

WEST DUNBARTONSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP BOARD

Report by Chief Financial Officer

20 September 2021

Subject: 2021/22 Financial Performance Report

1. Purpose

- 1.1 To provide the Health and Social Care Partnership Board with an update on the financial performance as at period 4 to 31 July 2021 and a projected outturn position to the 31 March 2022.

2. Recommendations

- 2.1 The HSCP Board is recommended to:

- **note** the updated position in relation to budget movements on the 2021/22 allocation by WDC and NHSGGC;
- **note** the reported revenue position for the period 1 April 2021 to 31 July 2021 is reporting a favourable (under spend) position of £0.207m (0.35%);
- **note** the projected outturn position of £0.321m underspend (0.18%) for 2021/22;
- **approve** the recommended criminal justice virement of £0.063m from revenue to capital as detailed in section 4.23;
- **agree** that the health pay initial funding shortfall of £0.190m is met by reducing the previously agreed prescribing uplift;
- **note** that the projected costs of Covid-19 for 2021/22 are currently estimated to be £6.098m;
- **note** the update on the monitoring of savings agreed for 2021/22;
- **note** the current reserves balances; and
- **note** the update on the capital position and projected completion timelines;

3. Background

- 3.1 At the meeting of the HSCP Board on 25 March 2021 members agreed the 2021/22 revenue estimates. A total indicative net revenue budget of £170.097m (excluding Set Aside) was approved as the health allocation was subject to NHSGGC Board formal approval.
- 3.2 Since the March HSCP Board report there have been a number of budget adjustments, including additional funding related to the Scottish Living Wage. A total net budget of £175.258m is now being monitored as detailed within Appendix 1.

4. Main Issues

Financial Impacts of the HSCP Response to the Covid-19 Pandemic

- 4.1 A detailed Local Mobilisation Plan (LMP) Covid-19 financial tracker continues to be completed and is now required to be submitted to the Scottish Government on a quarterly basis by HSCPs via NHSGGC Health Board with the next submission due on 27 October 2021. The table below provides a summary of the actual and projected costs based on July ledger data with the detailed information being considered by the Senior Management Team in addition to individual scrutiny by our funding partners and the Scottish Government.

Table 1: Summary of Covid-19 Costs and Funding to 31 March 2022

Covid/Remobilisation Cost Analysis	Actual to Date	Full Year Forecast
	£000's	£000's
Covid-19 Pressures	2,912	5,672
Additional PPE	0	315
Flu Vaccination	5	5
Community Hubs	19	58
Additional Care Home Placements	7	7
Additional Staff Costs	1,204	1,812
Staff Wellbeing	17	50
Additional FHS Contractor Costs	8	26
Social Care Provider Sustainability Payments	946	1,405
Increased costs of Service Provision	206	594
Loss of Income	107	305
Other	32	87
Unachievable Savings	361	1,008
Remobilisation Costs	63	426
Adult Social Care	0	236
Reducing Delayed Discharge	63	190
Total Spend	2,975	6,098
Funding		
Earmarked Reserve for Covid Pressures	(2,054)	(4,970)
Grant Funding for Social Care £500 Thankyou Payment	(688)	(737)
Grant Funding for Third Party Provider £500 Thankyou Payment	(233)	(234)
Assumed funding to come	0	(157)
Total Funding	(2,975)	(6,098)
Assumed Funding Gap	0	0

- 4.2** The table above details the anticipated full drawdown of the Covid-19 Pressures Reserve with an anticipated funding shortfall of £0.157m at this time which is assumed will be funded. It should be noted however that costs for 2021/22 will be subject to change as additional guidance is issued and the partnership moves through its recovery and renewal phases.
- 4.3** The current position includes £1.008m associated with the potential non delivery of approved savings programmes. While the Scottish Government appreciate that the ongoing response to Covid-19, alongside unscheduled care pressures, continues to impact the delivery of planned savings they expect Boards and HSCPs to maximise the in-year efficiency opportunities to deliver savings in line with planned targets and have requested that further narrative is provided setting out the steps that are being taken to mitigate this shortfall and what further options have been identified.
- 4.4** As previously advised a joint letter was received on 30 June 2021 from the Minister for Mental Wellbeing and Social Care and the COSLA Spokesperson Health and Social Care confirming sustainability proposals from 1 July 2021 to March 2022. The main points were detailed in the 2020/21 Financial Performance Report as reported to the August HSCP Board and at this time no further update has been provided.

Summary Position

- 4.5** The current year to date position as at 31 July is an underspend of £0.207m. This is a change to the position reported to the June HSCP Board as the year to date application of Covid-19 reserves has been taken into account. The projected outturn position, with all identified Covid-19 costs being fully funded from reserves or additional anticipated funding, is a potential underspend of £0.321m. This consolidated summary position is presented in greater detail within Appendix 3, with the individual Health Care and Social Care reports detailed in Appendix 4.
- 4.6** Members should note that the projected underspend takes into account £7.673m of expenditure to be drawn down from earmarked reserves. Summary detail on the anticipated level of reserves is provided within Appendix 6. There will be a more detailed update on the application of reserves to a future meeting.
- 4.7** The summary position is reported within Table 2 below which identifies the projected 2021/22 budget under spend of £0.321m (0.18% of the total budget).

Table 2 - Summary Financial Information as at 31 March 2022

Summary Financial Information	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance	Forecast Full Year	Forecast Variance	Reserves Adjustment	Revised Actual Variance	Variance %
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Health Care	106,536	34,740	34,663	77	108,335	(1,799)	(1,833)	34	0.0%
Social Care	102,024	28,830	28,422	408	101,300	724	(427)	1,151	1.1%
Covid-19	0	0	0	0	6,098	(6,098)	(5,891)	(207)	0.0%
Expenditure	208,560	63,570	63,085	485	215,733	(7,173)	(8,151)	978	0.5%
Health Care	(4,027)	(1,332)	(1,332)	0	(4,027)	0	0	0	0.0%
Social Care	(29,275)	(3,494)	(3,216)	(278)	(27,968)	(1,307)	(443)	(864)	3.0%
Covid-19	0	0	0	0	(1,128)	1,128	921	207	0.0%
Income	(33,302)	(4,826)	(4,548)	(278)	(33,123)	(179)	478	(657)	2.0%
Health Care	102,509	33,408	33,331	77	104,308	(1,799)	(1,833)	34	0.0%
Social Care	72,749	25,336	25,206	130	73,332	(583)	(870)	287	0.4%
Covid-19	0	0	0	0	4,970	(4,970)	(4,970)	0	0.0%
Net Expenditure	175,258	58,744	58,537	207	182,610	(7,352)	(7,673)	321	0.2%

4.8 Analysis on the projected annual variances in excess of £0.050m is contained within Appendix 5.

Update on Prescribing 2021/22

4.9 The 2021/22 prescribing budget is comprised of a number of complex variables and is based on:

- 2019/20 dispensed item volumes to reflect a move into Covid-19 recovery but still subject to volatility due to pandemic restrictions.
- No final recovery of 2020/21 global sum / tariff swap adjustment.
- No final recovery of 2019/20 tariff discount clawback.
- Plan to ensure full recovery of all tariff swaps in 2021/22. Tariff adjustment/reduction due July 21.
- Horizon Scanning Pressures estimated at £5m.
- Savings Initiatives targeted at minimum £5m.
- Transfer of Apremilast costs and budget from Acute Sector into FHS.

4.10 The financial resources for prescribing approved by the HSCP Board in March 2021 of £19.726m included a 1.5% uplift of £0.294m over the 2020/21 level. In July 2021 further resources of £0.472m were transferred to the HSCP for previously centralised prescribing activity relating to Stoma and dental activity resulting in a revised financial resource of £20.198m.

4.11 Financial ledger figures cover April and May prescribing actuals plus two month financial accruals for June and July. Actual activity for April and May

report that items being dispensed are lower than the 2021/22 forecasted volumes but pricing/cost per item is above levels forecast.

- 4.12** The latest indications suggest that the 2021/22 cost of prescribing could be in the region of £20.171m and can therefore be contained within the financial resources available. However this includes the prescribing impact of Covid-19 on paracetamol and sertraline which for April and May equates to £0.202m across NHSGCC. The full year financial impact of these drugs are unknown at this time with the situation being kept under review with officers considering the potential to charge against the Covid-19 reserve prior to the next submission of the LMP on 27 October.
- 4.13** While the projected outturn figures contained within this report are indicating a break-even position, the latest volumes report up to June (month 5), received on the 8 September details a further decrease in volumes for West Dunbartonshire. If this trajectory continues and price/item remains stable then an underspend in excess of £0.200m is possible.

Update on Pay Awards

- 4.14** The currently reported forecast spend for Health Care services includes the anticipated impact of the 2021/22 agreed pay uplift for health care staff including incremental drift impact. This forecast takes into account of the full year costs of the deal agreed in May which effectively offered an average 4% uplift across the Agenda for Change (AfC) pay scales.
- 4.15** Since the deal was agreed in May, the settlement for NHS Scotland's Medical and Dental staff has been announced as an across the board 3% uplift. Recognising the overlap between the Medical and Dental staff group and senior Agenda for Change staff, the Cabinet Secretary for Health and Social Care has authorised an adjustment in the Scottish Agenda for Change settlement in order ensure parity. From 1 April 2021, therefore, the uplift for Scotland's Band 8 and 9 Agenda for Change staff will be raised to 3%. The full settlement, including this revision, is now as follows:
- Bands 1-4: a flat uplift of £1,009
 - Bands 5-7: a 4% uplift
 - Bands 8A-9: a 3% uplift
- 4.16** As reported to the August HSCP Board while the Scottish Government committed to fully fund the additional cost of the previously agreed base 4% they would not cover the additional incremental pressure of the revised AfC pay scale resulting in an initial funding shortfall of £0.190m as detailed in Appendix 1. The revised deal affects grade 8 and 9 Agenda for Change staff and at this time it is anticipated that the financial impact of this is likely to be £0.060m for the period 1 April 2021 to 31 March 2022 with funding arrangements still to be confirmed.

- 4.17** Officers have considered the scale of the initial funding shortfall and recommend that, taking into account the prescribing update above and the level of the prescribing reserve (£1.2834m), an element of the agreed prescribing uplift of £0.294m is applied to close the pay uplift gap.

Update on Reserves

- 4.18** At the 24 June 2021 meeting members approved proposals to take forward expenditure plans for earmarked reserves totalling £14.193m with anticipated spend in 2021/22 of £8.968m.
- 4.19** Analysis of reserves is detailed in Appendix 6 and identifies that at this time it is anticipated that £7.673m will be drawn down from earmarked reserves to fund expenditure in 2021/22.

Community Justice

- 4.20** The community justice service secured premises at Unit 11 Levenside Business Court prior to lockdown to use for a workshop for unpaid work orders. Initially the plan was to store seasonal tools and equipment within the workshop, however with the reduction in office space due to the pandemic consideration has been given to combining the space to hold group inductions and group work sessions involving service users and staff.
- 4.21** The proposed reconfiguration of the premises will enable the service to expand for the future, tackle the backlog and explore new ways of working while continuing to achieve the outcomes for Community Justice as laid out in the Strategic Plan.
- 4.22** The space was initially designed as a 2-person office at ground floor with the resulting space above proposed for storage, however to accommodate group inductions / work sessions the size of the space requires to be revised. It is anticipated that a capital spend of £0.063m is required to carry out the plans related to the expansion of use. This spend is considered to be financially affordable and the costs can be contained within the approved Criminal Justice budget contained within the partner updates detailed in Appendix 4.
- 4.23** In accordance with financial regulations Members are asked to approve the virement of £0.063m from revenue to capital to allow this work to proceed.

Housing Aids and Adaptations and Care of Gardens

- 4.24** The Housing Aids and Adaptations and Care of Gardens for delivery of social care services is in scope as part of the minimum level of adult services which should be delegated to the HSCP Board and should be considered as an addition to the HSCP's 2020/21 budget allocation of £72.749m from West Dunbartonshire Council.

- 4.25** These budgets are managed by the Council's – Roads and Neighbourhood and Housing and Employability Services on behalf of the HSCP Board.
- 4.26** The summary projected position for the period to 31 March is included in the table below and will be reported as part of WDC's financial update position.

Table 6 - Financial Performance as at 31 July 2021

Budgets Managed on Behalf of WD HSCP by West Dunbartonshire Council	Annual Budget	Year to Date Actual	Forecast Full Year
	£000's	£000's	£000's
Care of Gardens	453	187	448
Aids & Adaptations	250	11	250
Net Expenditure	703	198	698

2021/22 Capital Expenditure

Health Care

- 4.27** The progress to date of the individual capital projects funded by WDC and NHSGGC for the Health Social Care Partnership were impacted by the lockdown restrictions through the end of March 2020 to end of May 2020. Previous HSCP Board's have updated on the impact of these delays and this is refreshed below.
- 4.28** The HSCP Clydebank Health Quarter Capital Project Board held on 18 August was updated with the key milestones and project interdependencies of the new Clydebank Health and Care Centre.
- 4.29** The proposed completion date remains 18th November 2021 and the contractor has confirmed they are on track for handover. As previously reported there is a revenue shortfall which will require to be built into future budgets and officers are currently confirming charging arrangements for costs such as non domestic rates. It is anticipated that the full year impact of the revenue shortfall is unlikely to be realised until 2023/24 with minimal impact in 2021/22 and 2022/23 due to the current earmarked reserve created at the end of 2019/20 to provide mitigation.

Social Care

- 4.30** As detailed in Appendix 7 Clydebank Care Home (Queens Quay House) completion was certified 9 November 2020. Clydebank Care Home is due to be financially complete by the end of financial year 2021/22.
- 4.31** The Covid-19 reserve can be used to tackle backlogs in community assessments by increasing the number of Occupational Therapists and

Assistants. It is anticipated that the Aids and Adaptations budget will be fully utilised as the backlog is addressed.

5. Options Appraisal

5.1 None required

6. People Implications

6.1 Other than the position noted above within the explanation of variances there are no other people implications known at this time.

7. Financial and Procurement Implications

7.1 Other than the financial position noted above, there are no other financial implications known at this time. Any subsequent changes will be recorded within as part of the audit process.

8. Risk Analysis

8.1 The main financial risks to the 2021/22 projected outturn position relate to anticipated increases in demand for some key services such as mental health and other social care services as the HSCP move through its Covid-19 Recovery and Renewal phases.

8.2 The UK Government has agreed to implement a health and social care tax of 1.25% across the UK to pay for reforms to the care sector and NHS funding in England. The tax will begin as a 1.25% increase in National Insurance from April 2022 paid by both employers and workers, and will become a separate tax on earned income from April 2023 calculated in the same way as National Insurance. While the UK wide tax will be focused on funding health and social care in England additional funding will flow to Scotland to spend on services.

8.3 The financial impact of the health and social care tax will be fully considered within the 2022/23 budget setting process; however the funding arrangements of this are unknown at this time.

8.4 The ongoing impact of Britain's exit from the European Union on an already Covid depressed UK Economy may have a detrimental impact on public sector funding.

9. Equalities Impact Assessment (EIA)

9.1 None required.

10. Environmental Sustainability

10.1 None required.

11. Consultation

11.1 This report and the projections and assumptions contained within it has been discussed with both council and health board finance colleagues.

12. Strategic Assessment

12.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support the Partnership Board and officers to pursue the priorities of the Strategic Plan.

13. Directions

13.1 The recurring and non-recurring budget adjustments up to 31 July 2021 (as detailed within Appendix 1) will require the issuing of a revised direction, see Appendix 8.

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Date: 9 September 2021

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Appendices: Appendix 1 – Budget Reconciliation
Appendix 2 – Monitoring of Savings
Appendix 3 – Revenue Budgetary Control 2021/22
(Overall Summary)
Appendix 4 – Revenue Budgetary Control 2021/22
(Health Care and Social Care Summary)
Appendix 5 – Variance Analysis over £50k
Appendix 6 – Reserves
Appendix 7 – Social Care Capital Update
Appendix 8 – Directions

Background Papers: 2021/22 Financial Performance Report– August HSCP Board

Localities Affected: All