



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

### **AUDIT & PERFORMANCE COMMITTEE**

**21 JUNE 2021**

### **2020/21 FINANCIAL POSITION**

**Report by the Chief Financial Officer (Report No. G/21/70)**

#### **PURPOSE OF REPORT**

The purpose of this report is to advise the Audit and Performance Committee of: -

- 1) The 2020/21 year end out-turn for core services, based on financial performance for the 12 months to 31 March 2021;
- 2) The impact of the Covid-19 Pandemic on the year end financial position;
- 3) The closing position on the IJB reserves.

## **1. RECOMMENDATIONS**

It is recommended that the Audit and Performance Committee: -

- (i) Notes the £3.887m year-end underspend in relation to core services
- (ii) Notes the year end surplus in relation to Covid-19, 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 23<sup>rd</sup> April 2021 (Report No. G/21/37) presenting the forecast at 28 February 2021, this report provides an update on the final out-turn for 2020/21.

## **3. OPERATIONAL POSITION OVERVIEW**

- 3.1 An underspend of £3.887m is reported on the underlying operational position, based on the 12 months to 31 March 2021. This is an improvement of £0.780m 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 11 Report</b>	<b>Month 12 Report</b>
	Projected Over / (Under) £m	Final Out-turn Over / (Under) £m
Hospital & Community Health	(1.318)	(1.406)
Hosted Services	(0.359)	(0.400)
Prescribing	0.152	0.000
General Medical/Family Health Services	(0.042)	(0.106)
<b>Sub-Total Core Health Position</b>	<b>(1.567)</b>	<b>(1.912)</b>
Financial Plan Deficit	0.987	0.951
<b>Sub-Total Health</b>	<b>(0.580)</b>	<b>(0.961)</b>
Social Care	(2.527)	(2.926)
<b>Total Health &amp; Social Care</b>	<b>(3.107)</b>	<b>(3.887)</b>

- 3.2 The final Health out-turn is an underspend of £1.912m, which more than offsets the recurring Financial Plan deficit leading to a net underspend for the year of £0.961m.
- 3.3 The Social Care final out-turn is an operational underspend of £2.926m.
- 3.4 Both Health and Social Care Operational positions 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 position for Older People Services is an overall underspend of £0.885m. This is a £0.084m increase in underspend from the last report. The main variances are within-

- Investment monies have underspent by an overall £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 11.
- The Medicine for the Elderly final position is an overspend of £0.026m, a reduction of £0.049m from the last report. The overspend is due to staffing costs being above the budgeted staffing model.

- Community Hospitals and Minor Injury Illness Units have an underspend position of £0.248m, which is £0.017m less than the last report. Vacancies throughout the year have attributed £0.155m to this position, with the remainder of the underspend being on non-pay budgets.
- The final position on Intermediate care teams is a £0.099m underspend, mainly resulting from vacancies within teams.
- Psychiatry of Old Age (POA) Services have an overspend of £0.080m overall, broadly in line with the last report. An overspend of £0.446m for inpatient services due to the staffing establishment and costs being above budgeted level. The staff cost overspend in inpatient services has been 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 final position for Adult Services is an underspend of £0.350m, an increase of £0.070m from the last report. £0.216m of this underspend has been driven by vacancies within General Adult Psychiatry and Learning Disability Teams. In addition, there has been slippage in the commencement of planned care packages (£0.055m).

4.1.3 **Other Areas:** For all other areas within the Core Hospital and Community Health the final position is a £0.171m underspend (an reduction in underspend of £0.066m 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:** The Financial Plan budgeted for a £0.588m underspend and the final position for both Prescribing and General Pharmaceutical Services (GPS Others) has delivered that. The underlying prescribing position was an underspend of £0.330m and was based on actuals for April to January and accruals for February and March. Actual volume growth was lower than plan (by 5.1%) and lower than previous year (by 2.1%). Price growth was higher than anticipated (by 6.5%) however, in net terms, the expenditure (excluding savings) is in line with plan. There was an undelivered savings balance of £0.220m, however this is excluded from the overall position as it's required to be reported within the Covid-19 Expenditure Forecast (see Section 7 below). A further year end underspend of £0.258m was driven by a number of variances across rebates, drug related costs and service fees for pharmacy contractors.

4.1.6 **General Medical/Family Health Services:** A final out-turn of £0.106m underspend, which is £0.212m less than the last report. The Perth & Kinross share of the General Medical Services out-turn was a £0.256m underspend, a result of both historical underspend and a rates underspend. In addition, non General Medical Services had an underspend of £0.088m. However, this was significantly offset by 2c practice costs across Dundee and Angus, of which Perth & Kinross are attributed a £0.238m share of the overspend.

4.1.7 **Financial Plan Deficit:** The £1.175m underlying opening budget deficit for health services has been reduced through a small number of recurring opportunities to £0.951m.

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. The final position in Prison Healthcare was an underspend of £0.303m, driven by staff vacancies throughout the year. In Podiatry, staff vacancies and reduced expenditure on supplies have resulted in an underspend of £0.282m. Dental has an underspend of £0.146m, driven by staff vacancies and supplies expenditure reduction. These are being partially offset by a carried forward uplift and superannuation shortfall, of which the PKIJB share is £0.098m and is included within the deficit described in paragraph 4.1.7 above.

4.2.2 The final position on services hosted within Angus and Dundee IJB's is an overall £0.574m overspend, of which £0.192m is the PKIJB share. However, of this share, £0.325m is related to projected Covid-19 costs. This position has been adjusted to move the £0.325m 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 final position for Older People Services is an underspend of £1.781m. This is an increase of £0.288m from the last report. The main variances and movements are as follows:-

- Care at Home has a final underspend of £0.504m. This underspend has reduced by £0.045m 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 have an underspend of £0.781m due to occupancy levels, this is an increase of £0.331m from the last report. The movement is due to final reconciliation updates.
- Day Services, Carers, Occupational Therapy, Equipment and Short Breaks have an underspend of £0.548m, a reduction of £0.023m from the last report. The underspend has resulted from staffing vacancies, changes in services throughout the year and usage levels.

4.3.2 **Adult Services:** The final position for Adult Services is an underspend of £0.999m, an increase of £0.104m from the last report. The variance is mainly due to delays in packages commencing, a reduction in respite usage, staffing underspends and a reduction transport costs.

4.3.3 **Other Areas:** For all other areas within Social Care the projected position is an overall £0.146m underspend, broadly in line with the last report. Locality teams have an underspend of £0.158m, driven by a reduction in transport costs and staff slippage. Commissioned services payments have an underspend of £0.075m. These are being partially offset by a bad debt provision, finalised at £0.037m.

## **5. SAVINGS**

5.1 The 2020/21 savings plan for Core Health & Social Care totalled £3.993m. Of this £2.565m has been delivered.

5.2 Capacity to deliver the remaining savings in year has been significantly impacted due to Covid-19. The balance of £1.428m has been included within the Covid-19 costs as unachievable savings.

5.3 As referred in section 4.1.4 above, prescribing savings have not been fully achieved due to the pause on the Quality, Safety & Efficiency in Prescribing (QSEP) programme as a direct result of Covid-19 and £0.220m has been included within the above shortfall in savings delivery.

5.4 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. The closing balance on IJB reserves is £13.900m, an increase of £12.741m from the beginning of 2020/21. A breakdown of reserves and movements is provided in Appendix 4.

6.2 The main contributors to the increase are the Covid-19 fund at £4.547m (further detail provided in section 7 below); the carried forward Health & Social Care underspend from 2020/21 at £3.887m; the £1.608m transfer of Primary Care Improvement reserves, previously held at Scottish Government; and £1.400m of NHS Tayside non-recurring support, approved as part of the IJBs 2021/22 budget setting.

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

## **7. COVID 19 FINANCIAL POSITION OVERVIEW**

7.1 Throughout 2020/21 the financial impact of PKHSCP's response to the Covid-19 pandemic has been routinely reported to Scottish Government through the return of its Local Mobilisation Plan (LMP) templates. These included 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 final costs of Covid-19 are £8.293m, a reduction of £0.543m from the last report to the IJB in April. Of the final position, £5.944m relates to Social Care and £2.349m to Health.
- 7.3 A breakdown of the Covid-19 costs, compared to the last projection, is provided in the table below:

<b>Action/Cost</b>	<b>Projected Cost</b>	<b>Final Cost</b>
	£m	£m
Provider Sustainability Payments	3.125	3.593
Unachieved Savings	1.334	1.208
Additional FHS Payments – GP Practices	0.622	0.592
Additional Staffing	0.740	0.647
Loss of Income	0.581	0.355
Angus/Dundee Hosted Services *	0.315	0.325
Mental Health	0.118	0.117
Care at Home / Care Home	0.290	0.320
Personal Protective Equipment(PPE)	0.211	0.228
Prescribing	0.431	0.220
Additional Hospital Bed Capacity	0.533	0.221
Management Capacity	0.177	0.148
Support to Care Homes	0.075	0.013
Delayed Discharge Co-ordination	0.052	0.049
Other Community Care Provision	0.055	0.055
IT /Equipment	0.101	0.101
Communications	0.027	0.030
Prison Health *	0.049	0.071
<b>Total Projected Costs</b>	<b>8.836</b>	<b>8.293</b>

\*PKIJB Share of hosted service cost

- 7.4 A total £12.840m of Scottish Government funding has been received to cover Covid-19 costs. After funding the 2020/21 costs, a balance of £4.547m remains. In line with Scottish Government advice, this has been carried forward in an earmarked reserve to cover 2021/22 Covid-19 Costs.

## 8. CONCLUSION

- 8.1 A significant £3.887m underspend on core services is reported 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 application.
- 8.2 After funding 2020/21 Covid-19 costs, the surplus balance on Scottish Government income received is £4.547m and is being carried forward in an earmarked reserve for Covid-19 costs in 2021/22. This is in line with Scottish Government advice.

8.3 The IJB reserves has a closing balance of £13.900m, this includes a number of Scottish Government Funding priorities, but the high level of reserves is mainly due to Covid-19, Health & Social Care underspend carry forward, Primary Care Improvement Funding and non-recurring support from NHS Tayside.

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## **Appendices**

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