisation of health improvement spending.
Total	400.0	