



## PERTH & KINROSS INTEGRATION JOINT BOARD

23 APRIL 2021

### 2020/21 FINANCIAL POSITION

Report by the Chief Financial Officer (Report No. G/21/37)

#### 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 11 months to 28 February 2021;
- (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 £3.107m 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 17<sup>th</sup> February 2021 (Report No. G/21/10) presenting the position as at 31 December 2020. This report provides an update on that position.

#### 3. OPERATIONAL POSITION OVERVIEW

- 3.1 An underspend of £3.107m is forecast on the underlying operational position, based on the 11 months to 28 February 2021. This is an improvement of £0.599m 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**

<b>Service</b>	<b>Month 9 Report</b>	<b>Month 11 Report</b>
	Projected Over / (Under) £m	Projected Over / (Under) £m
Hospital & Community Health	(1.082)	(1.318)
Hosted Services	(0.311)	(0.359)
Prescribing	0.071	0.152
General Medical/Family Health Services	(0.010)	(0.042)
<b>Sub-Total Core Health Position</b>	<b>(1.332)</b>	<b>(1.567)</b>
Financial Plan Deficit	0.987	0.987
<b>Sub-Total Health</b>	<b>(0.345)</b>	<b>(0.580)</b>
Social Care	(2.163)	(2.527)
<b>Total Health &amp; Social Care</b>	<b>(2.508)</b>	<b>(3.107)</b>

3.2 Health is projecting an in year under spend of £1.567m which more than offsets the recurring Financial Plan deficit leading to a net forecast underspend for the year of £0.580m.

3.3 Social Care is projecting an operational underspend of £2.527m.

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 £0.801m. This is a £0.162m increase in underspend from the last report. The main variances and movements are within-

- Investment monies are projecting an overall underspend of £0.430m. 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 9.
- Medicine for the Elderly are projecting an overspend of £0.075m, a reduction of £0.025m from the last report. The overspend is due to staffing costs being above the budgeted staffing model.

- Community Hospitals are projected to underspend by £0.265m, which is in line with the last report. This underspend is mainly driven by staff vacancies throughout the year.
  - Intermediate care teams are projected to underspend by £0.141m, a minimal movement from the last report. This underspend is mainly resulting from vacancies within teams.
  - Psychiatry of Old Age (POA) Services are projecting a £0.068m overspend overall, broadly in line with the last report. An overspend of £0.428m is projected for inpatient services due to staffing establishment and costs being above budgeted level. The staff cost overspend in inpatient services is being partially offset by an underspend in non-pay budgets. However, the main offset is due to the underspend in community POA services, driven by vacancies.
- 4.1.2 **Adult Services:** The projected position for Adult Services is an underspend of £0.280m, an increase of £0.020m 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 £0.237m underspend (an increase in underspend of £0.053m 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 £0.152m is forecast, an increase of £0.081m from the last report. Actual volume growth is lower than plan (by 4.1%) and lower than previous year (by 2.2%). Price growth is higher than anticipated (by 6.5%) however, in net terms, expenditure (excluding savings) is in line with plan. The undelivered savings 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 £0.318m 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 £0.276m 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. Within Prison Healthcare an underspend of £0.267m is forecast, driven by staff vacancies throughout the year. In Podiatry, staff vacancies and reduced expenditure on supplies are driving a forecast underspend of £0.290m. Dental is forecasting a £0.160m underspend, driven by staff vacancies and supplies expenditure reduction. These are being partially offset by a carried forward uplift and superannuation shortfall of £0.304m, of which the PKIJB share is £0.098m and is included within the deficit described in paragraph 4.1.7 above.
- 4.2.2 Services hosted within Angus and Dundee IJB's are projecting an overall £0.576m overspend, of which £0.193m 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 £1.493m. This is an increase of £0.125m from the last report. The main variances and movements are as follows:-
- Care at Home are projecting an underspend of £0.549m. This underspend has reduced by £0.071m from last reported. The underspend is due to the level of hours delivered being less than the level budgeted for.
  - External Residential and Nursing Placements are forecasting an underspend of £0.387m due to occupancy levels, this is an increase of £0.148m from the last report. The movement is due to a recent reduction in the number of placements.
  - Local Authority Homes are projecting an overspend of £0.039m, a reduction of £0.025m from the last report. The overspend is driven by supplies spend being higher than budgeted.
  - Day Services, Carers, Occupational Therapy Equipment and Short Breaks are forecasting an underspend of £0.596m, an increase of £0.023m from the last report. The underspend has resulted from changes in services throughout the year and usage levels.
- 4.3.2 **Adult Services:** The projected position for Adult Services is an underspend of £0.895m, an increase of £0.166m from the last report. The variance is mainly due to delays in packages commencing, a reduction in respite usage, and a reduction transport costs.

4.3.3 **Other Areas:** For all other areas within Social Care the projected position is an overall £0.139m underspend, an increase of £0.066m from the last report. Locality teams are forecasting a £0.164m underspend, driven by a reduction in transport costs and some staff slippage. Commissioned services are projecting an underspend of £0.067m. These are being partially offset by a bad debt provision, now being forecast at £0.066m.

## **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 28<sup>th</sup> February 2021.

6.2 Since the last report to the IJB, the projected year end balances for the Primary Care Improvement Fund, ADP fund and MH Action 15 Fund have increased by a net £1.814m. This is mainly due to the change of approach and treatment of the reserves previously held at Scottish Government, on the IJB's behalf. The Scottish Government has now transferred these reserves, to be held within the IJB earmarked reserves.

6.3 An update on the Covid-19 reserve is given in Section 7 below.

## **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 The forecast costs of Covid-19 remain the same as that last reported to the IJB in February, with a projection of £8.836m.
- 7.4 As at March 2021, the full £8.836m of Covid-19 income has been received from the Scottish Government. Of this, £5.903m relates to costs incurred within Social Care and £2.933m in Health.
- 7.5 In addition to the £8.836m received to cover forecast 2020/21 Covid-19 costs, the Scottish Government have allocated a further £3.963m for future Covid-19 costs. 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. The net forecast position, taking account of this further allocation, is summarised in the table below.

**TABLE 2**

	Health	Social Care	Total
Gross Covid-19 Cost	2.933	5.903	8.836
Less SG Income Received	(2.933)	(5.903)	(8.836)
Further Income Received			(3.963)
<b>Total Cost 2020/21</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.3963)</b>

- 7.6 Any slippage on the forecast £8.836m expenditure will be added to the Covid-19 reserve and carried forward in to 2021/22.

## **8. CONCLUSION**

- 8.1 A significant £3.107m 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 Budget, consideration has been given to its application.
- 8.2 After taking account of Scottish Government income confirmed and anticipated, a surplus balance of £3.963m 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. As part of the 2021/22 Budget, consideration has been given to its application.

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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