



## **PERTH & KINROSS INTEGRATION JOINT BOARD**

**29 MAY 2020**

### **ADDITIONAL COSTS COVID-19**

**Report by Chief Financial Officer (Report No. G/20/57)**

#### **PURPOSE OF REPORT**

The purpose of this report is to set out the current estimate of the additional costs of the COVID 19 Contingency for PKHSCP, the process for engaging with the Scottish Government to secure additional funding and the status of additional funding.

#### **1. BACKGROUND**

- 1.1 From the outset of the COVID19 pandemic, HSCP's have been required to submit estimations of the anticipated additional costs of the contingency within their mobilisation plans and also within weekly financial submissions to the Scottish Government via NHS Boards.
- 1.2 At this stage many of these costs are speculative relying on a high level of estimation whilst awaiting actual costs and an increased understanding of the reshaping and rescaling of different services across Perth & Kinross.
- 1.3 Costs for Inpatient Mental Health Services are not included within the financial forecasts. This is consistent with Mobilisation Plan which does not include the actions being taken by the IPMH Service in response to COVID19 since these are being reported directly through the NHS Tayside Command Structure and not through PKHSCP.
- 1.4 At this stage a number of costs including the Primary Care Assessment Hub and additional payments to GP's are not included in each Tayside HSCP's financial forecasts but have been submitted to the Scottish Government at Tayside level. The Scottish Government have asked that such costs now be split by HSCP and the work to do this will be undertaken over May 2020.
- 1.5 Maintenance of sound financial governance and cost control is imperative. Decision making has needed to be rapid but within an effective control environment with escalation for further discussion and agreement as required. This needs to be achieved through the PKHSCP Command Structure.

## 2. ADDITIONAL COSTS 2019/20

- 2.1 The following table summarises the actual costs which have been incurred within the 2019/20 Financial Year and for which additional budget has been received from the Scottish Government with no impact on year-end out-turn.

Description of Spend	2019/20 Actual £'000
Additional Staff Overtime	12
Additional Care Home Beds	13
Loss of Income	48
Additional Prescribing	458
<b>Total</b>	<b>531</b>

## 3. ADDITIONAL COSTS 2020/21

- 3.1 The following table sets out the anticipated costs for 2020/21. This is based on a number of assumptions around capacity and staffing requirements and around the additional costs that may be incurred by 3rd Party Care Providers. Of the £7.1m additional costs currently forecast £5.6m relate to Social Care and £1.5m to Health Services

	20/21 Initial Project £m
3rd Party Care Providers Additional Costs	3.1
Slippage in savings delivery	1.3
Loss of Income	0.7
Additional staffing costs	0.9
Supporting flow- additional care home capacity	0.2
Supporting flow-additional inpatient bed capacity	0.2
3rd Party Care Providers additional living wage uplift	0.2
Increase in GP Prescribing	0.2
Mental Health & Drug & Alcohol Support	0.1
Service Management Capacity and Communications	0.1
Other equipment, IT, property and PPE	0.1
<b>Total</b>	<b>7.1</b>

- 3.2 The additional cost of External Provided Services is an estimate of the additional costs to care providers of PPE, Staff Sickness, increased recruitment costs, agency costs and any other costs directly arising from COVID19. This is a high level estimate at this worst case scenario as we have been asked to build into our plans the potential for up to 25% in additional costs nationally. The forecast is likely to be revised significantly downwards moving forward based on actual spend and further national guidance however there remains significant challenges and uncertainty about the impact of Covid-19 on Care Providers. Locally however the Supplier Framework implemented by Perth & Kinross Council provides an effective mechanism for all Care Providers to seek full and early re-imbursement for all additional costs.

- 3.3 The Scottish Living Wage Contract Uplift is the additional cost to PKHSCP of applying the full 3.3% uplift on total contract rather than pay cost only in line with Scottish Government guidance.
- 3.4 The loss of income reflects the decision by Perth & Kinross Council GOLD Command to pause charging on Non-Residential Services for 2020/21 since a number of chargeable services are currently not able to be provided. This is under ongoing review.
- 3.5 The underachievement of savings recognises that a number of major transformation plans cannot be progressed at this stage due the essential focus of service teams on the delivery of critical services during the contingency period.
- 3.6 The additional care home and inpatient bed capacity costs reflect additional capacity to support flow and reduce delayed discharge.
- 3.7 PKHSCP has taken significant steps to minimise and mitigate additional staffing costs where possible through detailed daily workforce review and the redeployment of staff to critical services. However some additional costs are currently forecast in relation to additional hours and supplementary staffing to support critical services. The additional costs of creating a workforce planning function focused daily on agile workforce management to reduce additional workforce costs has also been included. In parallel additional communications support has been essential in ensuring effective and agile communication with staff and service users and this additional cost has also been included. Support to Care Providers will also be required.
- 3.8 PKHSCP anticipate significant additional costs associated with ensuring increased mental health support across PKHSCP and to staff. This is very high level estimate at this stage and includes provision for increased drug and alcohol services.

#### **4. SCOTTISH GOVERNMENT REVIEW AND ALLOCATION OF ADDITIONAL FUNDING**

- 4.1 A significant amount of work has been done through National Finance Networks to ensure that financial submissions to the Scottish Government by HSCP's are as clear and consistent as possible to support the Scottish Governments understanding of actual and anticipated costs and ultimately to support the release of additional funding at the earliest point to HSCP's.
- 4.2 Ongoing review and joint consideration between HSCP's and the Scottish Government of the cost implications of both the emergency response period and the subsequent period of recovery to a 'new normal' will be necessary. An initial meeting with the 3 Tayside Chief Financial Officers and the Interim Director of Integration (David Williams) was held in early May to review HSCP mobilisation plans and associated financial forecasts and such meetings are now expected to take place regularly.

- 4.3 In addition the Scottish Government are establishing Peer Review Groups from each region comprising representation from NHS Boards, Integration Authorities, and Local Government. These groups are being asked to focus on ensuring robustness of costs set out in Mobilisation Plans and provide the necessary assurance for funding to be allocated. However in parallel the Scottish Government have indicated that for Social Care Provision and PPE expenditure, it will be more appropriate to take forward work at a national level and arrangements are being taken forward.
- 4.4 The Scottish Government have indicated that both earmarked and un-earmarked reserves held by IJB's may be required to be released to offset additional COVID19 costs in 2020/21. This use of earmarked reserves in this way will significantly compromise the delivery of wider transformation commitments including the implementation of the new GMS Contract and Mental Health service improvement plans. It is therefore imperative that any plans to utilise IJB reserves is not only fair and consistent with the use of reserves by other public bodies, but goes hand in hand with national agreement to suspend nationally driven modernisation programmes.
- 4.5 An initial allocation has been made by the Scottish Government on 12<sup>th</sup> May 2020 of £50m to Integration Authorities as an initial advance to meet social care costs. PKHSCP's share of this allocation is £1.4m. The Scottish Government have provided assurance that this is an initial advance only whilst further work to ensure the robustness of costs is undertaken.

## **5. FORWARD LOOK**

- 5.1 The next period will undoubtedly present both continued and new cost pressures as either lockdown continues or restrictions have to be reconfigured. Whilst some costs are considered 'one-off', some of the financial implications will have far reaching and recurring consequences for HSCP's.
- 5.2 In particular, as the requirement to return to full service provision our ability to redeploy staff to cover staff sickness will become limited and additional staffing costs are likely to increase significantly. This has not yet been accounted for in financial estimates.
- 5.3 In addition, as non-COVID hospital admissions begin to increase to normal levels, there may be significant financial implications of being able to keep delayed discharges at the levels achieved over the initial 6 week response period. This has not yet been accounted for in financial estimates.
- 5.4 There may be reduced costs associated with the disruption to planned activity. This is very difficult to assess at this stage and will be fully reviewed once actual expenditure is available for 2020/21.

## 6. RECOMMENDATIONS

6.1 The Integration Joint Board are asked to:-

- Note the current estimate off the cost implications of COVID19 and the speculative nature of many of the costs at the stage.
- Note that further work is underway to consider the cost implications of Phase 2 Recovery
- Note the initial advance of £1.4m from the Scottish Government to meet Social Care Costs

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