



PERTH & KINROSS INTEGRATION JOINT BOARD

17 FEBRUARY 2021

2020/21 FINANCIAL POSITION

Report by the Chief Financial Officer (Report No. G/21/10)

PURPOSE OF REPORT

The purpose of this report is to advise the Integration Joint Board of:-

- (i) The 2020/21 projected year end out-turn for core services, based on financial performance for the 9 months to 31 December 2020;
- (ii) The impact of the Covid-19 Pandemic on the year end financial forecast;

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):-

- (i) Note the £2.508m projected year-end underspend in relation to core services;
- (ii) Note the projected year end surplus in relation to Covid-19, after taking account of confirmed additional Scottish Government funding, to be carried forward in an ear-marked Covid-19 reserve;
- (iii) Notes the update regarding the IJB reserves position.

2. BACKGROUND

- 2.1 The IJB received a finance update at its meeting on 9th December 2020 (Report No. G/20/151) presenting the position as at 30th September 2020. This report provides an update on that position.

3. OPERATIONAL POSITION OVERVIEW

- 3.1 An underspend of £2.508m is forecast on the underlying operational position, based on the 9 months to 31st December 2020. This is an improvement of £1.301m from the last report to the IJB. The key movements are provided in the narrative below.

Table 1 below provides a high level summary across each devolved service, and a comparator to the last report.

TABLE 1

Service	Month 6 Report	Month 9 Report
	Projected Over / (Under) £m	Projected Over / (Under) £m
Hospital & Community Health	(1.333)	(1.082)
Hosted Services	(0.226)	(0.311)
Prescribing	0.359	0.071
General Medical/Family Health Services	0.018	(0.010)
Sub-Total Core Health Position	(1.182)	(1.332)
Financial Plan Deficit	1.016	0.987
Sub-Total Health	(0.166)	(0.345)
Social Care	(1.041)	(2.163)
Total Health & Social Care	(1.207)	(2.508)

- 3.2 Health is projecting an in year under spend of £1.332m which more than offsets the recurring Financial Plan deficit leading to a net forecast underspend for the year of £0.345m.
- 3.3 Social Care is projecting an operational underspend of £2.163m.
- 3.4 Both Health and Social Care Operational Forecasts exclude slippage on savings which are reported as Covid-19 Related costs in Section 7.

4. SERVICE BY SERVICE PROJECTED POSITION

The breakdown of the projected position is provided by service in Appendix 1.

4.1 HOSPITAL AND COMMUNITY HEALTH CARE

- 4.1.1 **Older People Services:** The projected position for Older People Services is an overall underspend of £0.639m. This is a £0.181m reduction in underspend from the last report. The main variances and movements are within-

- Investment monies are projecting an overall underspend of £0.437m. These monies were provided as part of the 2019/20 and 2020/21 Financial Plan, for intermediate care beds and the respiratory community model, however progress has been delayed. This forecast is in line with that reported at month 6.
- Medicine for the Elderly are projecting an overspend of £0.100m, an increase of £0.036m from the last report and is due to staffing costs being above the budgeted staffing model.

- Community Hospitals are projected to underspend by £0.269m, an increase of £0.077m from the last report. This is mainly driven by staff vacancies throughout the year.
- Intermediate care teams are projected to underspend by £0.135m, a reduction of £0.124m from the last report. This underspend is mainly resulting from vacancies within teams.
- Psychiatry of Old Age (POA) Services are projecting a £0.072m overspend overall, a reduction of £0.017m from the last report. An overspend of £0.446m is projected for inpatient services due to staffing establishment and costs being above budgeted level. The overspend in inpatient services is being partially offset by the underspend in community POA services, driven by vacancies.

4.1.2 Adult Services: The projected position for Adult Services is an underspend of £0.260m, an increase of £0.032m from the last report. This underspend is driven by vacancies within General Adult Psychiatry, Substance Misuse Service and Learning Disability Teams.

4.1.3 Other Areas: For all other areas within the Core Hospital and Community Health position the projected position is a £0.184m underspend (a reduction in underspend of £0.102m from the last report), the main variance and movement is within Medical Trainees expenditure, reflecting updated information from the latest rotation.

4.1.4 Prescribing: An overall overspend of £0.071m is forecast, a reduction of £0.278m from the last report. Actual volume growth is lower than plan (by 5.3%) and lower than previous year (by 3.2%). Price growth is higher than anticipated (by 6.5%) however, in net terms, expenditure (excluding savings) is in line with plan. The movement from the last report to the IJB is mainly driven by the transfer of £0.431m unachieved prescribing savings. These are required to be reported within the Covid-19 Expenditure Forecast (see Section 7 below).

4.1.6 General Medical/Family Health Services: An underspend of £0.299m is forecast as a result of both historical underspend and a rates underspend. However this is entirely offset by significant in year 2c practice costs across Dundee and Angus, of which Perth & Kinross are attributed a £0.289m share of the overspend.

4.1.7 Financial Plan Deficit: The £1.2m underlying opening budget deficit for health services has been reduced through a small number of recurring opportunities to £0.987m.

4.1.8 Large Hospital Set-Aside: This is a budget that is devolved to the Partnership for Strategic Planning purposes but is operationally managed by the Acute Sector of NHS Tayside. No variance is projected against this budget as this is reported within the NHS Tayside Operating Division Financial Position.

4.2 HOSTED SERVICES

- 4.2.1 Perth and Kinross IJB (PKIJB) directed hosted services include Podiatry, Community Dental Services and Prison Healthcare. These services are projecting an overall underspend of £0.456m. Within Prison Healthcare (£0.205m), the underspend is due to staff vacancies throughout the year. In Podiatry (£0.287m), staff vacancies and reduced expenditure on supplies are driving the underspend. Dental (£0.171m) is also driven by staff vacancies and supplies expenditure reduction. These are being partially offset by a carried forward uplift and superannuation shortfall of £0.304m.
- 4.2.2 Services hosted within Angus and Dundee IJB's are projecting an overall £0.661m overspend, of which £0.221m is the PKIJB share. However, of this share, £0.315m is related to projected Covid-19 costs. This forecast position has been adjusted to move the £0.315m into the Covid-19 position. The costs are detailed in the Covid-19 section below.

4.3 SOCIAL CARE

- 4.3.1 **Older People Services:** The projected position for Older People Services is an underspend of £1.368m. This is an increase of £0.847m from the last report. The main variances and movements are as follows:-
- Care at Home are projecting an underspend of £0.620m. This underspend has increased by £0.144m from last reported, and is due to the level of hours delivered being less than the level budgeted for.
 - Local Authority Homes are projecting an overspend of £0.064m, due to supplies and income.
 - External Residential and Nursing Placements are forecasting an underspend of £0.239m due to occupancy levels, this is an increase of £0.138m from the last report.
 - Day Services, Carers, Equipment and Short Breaks are forecasting an underspend of £0.573m, due to changes in services throughout the year and usage levels.
- 4.3.2 **Adult Services:** The projected position for Adult Services is an underspend of £0.729m, an increase of £0.110m from September. The variance is mainly due to delays in packages commencing and a reduction in respite and transport costs.
- 4.3.3 **Other Areas:** For all other areas within Social Care the projected position is an overall £0.066m underspend. Locality teams have had a reduction in transport costs and some staff slippage (£0.123m). Commissioned services are projecting an underspend of £0.083m. These are being partially offset by a required increase in bad debt provision (£0.130m).

5. SAVINGS

- 5.1 The 2020/21 savings plan for Core Health & Social Care totalled £3.993m. Of this £2.228m is projected to be delivered.

- 5.2 Capacity to deliver the remaining savings in year has been significantly impacted due to Covid-19. The balance of £1.765m has been included within the Covid-19 forecast costs as unachievable savings.
- 5.3 As referred in section 4.1.4 above, prescribing savings have not been fully achieved due the pause on the Quality, Safety & Efficiency in Prescribing (QSEP) programme as a direct result of Covid-19 and £0.431m has been included within the above forecast shortfall in savings delivery.
- 5.3 Detail of the savings plan projection is provided in Appendix 3.

6. RESERVES

- 6.1 As at March 2020, the IJB's Annual Accounts showed that Perth & Kinross IJB had £1.159m of earmarked reserves. These reserves are retained separately from general reserves. Appendix 4 sets out the anticipated year-end position as at 31st December 2020.
- 6.2 Decision making responsibility for the Primary Care Transformation Fund is held by the Associate Medical Director for PKHSCP. The Chief Financial Officer requested a robust spending plan for 2020/21 to ensure funds were utilised. Due to the pandemic response, this plan has not been developed and £0.329m will be carried forward into 2021/22.
- 6.3 The strategic direction and ongoing response to the pandemic of Substance Use Services was detailed a report to the IJB in December 2020 (G/20/150). This included utilisation of the current underspend in the Local Alcohol and Drug Partnership budget. These commitments are progressing but there has been some delay due to the pandemic and pending decisions on pan Tayside proposals. A robust plan is in place for the reserve balance (£0.151m) and will be fully implemented during 2021/22.
- 6.4 The Partnership Transformation Fund includes ring fenced funding to predominantly support QSEP and capacity support to transformation. Due to the 2020/21 pandemic, a number of plans have been paused and £0.391m will be carried forward into 2021/22 to meet specific commitments.

7. COVID 19 FINANCIAL POSITION OVERVIEW

- 7.1 The financial impact of PKHSCP's response to the Covid-19 pandemic is routinely reported to Scottish Government through the return of its Local Mobilisation Plan (LMP) templates. These returns detail costs incurred to date and the forecast for the year. These include costs incurred as a direct consequence of Covid-19 and the impact on deliverability of the IJB's savings plan for 2020/21.
- 7.2 In December 2020, estimated gross projected expenditure of £7.953m was reported to the IJB. A further detailed forecast has now been undertaken and the updated gross cost projection is £8.836m. The breakdown of costs is set out in Table 2 below.

TABLE 2

Action/Cost	September Projected Cost	December Projected Cost
	£m	£m
Provider Sustainability Payments	3.078	3.125
Unachieved Savings	1.325	1.334
Additional FHS Payments – GP Practices	0.625	0.622
Additional Staffing	0.620	0.740
Loss of Income	0.480	0.581
Angus/Dundee Hosted Services *	0.378	0.315
Mental Health	0.230	0.118
Care at Home / Care Home	0.290	0.290
Personal Protective Equipment(PPE)	0.142	0.211
Prescribing	0.132	0.431
Additional Hospital Bed Capacity	0.157	0.533
Management Capacity	0.124	0.177
Support to Care Homes	0.117	0.075
Delayed Discharge Co-ordination	0.096	0.052
Other Community Care Provision	0.057	0.055
IT /Equipment	0.054	0.101
Communications	0.038	0.027
Prison Health *	0.010	0.049
Total Projected Costs	7.953	8.836

*PKIJB Share of hosted service cost

- 7.3 The projected expenditure has increased by £0.883m. The main movements relate to: an increase in additional bed capacity across Tay ward and Crieff Community Hospital (£0.376m) in line with the Tayside Wide Plan to respond to the second surge, inclusion of unachieved savings within prescribing (£0.299m), additional staffing (£0.120m), and an increase in lost income (£0.101m).
- 7.4 As at January 2021, £6.709m of Covid-19 income has been received from the Scottish Government. Of this, £5.430m relates to costs incurred within Social Care and £1.279m in Health. The Scottish Government have confirmed further allocations will be made in February 2021 based on the latest cost submissions provided, and a further allocation of the Winter Planning Funding. The net forecast position taking account of this further allocation is summarised in the table below.

TABLE 3

	Health	Social Care	Total
Gross Covid-19 Cost	2.933	5.903	8.836
Less SG Income Received	(1.279)	(5.430)	(6,709)
Further Income Expected	(1.654)	(1.451)	(3.105)
Total Cost	0.000	(0.978)	(0.978)

- 7.5 The overall income anticipated for Health will ensure all forecast costs are covered. For Social Care, due to the basis on which funding has been shared across Scotland, a surplus of £0.978m funding is projected for the year end. In line with Scottish Government advice, this will be required to be carried forward in an ear-marked reserve to cover 2021/22 Covid-19 Costs. Confirmation of final further SG funding allocations in respect of Covid-19 is expected by mid February and it is hoped that a verbal update can be provided to the IJB on the implications.
- 7.6 PKHSCP is not including Covid-19 vaccination related costs within its Covid-19 mobilisation plan. NHS Tayside are leading on the roll out of the vaccination programme and related expenditure is being collated and returned to Scottish Government by NHS Tayside. This will include any costs being incurred by Perth & Kinross Council in direct support of the vaccination roll out.

8. CONCLUSION

- 8.1 A significant £2.508m underspend on core services is projected for 2020/21. In line with the Integration Scheme this will be carried forward to 2021/22 as a general reserve. As part of the 2021/22 Financial Plan, consideration is being given to its applications.
- 8.2 After taking account of Scottish Government income confirmed and anticipated, a surplus balance of £0.978m is projected to be carried forward in an ear marked reserve for Covid-19 costs in 2021/22. This is in line with Scottish Government advice.

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Chief Financial Officer

Appendices

Appendix 1 - Summary Financial Position
Appendix 2 - Hosted Services
Appendix 3 - 2020/21 Savings Delivery
Appendix 4 - IJB Reserves