



Dumfries and Galloway
Integration Joint Board

23rd June 2022

This Report relates to
Item 9 on the Agenda

Finance Update – Plan 2022/23 and Year End 2021/22

Paper presented by Katy Kerr

For Discussion and Noting

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Approved for Submission By:	Not required
List of Background Papers:	Not required
Appendices:	Appendix 1 – Financial Plan 2022/23

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	

1. Introduction

- 1.1 This report presents the summary financial performance of the budgets delegated to the Integration Joint Board (IJB) as at end of March 2022 for the financial year 2021/22. It also provides an update on the Financial Plan for 2022/23

2. Recommendations

2.1 The Integration Joint Board is asked to note:

- **The draft break-even position for the year as planned.**
- **All numbers are draft subject to external audit scrutiny of the NHS, Council and IJB accounts.**
- **Additional funding was released from the NHS Board to the IJB to off-set the underlying overspends of £12.846m in-year non-recurrently.**
- **The level of IJB ringfenced reserves at 31 March 2022 of £30.8m (£16.41m at 31 March 2021).**
- **The progress on the development of the longer term Financial Plan and Financial Recovery Plan for the IJB.**

3. Background and Main Report

3.1 Background

- 3.2 This consolidated report brings together the financial reporting of all services delegated to the IJB from the NHS and the Council. It presents the draft final position for the IJB as a whole for the year ending 2021/22.

3.3 Main Body of the Report

- 3.4 The final position of the IJB reports a break-even position. This has been delivered as per the Integration Scheme, with the NHS Board funding a range of cost pressures and overspends throughout the year and releasing reserves of £12.846m to achieve a balanced position. Scottish Government issued additional funding to NHS Dumfries and Galloway on a non-repayable/non-recurring basis for 2021/22. This has been an extraordinary year due to the Covid-19 pandemic with savings delivery significantly impacted by the pandemic.

Services Delegated to IJB

- 3.5 The position as at the year end shows a break-even position as highlighted in the table below by each of the delegated services:

Table 1

AREA	2021/22 Annual Budget	2021/22 Actual Outturn	2021/22 Variance
	£000s	£000s	£000s
IJB DELEGATED SERVICES			
Acute and Diagnostics	143,892	145,211	(1,319)
Facilities and Clinical Support	17,810	18,526	(716)
Mental Health Directorate	27,109	26,740	369
Community Health and Social Care (NHS)	65,901	54,566	1,335
Primary Care Services	53,184	52,817	367
Women's and Children's Directorate	25,501	25,544	(43)
EHealth	7,208	6,960	248
Strategic IJB Services	43,986	43,711	275
IJB Unidentified savings	(15,841)	0	(15,841)
Inflation/Cost Pressure Budgets held centrally	2,449	0	2,449
Non-recurring, non-repayable funding	12,876	0	12,876
Social Work Services			
Children and Families	91	92	(1)
Adult Services	16,607	17,009	(402)
Older People	20,297	19,487	810
People with Learning Disabilities	28,348	28,392	(44)
People with Physical Disabilities	6,798	6,691	107
People with Mental Health need	2,081	2,709	(628)
Adults with addiction/substance mis-use	224	224	0
Strategic Commissioning	2,577	2,419	158
IJB SERVICES TOTAL	461,098	461,098	0

- 3.6 Delivery of a balanced position for 2021/22 was achieved, after additional non-recurrent funding was made available to off-set the overspends across IJB delegated services and significant additional resources from Scottish Government to support the Covid-19 pandemic.
- 3.7 Table 1 summarises the position across the delegated budget and it reflects the position as at Month 12 and indicates areas of over and underspend across all of the operational directorates.
- 3.8 There were a number of movements in the forecast position including increased medical costs, increased vacancies, increased supplies spend, and higher than anticipated energy costs at year end. There were also several year end movements in spend on provisions, recruitment costs and other corporate spend.
- 3.9 The Social Work position was a balanced budget at year end despite an increased

use of expensive agency carers and an increase in Mental Health and Learning Difficulties care at home expenditure. This was partially offset by recovery of high balances from Option 1 care recipients and continued reductions in older people care at home availability.

Reserves

- 3.10 The IJB carried forward reserves of £16.41m into 2021/22 relating to the balance of the ringfenced allocations received but remain committed but unspent at the 31 March 2021. The level of reserves has increased to £30.8m as set out in Table 2 below. A combination of a slowing of spend on projects during the pandemic and additional resource from Scottish Government to support Covid-19 spend, and Adult Social Care Winter Plans has driven the increase. Any reserve allocated for Covid-19 activity will be the first call for use against Covid-19 costs for 2022/23. These are ringfenced allocations and are fully committed and remain set aside for the purposes they were originally allocated to. The IJB has no general reserves.

Table 2 – Summary of IJB Reserves

	2020/21 £000s	2021/22 £000s
Integrated Care Fund	288	0
Primary Care Improvement Fund	380	2,262
Mental Health Strategy – Action 15	253	461
Alcohol and Drug Partnerships	771	1,604
Community Living Change Fund	497	497
Covid -19 Funding/Local Mobilisation Plan	7,824	16,346
Social Care Fund	2,583	1,704
Adult Social Care Winter Planning	3,815	2,203
Mental Health Recovery & Renewal	0	2,352
Winter Planning Health & Social Care	0	3,343
Total IJB Reserves	16,411	30,772

Financial Plan 2022/23

- 3.11 The IJB considered the draft Financial Plan for 2022/23 at its meeting on 25th April 2022. There remains a significant in-year financial gap on resources as compared to the funding from Partner bodies. A copy of the paper presented to this meeting is attached at **Appendix 1** for reference.
- 3.12 The plan was approved but agreement reached that further information be brought back to a future meeting on the Financial Recovery Plan and consideration be given to how we can use the directions to influence the overall position.
- 3.13 Whilst there has been no formal reassessment of the position since the April 2022 Board meeting, progress has been made on a range of actions driven through the Director of Finance, the Finance team, and the Financial Recovery Board.
- 3.14 The performance against the approved Financial Plan will continue be formally re-assessed throughout the year as in previous years. In addition to the traditional cycle of re-forecasting, the Finance team are undertaking a Day 0 assessment to identify any early indicators of further financial risks that the Board may be exposed to which are outwith the approved Financial Plan. In addition, this piece of work is

being used to populate the pipeline of efficiency schemes and the re-assessment of Covid-19 costs.

3.15 The planned reviews and when they will be presented to Board are set out below:

Table 3

Forecast	Day 0 Assessment	Q1 Re-forecast	Q2 Re-forecast	Q3 Re-forecast
Prepared	May/Jun	Jun/Jul	Sep/Oct	Dec/Jan
Reported	N/A	August	December	February

3.16 The output of the Day 0 assessment will be presented and discussed at the Workshop Session being held on 10th June 2022 with Health and Social Care Partnership colleagues and reported back through Health and Social Care Governance and Performance. Significant work is being progressed through the Chief Finance Officer, Chief Officer, and the senior finance team to reassess the position and start to make progress on containment and management of financial position and to accelerate savings where at all possible.

3.17 Since the original plan was developed for 2022/23, the scale and extent of the financial position within Health and Social Care in Scotland has become clearer and the recognition that delivering on the ambitious transformation programme to reduce the cost of delivering Health and Social Care services will require the making of some incredibly difficult decisions. The Scottish Government set out the Resource Spending Review on Tuesday 31st May 2022 which recognised the scale of the challenge and indicated the degree of change which will be required for public services more generally.

3.18 The extent of the level of savings required across all NHS Boards/Local Authorities and Health and Social Care Partnerships is still to be determined but will be beyond levels that have ever successfully been delivered in Dumfries and Galloway. This is set against a backdrop of ever-increasing activity and inflationary pressures making it extraordinarily difficult to manage.

3.19 This report recognises the significant challenges the IJB is currently facing from a financial perspective and the associated financial implications of the current operational and service pressures.

3.20 A further update will be presented to the July 2022 IJB meeting.

3.21 There are a range of actions currently being progressed as set out below:

Governance

- The NHS Financial Recovery Board (FRB) has continued to meet on a biweekly basis to drive forward the implementation of the Financial Recovery Plan.
- A review of all the workstreams reporting into FRB is underway and the establishment of any new workstreams.
- 8 management teams have had presentations on the Financial Recovery Plan, with a further 5 scheduled for June.
- Budget letters being prepared setting out the clear expectation of delegated budget owners and budget holders.

- Financial Framework developed for funding requests.
- Work to review all allocations received and anticipated is underway to be reported to FRB on 8th June to review and agree any actions to be taken and responsibility for any funding reviews.

Financial Plan Review

- Day 0 Forecast introduced for 2022/23 to assess any potential risk from Directorate forecasts at an earlier stage.
- Revised estimates of all areas of Covid-19 spend have been requested now that emergency measures have been stood down, the impact on spend will be reviewed in line with funding available and pulled together as part of the day zero forecasts.
- Reassessing and reviewing all savings schemes, delivery and securing the £3.7m recurring savings as set out in the opening plan.
- Identifying all non-recurring flexibility to use to deliver £6m set out in the opening plan.

Financial Recovery

- Resetting the savings pipeline for the new financial year based on a review of the previous pipeline, Day 0 assessments and output of the planned workshops.
- Analytical expenditure review carried out with General Managers on all delegated spend to generate ideas of opportunities, pieces of work that need taking forward to develop savings plan.
- Workshop on 10 June to review day zero forecast, financial risks, and further savings opportunities for the Delegated Services.
- Review of all corporate budget areas to assess savings opportunities, with a second workshop scheduled with all Board Directors and their teams.
- Development of external communication is underway.

Regional/National

- Participation at a range of regional and national events to explore options for management of the financial position for 2022/23 and beyond:
 - NHS Chief Executives event planned to start to develop a Strategic Service Plan and to collectively consider how we address the evolving financial context.
 - Monthly attendance at Directors of Finance which financial recovery is the primary focus.
 - Ongoing attendance at West of Scotland Directors of Finance to explore regional efficiencies.
 - Corporate Finance Network have set up 3 workstreams which are meeting weekly over June to explore options on the financial position including, covid containment, technical accounting possibilities and core funding solutions.

4. Conclusions

- 4.1. This report provides an update for the position as at 31st March 2022. It also confirms that the Annual Accounts process is currently underway and sets out progress on overall financial position for 2022/23.

5. Resource Implications

5.1. Funding implications are considered as part of the overall Financial Plan and budget setting for the IJB. A review of the IJB risk related to financial and resource is being undertaken as the current financial risk reflects an updated position from that previously reported during 2022/23.

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. There are no legal or risk implications identified.

8. Consultation

8.1. Consultation with Senior Finance Team across NHS and Council.

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.

IJB	Integration Joint Board
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