



Dumfries and Galloway
Integration Joint Board

18th March 2021

This Report relates to
Item 7 on the Agenda

Financial Performance Update – Quarter Three

Paper presented by Katy Kerr

For Noting

Author:	Katy Kerr, Chief Finance Officer, IJB katy.kerr@nhs.scot
List of Background Papers:	Not required
Appendices:	Appendix 1 - Final Covid-19 Cost Template Appendix 2 – Briefing on Indicative Health and Social Care Budget

Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Dumfries and Galloway Council	
	3. NHS Dumfries and Galloway	
	4. Dumfries and Galloway Council and NHS Dumfries and Galloway	

1. Introduction

- 1.1 This report presents an update on the financial performance for the budgets delegated to the Integration Joint Board (IJB) based on the position at the end Quarter Three 2020/21.

2. Recommendations

2.1 The Integration Joint Board is asked to note:

- The Quarter Three projected forecast of a £8.762m overspend.
- The update on the Covid-19 costs and the impact on the financial position.
- The update on the 2021/22 Financial Plan position.

3. Background and Main Report

3.1 Background

- 3.2 This report consolidates for the IJB the financial reporting for those services delegated to the IJB. The report provides an update of the projected financial position for 2020/21 based on the forecast outturn position as assessed at Quarter Three.

3.3 Executive Summary

- 3.4 The Quarter Three review of the financial position has now been concluded with the IJB's forecast revenue position a £8.762m overspend. The allocation has now been received for the full amount of Covid-19 funding requested for the Health and Social Care Partnership for 2020/21 totalling £31.057m. Reflecting the level of risk in the position and ongoing uncertainty of the pandemic, in addition to Covid-19 funding requested, Integration Partnerships have been allocated a share of a further £100m in January 2021 (£3.105m for Dumfries and Galloway).

- 3.5 The overall overspend in relation to the NHS delegated budget reflects the position post Covid-19 funding (including funding for some of the savings gap) but prior to final discussions with the NHS Board in relation to this overspend. It is envisaged that additional funding will be provided (non-recurrently) to recover the position to a break-even position in the final quarter.

- 3.6 The revised forecast position and movement from Quarter Two is summarised in the table below.

Table 1 - Summary Quarter Three Position

Summary Position (£'000s)	IJB
Final Q2 Position	(11,917)
Movement in directorate forecasts assessed for Q3	555
Retain flexibility on Waiting Times Funding	1,600
Covid-19 offsets/ Savings Review	1,000
Projected Q3 Position	(8,762)

- 3.7 The overall position has improved since Quarter Two due to a range of factors which includes an improvement in overall directorate forecasts. The main areas of positive shifts are as follows:

- Overall improvement in directorate forecasts across all directorates.
- There is flexibility in funding received from Scottish Government for Waiting Times which most Boards have been able to retain locally for other pressures.
- We have reviewed our offset costs/savings in the Covid-19 costs return and have identified some flexibility in these savings estimates.

3.8 There remains a significant level of risk and uncertainty in the financial position making projections considerably more difficult than usual. Specific issues to highlight currently are:

- Sustainability payments to External providers – Significant work is ongoing locally to make payments in line with Scottish Government guidance on a timely basis but there is significant variability of expenditure forecasts.
- Clinical Waste – Some risk funded centrally with activity lower than projected resulting in overall improvement in directorate forecasts.
- Risk of additional allocations to be issued by Scottish Government in last months of year beyond those we have been planning for and are aware of is greater than in previous years.
- There is financial risk that spend in relation to aspects of the Covid-19 costs, specifically the Vaccination Programme, reflects a prudent assessment of costs as we have been unable to provide accurate financial models for the service delivery due to the rapidly changing nature of the programmes of work.
- There remains a level of flexibility in respect of our service remobilisation plans for non-Covid-19 activity due to the increased Covid-19 activity during January 2021; this will impact on in-year spend and likely push costs of recovery into 2021/22.

3.9 Covid-19 Costs

3.10 The Board continue to be required to submit regular information to Scottish Government through the Local Mobilisation Plan (LMP) (Covid-19 cost template) and this remains the main route for confirming the funding required in supporting the Covid-19 response, and includes costs for entirety of the Health and Social Care Partnership.

3.11 There are minimal changes in financial estimates from Quarter Two as follows:

- The inclusion of the costs of delivering the Covid-19 Vaccination Programme, currently estimated at £2m.
- Review of offset savings/costs.
- Removal of pressure in relation to clinical waste.
- Exclusion of Adult Social Care Winter Plan Funding spend from this return.

3.12 The final Quarter Three Covid-19 cost template was submitted to Scottish Government on 25th January 2021 with costs estimated at £23.654m (£31.138m including Social Care costs) for the year. The allocation in February 2021 was subsequently adjusted for clinical waste costs (as these will now be met centrally) with funding allocated on total costs of £31.057m. The detailed schedule of Covid-19 costs (now including Social Care) is included as **Appendix 1**.

3.13 Savings Plan Review

3.14 Included within the Covid-19 return was an estimate of the amount of impact on savings delivery as a result of Covid-19. This has been fully funded by Scottish

Government on a non-recurring basis (£7.244m). This funding only relates to the Covid-19 impact on savings plans and hence in-year, the IJB still has a projected deficit position reported. In preparing the ongoing Financial Plan for 2021/22, the underlying savings position will remain broadly unchanged but is required to be reset based on pressures and expenditure estimates for the new financial year.

3.15 Allocations

3.16 In addition to the Covid-19 allocation aligned to the LMP, funding has also been issued to NHS Boards to pass across to Health and Social Care Partnerships. These are summarised as follows:

Table 2

Other Allocations Received	£
Adult Social Care Winter Plan - sustainability	1,310,000
Adult Social Care Winter Plan - staff restriction	930,000
Adult Social Care Winter Plan - admin	180,000
Adult Social Care Winter Plan - 2nd tranche	1,494,491
Community Living Change Fund	496,841
Additional Integration Authority Support	3,104,990
Community Testing	523,700
Total Other Allocations	8,040,022

3.17 Funding has been allocated in 2020/21 and whilst commitments have been made against this funding in-year, there will be a balance required to be carried forward into 2021/22 where a proportion of the costs will be expended.

3.18 An additional allocation is expected to be issued to cover the costs associated with the payment of the £500 to all Health and Social Care staff. NHS staff received their payment in February 2021, with arrangements being made to pay GP and other contractor staff and also external social care providers.

3.19 Key Financial Risks

3.20 The key financial risks for the 2020/21 financial year are as follows:

- Delivery of a break-even position.
- Effective management and financial control of any Covid-19 related expenditure.
- Given the uncertainty and frequent changes to service delivery models for Covid-19 spend, specifically the Vaccination Programme, it is likely that there will be further slippage in financial estimates in the final quarter of the year.
- Overall management of any further slippage on remobilisation programme due to ongoing Covid-19 activity.

3.21 2021/22 Budget and Financial Plan

3.22 A separate briefing was provided to Board Members on the Scottish Budget and this has been attached at **Appendix 2** for reference. The budget process is likely to be concluded early March 2021 with final funding for 2021/22 confirmed. The detailed plan for Dumfries and Galloway is under development with the budget paper scheduled to come to the IJB at its meeting in April 2021. Work is ongoing through the Sustainability and Modernisation Programme team to develop savings plans which can realistically be progressed for 2021/22, with this work in its early stages.

3.23 Next Steps

3.24 This paper provides an update on the current position, however, there are still a number of actions outstanding which must be progressed prior to the year end.

- Overall monitoring and management of year end position for 2020/21.
- Continue to support the service in facilitating delivery of the tactical priorities whilst maintaining effective financial control.
- Draft Financial Plan for 2021/22, based on current knowledge of financial risks in relation to both core service delivery and the impact of Covid-19 into future financial years, submitted to Scottish Government in draft 26th February 2021.
- Final draft Financial Plan submitted to the IJB on 22nd April 2021.

4. **Conclusions**

4.1 Whilst the Financial Plan for 2020/21 was approved by the IJB, the Partnership is currently projecting an overspend with significant risk in the position and awaiting confirmation of Covid-19 support by Scottish Government. Delivery of a break-even position for the partnership overall is now achievable, with the assumption that funding for overspends within the NHS delegated budget is provided.

5. **Resource Implications**

5.1 Funding implications are considered as part of the overall Financial Plan and budget setting for the IJB.

6. **Impact on Integration Joint Board Outcomes, Priorities and Policy**

6.1. The Financial Plan has a key role in supporting the delivery of the Strategic Plan.

7. **Legal and Risk Implications**

7.1 None identified.

8. **Consultation**

8.1 Graham Stewart, Deputy Director of Finance, NHS Dumfries and Galloway, Sean Barrett, Finance and Information Manager, Dumfries and Galloway Council, Health and Social Care Management Team.

9. **Equality and Human Rights Impact Assessment**

9.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.

10. **Glossary**

10.1 All acronyms must be set out in full the first time they appear in a paper with the acronym following in brackets.

ADP	Alcohol & Drugs Partnership
AHP	Allied Health Professional
CRES	Cash Releasing Efficiency Savings

FHS	Family Health Services
IJB	Integration Joint Board
LMP	Local Mobilisation Plan
NRAC	National Resource Allocation Formula
PPE	Personal Protective Equipment



Dumfries and Galloway Integration Joint Board

DIRECTION

(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)

1.	Title of Direction and Reference Number	
2.	Date Direction Issued by Integration Joint Board	
3.	Date from which Direction takes effect	
4.	Direction to	
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	
6.	Functions covered by Direction	
7.	Full text of Direction	
8.	Budget allocated by Integration Joint Board to carry out Direction	
9.	Desired Outcomes	
10.	Performance Monitoring Arrangements	
11.	Date Direction will be Reviewed	