



PERTH & KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

13 SEPTEMBER 2021

2021/22 FINANCIAL POSITION

Report by the Chief Financial Officer (Report No. G/21/105)

PURPOSE OF REPORT

The purpose of this report is to advise the Audit & Performance Committee of the 2021/22 projected year end out-turn based on financial performance for the 4 months to 31 July 2021.

1. RECOMMENDATIONS

It is recommended that the Audit & Performance Committee:

- i. Notes the overall projected out-turn after the application of reserves is a £0.236m underspend;
- ii. Notes the Covid-19 Response & Remobilisation costs are forecast to be £8.821m. Of this, £4.587m will be met by the IJB Covid-19 Reserve. The forecast assumes the balance will be covered in full by additional Scottish Government funding;
- iii. Notes the update regarding the IJB reserves position for 2021/22;
- iv. Notes the financial risks that may have a future impact on the financial forecast against which mitigating actions continue to be identified.

2. BACKGROUND

- 2.1 The 2021/22 Budget set by the Integration Joint Board (IJB) in March 2021 (Report G/21/25) supported break-even across Health and Social Care after application of reserves.
- 2.2 This is the first financial update for 2021/22. The Audit & Performance Committee will receive regular reports on the financial position throughout the year.

3. GENERAL OVERVIEW

- 3.1 Over-all a £0.236m under spend if forecast for 2021/22 after use of reserves. This is an improvement on the planned break-even position

Table 1

	Month 4 Projection Over / (Under) £m
Health Services	0
Social Care Services	(0.236)
Projected Position	(0.236)

- 3.2 The Financial Plan assumed use of £3.483m of reserves to deliver break-even. However only £1.794m of reserves is required to deliver the forecast above.
- 3.3 Covid Remobilisation costs of £8.821m are forecast for 2021/22. Of this, £4.587m will be met by the IJB Covid-19 Reserve. This forecast assumes that the balance will be covered in full by additional Scottish Government funding.
- 3.4 Slippage in savings of £1.811m is included within the general forecast position above. However, the Local Remobilisation Plan (LMP) Finance Submission to the Scottish Government includes this slippage over and above the £8.821m forecast costs. Whilst NHS Boards and HSCP's have been asked to make no assumption at this stage of funding to offset slippage in savings, they have asked that such slippage be included in LMP forecasts since discussion is still ongoing around potential SG funding.
- 3.5 A number of financial risks have been identified that may impact on the Financial Forecast moving forward. These will continue to be monitored and all efforts taken to deliver break-even at the year end.

4. SOCIAL CARE

- 4.1 An under-spend of £0.236m is forecast for Social Care Services. Table 2 below sets out the forecast position compared to plan.

Table 2

Social Care	Approved Financial Plan £m	Month 4 Projection £m
Recurring Deficit/ (Surplus)	0.456	(0.450)
2021/22 Core Position	0.000	(0.716)
Slippage in Savings Delivery	1.019	0.804
Delay in Contributions Review	0.708	0.708
Transformation Support	0.393	0.256
Sub-Total Shortfall / (Surplus)	2.576	0.602
PKIJB Reserve-2020/21	1.738	0.000
PKC Non-Recurring Funding	0.838	0.838
Sub-Total Offset Funding	2.576	0.838
Variance Shortfall / (Surplus)	0.000	(0.236)

- 4.2 The positive movement in the recurring deficit is driven by additional Scottish Government Living Wage funding (£0.9m). Living Wage costs had already been fully anticipated in the budget prior to the funding being announced at the end of March 2021. The application of this recurring surplus will be considered as part of the development of the 2022/23 Financial Plan.
- 4.3 Appendix 1 provides a breakdown of the £0.716m under spend forecast on the core position.
- 4.4 For Older Peoples Services, an underspend of £0.618m is forecast. This is largely driven by an underspend of £0.983m in Care Home placements where demand is significantly lower than plan. In addition, an underspend of £0.252m is forecast on Day Care and Transport due to usage levels. These underspends are being partially offset by a £0.631m overspend forecast on Care at Home where demand is far higher than plan. This is a shift from last year's significant Care at Home underspend.
- 4.5 For Adult Services, placements and supported community living is projecting an overspend of £0.355m. This is a significant movement from the material underspend reported last year. This is being offset however by a £0.120m underspend on Day Care and Transport due to usage levels.
- 4.6 Within Management & Commissioned Services, the £0.906m additional Scottish Government Living Wage Funding referred to above is the most significant contribution to the overall underspend being forecast.
- 4.7 The Social Care forecast includes slippage on savings which is considered in the Savings Section below.

5. HEALTH

- 5.1 Breakeven is being forecast overall for health services after applying agreed reserves. Table 3 below sets out the forecast position compared to plan. The position before application of reserves is broadly in line with plan.

Table 3

Health	Approved Financial Plan £m	Month 4 Projection £m
Recurring Deficit	1.127	1.348
Projected 2021/22 Under spend	(0.866)	(0.628)
Slippage in Savings Delivery	1.376	1.007
Transformation Support	0.112	0.067
Sub-Total Shortfall / (Surplus)	1.749	1.794
PKIJB Reserve- 2020/21	0.345	0.961
PKIJB Reserve- NHST Bridging	1.404	0.833
Sub-Total Offset Funding	1.749	1.794
Variance Shortfall / (Surplus)	0	0

- 5.2 Appendix 1 provides a breakdown of the £0.628m under spend forecast on the core position.
- 5.3 Older Peoples Services are forecasting an overspend of £0.168m. For Inpatient Wards, a £0.233m forecast overspend is driven by supplementary staffing costs to cover vacancies. For Allied Health Professionals a £0.200m overspend is driven by Occupational Therapy and Physiotherapy staff above budgeted levels, with an urgent review now underway. For Community Nursing a £0.280m overspend is driven by a regrading of Band 6 staff. This pay pressure was not anticipated and opportunities for additional funding are being pursued. These areas of overspend are being an offset by slippage in investment of Intermediate Care Bed Funding (£0.330m).
- 5.4 Within Adult Services the £0.224m forecast underspend is driven by vacancies within the Community Mental Health and Learning Disability Teams (£0.121m), along with slippage in the commencement of planned care packages (£0.122m).
- 5.5 Within Management/Commissioned/Other Services the forecast £0.442m underspend is driven by slippage in recruitment both to the Primary Care Resilience Team and to backfill for staff who have transferred to support the Covid Vaccination programme.

- 5.6 PKHSCP Hosted Services are reporting an underspend overall. This is driven by vacancies within Prison Healthcare and Podiatry along with lower than budgeted supplies costs in Podiatry and Public Dental Services. Hosted Services in Dundee and Angus IJBs are forecasting an overall overspend. We are working with Dundee and Angus to better understand and inform the IJB on the financial position going forward.
- 5.7 For Prescribing, the forecast £0.272m underspend is positive and we await further analysis to establish actual price and item growth compared to plan. For General Medical Services /Family Health Services we await similar analysis to determine the key drivers.
- 5.8 The application of PKIJB 2020/21 health under spend reserve is higher than plan. This reserve increased following confirmation of the 2020/21 final out-turn and is now utilised in full. To break-even, £0.833m of the NHS Tayside £1.4m bridging finance reserve is also required.

6. SAVINGS

- 6.1 Approved savings remaining for Health & Social Care total £2.071m. Of this £0.260m is projected to be delivered. Table 4 below sets out the detail of savings slippage anticipated in 2021/22.

Table 4

Description	Approved Savings still to be delivered £m	Amount Projected to be delivered in 2021/22 £m	Shortfall £m
Review of Care Home Placements	0.232	0.232	0.000
Review of Care at Home	0.200	0	0.200
Complex Care Transformation	0.529	0	0.529
Integration of H&SC Teams	0.035	0	0.035
Prepaid Card Scheme	0.040	0	0.040
Sub-Total Social Care	1.036	0.232	0.804
Redesign of Rehabilitation Beds	0.740	0	0.740
Integration of H&SC Teams	0.295	0.028	0.267
Sub-Total Health	1.035	0.028	1.007
Total Health & Social Care	2.071	0.260	1.811

- 6.2 The Review of Contributions Policy saving remains unachieved and is in addition to the above. This saving of £0.708m is being funded by Perth & Kinross Council non-recurringly in 2021/22. Discussions are ongoing within PKC in this respect.

- 6.3 Capacity to deliver the remaining savings in year has been significantly impacted due to Covid-19. Whilst use of reserves and non-recurring support will bridge savings slippage in 2021/22, there is a significant risk that savings cannot be delivered by 1st April 2022 due to ongoing capacity issues.

7. COVID-19 RESPONSE AND REMOBILISATION

- 7.1 The financial impact of PKHSCP's response and remobilisation 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 consequence of Covid-19. In line with financial update reports provided last year, these costs will be reported separately and are not included in the above forecasts.
- 7.2 The Remobilisation Plan, approved by the IJB in June 2021, set out a high-level estimation of Covid Costs anticipated in 2021/22. This was forecast at £6.894m excluding savings slippage. Since then and based on actual expenditure, a more detailed estimate has been prepared and submitted to the Scottish Government. Across Health and Social Care this totals £8.821m. The main driver of the increase has been a £1.959m increase in forecast provider sustainability costs arising from an extension of Scottish Government guidance.
- 7.3 As shown in Appendix 3, the IJB Covid-19 reserve is £4.547m. The latest projection of £8.821m will require additional Scottish Government funding of £4.247m. At this stage there is confidence that additional costs will be met in full. As with 2020/21, robust financial governance will be applied. All proposed expenditure will be signed off by the Executive Management Team/Gold Command to ensure it is essential and to agree that it is directly related to Covid Response and Remobilisation.
- 7.4 Appendix 2 provides a detailed breakdown of both Social Care and Health forecast 2021/22 Covid Costs in line with the SG Forecast submission. In addition, slippage in savings of £1.811m is included in the SG Forecast Submission. Whilst NHS Boards and HSCP's have been asked to make no assumption at this stage of funding to offset slippage in savings, they have asked that such slippage be included in LMP forecasts since discussion is still ongoing around potential SG funding.

8. RESERVES

- 8.1 As at 1st April 2021 Perth & Kinross IJB had £13.900m of reserves. Appendix 3 sets out the detail of these reserves and the forecast utilisation during 2021/22.

- 8.2 The 2021/22 Budget approved by the IJB in March 2021, allowed a breakeven position for both Health and Social care after the use of general reserves. The budget identified how much of these reserves would be required to secure break-even. The amount required is now projected to change, as summarised in Table 5 below.

Table 5

	Total Reserve £m	Amount Required in Approved Financial Plan £m	Amount forecast as now required £m	Forecast Balance of Reserve Remaining £m
PKIJB Reserve- Health Under spend 2020/21	0.961	0.345	0.961	0
PKIJB Reserve -NHST Bridging Funding	1.400	1.400	0.833	0.567
Social Care IJB 2020/21 Underspend	2.963	1.738	0	2.963
Total	5.324	3.483	1.794	3.530

- 8.3 Over and above this, the majority of reserves are at this stage expected to be utilised by the year end with some exceptions as set out in Appendix 3. However, there is a risk that Covid Response and Remobilisation will continue to impact on the capacity of service leads to deliver transformation in the planned timescales and slippage in spend in a number of areas may result. This is being kept under monthly review by the Executive Management Team.

9. KEY FINANCIAL RISKS

- 9.1 Several risks that have been considered in finalising this expenditure forecast. These risks may increase or decrease over the year, affecting the financial position. A summary of potential and emerging risk is provided below:

Risk	Potential extent of Financial Exposure	Comments
Additional SG Covid Funding is not available for costs exceeding reserves held.	£4.5m	Quarter 1 SG Covid Forecast less available 2021/22 Covid Reserves
Workforce shortages lead to unprecedented bank/agency staffing costs to maintain safe services.	£0.5m	25% increase in of current 2021/22 forecast spend on supplementary staffing.
District Nursing Regrading backdated pay extension.	£0.1m	Potential additional backdated pay costs if further backdated.
Medical and Dental Pay Award in	£0.1m	Risk of an increased pay settlement

excess of Financial Planning assumption.		not being funded.
A return of funding is requested by NHS Tayside to support the IP Mental Health 2021/22 Forecast Overspend.	£0.8m	A review of the balance of funding and cost across Mental Health Services is being progressed by the NHS Tayside Director of Finance.

10. CONCLUSION

- 10.1 The overall projected out-turn after the application of reserves is a £0.236m under spend.
- 10.2 A number of potential risks have been identified and require to be monitored closely and mitigating action taken as necessary to ensure that break-even can be delivered.

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Appendices

- Appendix 1 - Summary Financial Position
Appendix 2 – Covid-19 Response & Remobilisation Costs
Appendix 3 - IJB Reserves