



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

**29 MAY 2020**

### **BUDGET 2020/21: UPDATE**

**Report by Chief Financial Officer (Report No. G/20/56)**

#### **PURPOSE OF REPORT**

This report provides an update on the forecast position for 2020/21 following the setting of the interim budget for 2021/22.

#### **1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- 1.1 Note the forecast position for 2020/21 based on further work being undertaken;
- 1.2 Note that this currently excludes significant unplanned COVID19 response and recovery expenditure which is expected to be met by the Scottish Government. Further information is contained in the separate report on COVID19.
- 1.3 Note however that a fundamental review of all financial pressures and savings within the approved 3 Year Financial Recovery Plan is now required to consider the impact of COVID19 and the future shape and scale of services that will require to be delivered by PKHSCP.

#### **2. SITUATION/ UPDATE**

- 2.1 The IJB approved an interim budget for 2020/21 at its meeting on 30<sup>th</sup> March 2020. A balanced position for Social Care is presented following the very positive 2020/21 settlement from Perth & Kinross Council. A gap of £1.8m was set out for devolved health services to be offset fully by an over-delivery of recurring savings in future years as part of the IJB's investment in 'Shifting the Balance of Care'.
- 2.2 Discussions have been ongoing with NHS Tayside around the opportunity for bridging finance to support the IJB to achieve financial balance in three-years. However, NHS Tayside have not been able to fund this arrangement.

- 2.3 In parallel PKHSCP have continued to identify all possible further opportunities to deliver financial balance including across Inpatient Mental Health Services.
- 2.4 The £1.8m gap in PKIJB's 2020/21 Budget is directly driven by a £0.6M share of the underlying deficit in Inpatient Mental Health Services. The Chief Finance Officer has initiated financial recovery plan discussions with the Inpatient Mental Health Leadership Team, the new Director of Mental Health Strategy, and the NHS Tayside Director of Finance along with Angus and Dundee HSCP's.
- 2.5 To recognise that discussions are being progressed around the distinct financial recovery process that has now been initiated, the financial position of IPMH will be reported separately moving forward. This will also support expected changes to governance arrangements, in response to Minister of Mental Health's announcement in March.
- 2.6 The 2019/20 Year End out-turn has identified an underspend for PKHSCP of £0.364m in relation to other hosted services across Tayside. This is expected to recur in 2020/21 and can therefore be considered as an in-year offset to the gap in the Financial Plan.
- 2.7 The 2020/21 Financial Plan includes demand growth across a number of areas. PKHSCP will robustly manage demand to reduce the need for the full pressures provision within the financial plan. A target of £0.3m has been set.
- 2.8 As well as the potential impact of Covid19, PKHSCP have a number of wider financial risks, particularly relating to inpatient beds. However, over and above management of any overspend arising in these key areas, PKHSCP will take every opportunity to identify non-recurring opportunities to deliver overall financial balance in 2020/21.
- 2.9 Based on the actions set out above the 2020/21 Financial Forecast is presented in Table 1 below.

**TABLE 1 2020/21 YEAR END FORECAST**

				Social Care £m	Core Health £m	IPMH £m
2020/21 Gross Gap				0	1.2	1.8
2020/21 FRP Recurring Gap -PKIJKB				0	1.2	0.6
Inpatient Mental Health Financial Recovery Actions						TBA
Less: Forecast underspend Tayside Other Hosted Services					-0.3	
Less: PKHSCP Demand Management Health					-0.3	
Less: other non-recurring solutions					TBA	
2020/21 Year End Forecast				0	0.6	0.6

- 2.10 The COVID19 mobilisation and recovery will undoubtedly present both continued and new cost pressures as either COVID 19 lockdown continues or services have to be reconfigured in response to further restrictions. Whilst some costs are considered 'one-off', some of the financial implications will have far-reaching and recurring consequences for HSCPs. This will require a fundamental review of the pressures and savings set out in the 3 Year Financial Recovery Plan when the ongoing shape and scale of services moving forward is understood. It must be noted therefore that the financial forecast set out is likely to be subject to significant change

### **3. CONCLUSION**

- 3.1 PKHSCP is committed to medium term financial planning and as such has prepared a Budget for 2020/21 and indicative Budget for 2021/22 and 2022/23 in line with its 3 Year Financial Recovery Plan. These were approved by the IJB at its meeting on 30<sup>th</sup> March 2020 as interim. A £1.8m gap remained in the 2020/21 Health Plan. NHS Tayside has not been able to support the advancement of bridging finance.
- 3.2 Despite the exceptional circumstances, work has continued to identify other possible measures that can bring the 2020/21 health position to balance. Agreement has been reached that be a distinct financial recovery process will be progressed in relation to Inpatient Mental Health.
- 3.3 A number of other non-recurring opportunities have been identified that are forecast to reduce the Core Forecast to £0.6m overspent. All other non-recurring opportunities will be pursued.

- 3.4 The next period will undoubtedly present both continued and new cost pressures as either COVID 19 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 HSCPs. This will require a fundamental review of the pressures and savings set out in the 3 Year Financial Recovery Plan when the ongoing shape and scale of services moving forward is understood.

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