



PERTH & KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

13 MARCH 2023

2022/23 FINANCIAL POSITION

**Report by Interim Chief Finance Officer
(Report No. G/23/19)**

PURPOSE OF REPORT

This report provides the Audit and Performance Committee with an update on the projected financial position based on the period 1 April 2022 to 31 December 2022 (Month 9).

1. RECOMMENDATIONS

It is recommended that the Audit & Performance Committee:

- (i) Notes the overall projected outturn for 2022/23 based on financial performance to 31 December 2022;
- (ii) Notes the projected Covid-19 expenditure and the update on Covid-19 reserves;
- (iii) Notes the allocation of funding from the Winter Resilience reserve to NHS Tayside, to support whole system pressures.

2. SUMMARY POSITION

- 2.1 As detailed in Appendix 1 to this report, the projected financial outturn for the IJB in 2022/23 is an underspend of £2.723m. A movement of £3.158m from the position last reported in November 2022 (Report G/22/166).

3. MAIN VARIANCES

- 3.1 The projected outturn for Health services is an overspend of £0.377m. An increase of £0.208m from the overspend position last reported.

3.2 The projected outturn for Social Care services is an underspend of £3.100m, a movement of £3.366m from the overspend position last reported.

3.3 The main variances and movements are summarised below.

Pay

3.4 An allocation of funding for the Local Government 2022/23 pay award has been confirmed and has benefitted the Social Care financial position (£0.920m).

Older People

3.5 After the application of Covid-19 funding, the projected underspend on older people services is £2.540m. This is a movement of £2.2m from the last report.

3.6 Staffing underspend continues to be the main contributing factor to this position at £2.1m. Unfilled vacancies due to staff turnover and recruitment challenges are present within most older people services. The main variances are within Care at Home (£0.571m), Day Care (£0.235m), Community Alarm and JELS (£0.200m), Psychiatry of Old Age Community Teams (£0.239m), Community Nursing (£0.292m) and slippage on recent Urgent Care investment (£0.379m).

3.7 The Psychiatry of Old Age inpatient service is also experiencing recruitment challenges. However, this has resulted in the use of bank and agency staffing to cover vacancies, leading to a projected overspend of £0.802m in year.

3.8 Similarly, St. Margaret's Community Hospital is projecting a £0.342m overspend on staff costs due to significant use of agency and supplementary staffing to cover vacancies.

3.9 There is a projected underspend in care home placements of £1.054m. This is due to the number of people choosing residential and nursing placements continuing to be below budgeted level.

Adult Services

3.10 After the application of Covid-19 funding, the projected underspend on adult services is £0.807m. This is an increase of £0.6m from the underspend last reported.

3.11 The projected underspend on staffing is £0.576m. This is due to vacancies from recruitment challenges and timing of investment into General Adult Psychiatry community services, as part of the Community Mental Health Strategic Delivery Plan.

3.12 An underspend of £0.271m is projected for complex care due to delays in commencement of planned care packages.

Other Community Services and Management

- 3.13 After the application of Covid-19 funding, the projected financial position across other community services and management is a £1.648m underspend.
- 3.14 Locality and early intervention and prevention teams are projecting a £0.389m underspend. This is due to unfilled vacancies throughout the year, resulting from staff turnover and recruitment challenges.
- 3.15 The remainder of underspend is mainly staffing related and is due to timing of investment and delays in recruitment. The key areas of variance are within Corporate Support and Management capacity (£0.313m), Primary Care Resilience (£0.195m) and Medical Trainees (£0.125m).
- 3.16 This position also includes uncommitted funding for the next phase of the Older People Strategic Delivery Plan.

Prescribing

- 3.17 The projected financial position for prescribing is a £0.795m overspend. This is an increase of £0.6m from the last report. The latest projection reflects the recent price increases incurred nationally and is based on actual prescribing information for April to October.
- 3.18 The 2022/23 IJB financial plan projected a £0.786m overspend and planned for the use of general reserves to meet that pressure.

General Medical Services

- 3.19 The Perth and Kinross IJB continues to be attributed a share of costs associated with the provision of general medical practices in Dundee and Angus, where NHS Tayside is directly managing the practice (2C practices). The financial position includes a share of the overspend, projected to be £0.4m for 2022/23.
- 3.20 As noted in previous reports, further discussion regarding the lead partner and financial risk share arrangements for Primary Care (including 2C practices) is required.

Savings

- 3.21 The table below summarises the approved savings for 2022/23 and the progress in delivery.

Description	Approved Saving £m	Projected Delivery 2022/23 £m
Transformation of Complex Care	1.0	0.6
Review of Contributions Policy	0.7	0
Redesign of Rehabilitation Beds	0.7	0

Care Home Placements	0.5	0.5
Prepaid Card Scheme	0.1	0
Total	3.0	1.1

- 3.22 The delay in delivery was anticipated as part of the 2022/23 Financial Plan and results from the impact of Covid-19 on management capacity.
- 3.23 The delay in delivery of complex care transformation is reflective of a rephasing and delays in the programme due to Covid-19.
- 3.24 The review of contributions policy saving remains unachieved and is being funded by Perth & Kinross Council non-recurringly in 2022/23.
- 3.25 The savings anticipated from the review of rehabilitation beds were originally expected to be delivered in 2020/21. The pandemic has delayed the review. The current level of pressure on inpatient beds indicates the risk attached to realisation of this saving in the medium term. This will be considered as part of the 3-year financial plan.
- 3.26 The implementation of pre-paid cards to introduce an online payment system was delayed by the pandemic. Whilst this project has been delayed, there are now other opportunities to deliver this saving in 2023/24.

Lead Partner Arrangements (Hosted Services)

- 3.27 Lead Partner arrangements (formerly referred to as Hosted Services) exist across the 3 Tayside IJBs. Each IJB provides lead arrangements for some services on behalf of the other IJBs. The financial outturn of these services is then shared across the 3 IJBs at the end of the financial year.
- 3.28 Detail of the services and the projected financial position is provided in Appendix 2. The overall Perth & Kinross IJB share is a £0.339m underspend.
- 3.29 For Perth & Kinross lead services, staffing underspend continues to be the main contributing factor. Prison Healthcare, Podiatry and Dental services have had vacancies throughout the year due to staff turnover, recruitment challenges and delay in services returning to pre Covid-19 levels.

4. INPATIENT MENTAL HEALTH

- 4.1 Inpatient Mental Health services are a delegated function to Tayside IJB's, having previously been Hosted by Perth & Kinross IJB. In early 2020/21, the operational management of these services was returned to NHS Tayside, however under health and social care integration legislation the strategic planning of these services remains delegated to the 3 Tayside Integration Joint Boards. Discussions continue with NHS Tayside around financial risk sharing arrangements for these services. However, there is unlikely to be any additional resultant financial risk to Perth & Kinross IJB in 2022/23.

5. COVID-19

- 5.1 As detailed in the last finance report, the Scottish Government wrote to IJB Chief Officers and Chief Finance Officers to intimate their intention to reclaim surplus Covid-19 reserves to be redistributed across the sector to meet Covid-19 priorities.
- 5.2 A further Scottish Government letter was received on 16 January 2023 confirming the reclaim will be based on the IJB's Month 8 Covid-19 forecast return, which totalled £5.718m. The IJB opening Covid-19 reserve on 1 April 2022 was £15.366m, meaning the Scottish Government will seek to reclaim £9.648m.
- 5.3 To provide assurance and mitigate financial risk to IJBs, the letter states that the Scottish Government will work with CFOs in April 2023 to complete a reconciliation exercise between the Month 8 position and the final outturn. The available Covid-19 reserves balance will be sufficient to fully cover the IJB's anticipated Covid-19 expenditure in 2022/23.
- 5.4 No additional Covid-19 funding will be available from 2023/24 onwards, therefore any ongoing impact will be factored into the 2023/24 financial plan and monitored closely throughout the year.

6. RESERVES

- 6.1 The IJB holds both earmarked and unearmarked (general) reserves. In April 2022 the earmarked reserve balance was £27.7m and the general reserve £5.5m.
- 6.2 As detailed in Appendix 3, the current forecast expenditure on earmarked reserves is £9.1m. A further £12.3m is expected to be returned to or reduced by Scottish Government. The forecast balance at 31 March 2023 is £6.3m.
- 6.3 The IJBs Winter Resilience reserve has a forecast balance at 31 March 2023 of £1.5m. Further expenditure of £0.5m has been committed into 2023/24, leaving a remaining balance of £1.0m. This funding was allocated to the IJB from the Scottish Government to ease pressures on the whole health and social care system. While the IJB is reporting an overall projected underspend in this financial year, significant financial pressures remain in the wider systems and specifically NHS Tayside. The Audit & Performance Committee is asked to note that the £1.0m balance of Winter Resilience funding will be allocated to support wider system pressures within NHS Tayside.
- 6.5 The general reserve currently held is c2% of the IJB budget and is in line with the IJB's reserve policy.

7. RISKS

7.1 Several risks have been considered in finalising this financial projection. The risks may increase or decrease over the remainder of the financial year, affecting the outturn position. A summary of the potential risks remaining is provided below.

Risk	Potential Financial Exposure	Comments
Further Agenda for Change (AfC) Pay Award 2022/23	£0.3m	The National Care Home Contract was increased mid financial year to reflect the (AfC) settlement. Pay negotiations remain ongoing and additional increase would result in an increase to Nursing Home rates.
Scottish Government Funding	£0.2m	A level of Scottish Government Funding Allocation remains outstanding in 2022/23. Reduction or withdrawal of funding assumed by the IJB will result in unfunded expenditure.

8. CONCLUSION

8.1 The overall projected outturn for 2022/23 is an underspend of £2.723m. As per the Integration Scheme this underspend will be retained by the IJB.

8.2 Remaining financial risks have been identified and will continue to be monitored closely.

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Appendices

Appendix 1 – Summary Financial Position

Appendix 2 – Summary Lead Partner Financial Position

Appendix 3 – IJB Reserves