



## INTEGRATION JOINT BOARD

<b>Date of Meeting</b>	28 October 2020
<b>Report Title</b>	Quarter 2 Financial Monitoring and Mobilisation Plan Update
<b>Report Number</b>	HSCP.20.057
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer
<b>Consultation Checklist Completed</b>	Yes
<b>Directions Required</b>	No
<b>Appendices</b>	a) Finance Update as at end September 2020 b) Variance Analysis c) Mobilisation Plan Costings Update d) Progress in implementation of agreed savings – September 2020 e) Budget Reconciliation f) Budget Virements g) Summary of risks and mitigating action

### 1. Purpose of the Report

- a) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board (IJB) as at Period 6 (end of September 2020).
- b) To highlight the current forecast in relation to the additional costs of COVID-19 to be reclaimed from the Scottish Government.
- c) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board services.
- d) To approve the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix F).



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### 2. Recommendations

2.1. It is recommended that the Integration Joint Board:

- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
- b) Approve the budget virements indicated in Appendix F.

### 3. Summary of Key Information

#### Background

3.1 The IJB considered reports on the 9 June 2020 and 11 August 2020, which highlighted the estimated costs of the mobilisation plan and the risk that particularly the indirect costs of COVID-19 on the IJB budget may not be funded by the Scottish Government.

#### New Information on COVID-19 Costs and Funding since 11 August 2020

3.2 On 29 September 2020 it was announced via a letter from the Scottish Government Cabinet Secretary for Health and Sport that an additional £1.1 billion will be made available to support the NHS Boards and Integration Joint Boards (IJBs) to meet COVID costs. A letter was also received from the Director of Planning (Scottish Government’s Health & Social Care Directorate) by the Chief Executive of NHS Grampian (NHSG) on the same date which provided further information on the distribution of this funding via the NHS.

The funding allocated to Grampian was for the three IJBs and NHSG itself. For Aberdeen City IJB it has been advised that a further £5.369 million of funding will be allocated from NHSG in October. An analysis is shown below:

	£'000	£'000	£'000
Quarter 1 Mobilisation Plan			
Total costs included		6,382	
Less: Unachieved Savings	937		
Less: Payments to GP Practices\Prescribing	533	1,470	
<b>Funding Allocated for Quarter 1</b>		4,912	
Quarters 2 to 4 Mobilisation Plan			
Total costs included		8,508	
<b>Funding Allocated for Quarters 2 to 4</b>			<b><u>3,241</u></b>
<b>Total Funding to be Allocated</b>			<b>8,153</b>



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Less: Funding Received	2,784
<b>Funding to be received in October</b>	<b>5,369</b>

- 3.3 The funding received aligned with the expenditure included on the mobilisation plan costing to date. As highlighted previously the mobilisation plan costings were based on estimates in March 2020 and as the pandemic response continues and the guidance in relation to social care provider payments is changed then the costs continue to move.
- 3.4 In regard to the allocation the letter from the Scottish Government indicated that Chief Finance Officers and Directors of Finance can approach the Scottish Government if the basis for allocation does not meet local requirements. Based on the information and funding received to date Aberdeen City IJB's local requirements have been met, apart from the items where a decision on allocation has still to be made.
- 3.5 The funding allocation so far has not included any allocation for the additional costs incurred by the GPs as a result of changing working practices during the first lockdown or funding in relation to any overspends forecast on prescribing 2020/21. These items are to be considered at a later date, along with costs incurred by the Health Boards and IJBs in relation to savings that could not be delivered as a result of the pandemic response. The Scottish Government is also interested in any areas where spend is not as high as budgeted. In Aberdeen City no underspends have been reported at this time given the uncertainty over what might happen over the remainder of the financial year. However, it is likely there will be some underspends particularly in the residential care budgets.
- 3.6 In relation to social care costs these continue to be refined and the sustainability scheme has recently been extended by the Scottish Government. Further information on the social care payments and forecast for the financial year has been requested by the Scottish Government and will be provided in November 2020.



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#### Aberdeen City IJB Financial Information

3.7 Given there are six months left in the financial year and COVID levels are increasing it is very difficult to forecast accurately what the budget position will be at the end of the financial year. A prudent approach has been taken in forecasting the level of additional income to be received from the Scottish Government for the cost implications of COVID-19 and therefore for the time being only income that has been received is accounted for in the financial monitoring, this therefore does not include the £5.369 million identified above and received in October 2020. The financial position of the IJB at the 30 September 2020 is as follows:

	£'000	£'000
<b>Overspend as at 30 September 2020 (Appendices A and B)</b>		<b>11,676</b>
<b>Represented by:</b>		
Overspend\(\Underspend) on Mainstream Budgets (Appendix B)	(548)	
Direct Costs of COVID-19 – Included on Mobilisation Plan (Appendix C)	6,729	
Indirect Costs of COVID-19 – Included on Mobilisation Plan (Appendices C and D)	3,250	
<b>New indirect and Direct Costs of COVID-19</b>	<b>2,245</b>	<b>11,676</b>

3.8 The quarter 1 financial report highlighted the risk in relation to prescribing and that financial pressure may arise as result of this, however, at that stage it was too early to quantify with any degree of accuracy. Since then further analysis has been undertaken on the prescribing budgets across Scotland and it is anticipated that there will be an overspend in Aberdeen City of £1.2 million due to the increased cost of medicines. These additional costs have now been added to our mobilisation plan, as the increase in price is due to COVID.

3.9 As highlighted in the report to the urgent IJB meeting on 2 October 2020 there has been a movement in the level of planned care at home hours. Some of this increase is temporary and due to respite and day care services not being available, and some is a result of supporting people at home, instead of a residential setting, during the first lockdown. As indicated in the report, these costs are being added to the mobilisation plan as a direct cost of COVID.



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- 3.10 Confirmation has now been received on the level of funding to be provided for Action 15, Alcohol and Drugs Partnership and Primary Care Improvement Plan, although the allocations are still to be received.
- 3.11 From an Aberdeen City IJB perspective the lack of clarity on funding means there is a greater chance of having to approach the Partners for additional resources. Aberdeen City Council (ACC) has recently approved a revised budget to cover the unfunded implications of COVID-19 on their budget. NHSG continues to hold the position that the full costs of COVID-19 will be fully funded by the Scottish Government. Neither Partner has made an allowance in their financial projections for having to provide additional funding to Aberdeen City IJB.
- 3.12 Whilst the IJB does have a small risk fund held in reserve, the Chief Finance Officer does not recommend that this is used to cover any shortfall. The Scottish Government have confirmed that additional funding will be provided to cover the costs of COVID-19 but until all the funding is distributed and the final financial position is known there remains a risk of overspend, particularly given the move into the second phase of providing services during the COVID pandemic. Should the Chief Finance Officer feel that the financial risk has increased as a result of new information becoming available then a special meeting of the IJB will be called at short notice with the permission of the Chair of the IJB and as stated in the Standing Orders.
- 3.13 Information on the variances to date are contained in the appendices, along with the budget virements and an updated mobilisation plan costing which has been submitted to the Scottish Government on 23 October 2020.

## **4 Implications for IJB**

- 4.1 Every organisation must manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by budget holders and corporately by the Board and Risk, Audit & Performance Systems Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

Key underlying assumptions and risks are set out within the Appendices to this report.

- 4.2 **Equalities** – there are no equalities implications arising from this report.
- 4.3 **Fairer Scotland Duty** – there are no Fairer Scotland Duty implications arising from this report.
- 4.4 **Financial** – the financial implications are contained throughout the report.



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- 4.5 **Workforce** – there are no workforce implications arising from this report.
- 4.6 **Legal** – there are no legal implications arising from this report.
- 4.7 **Other** – there are no other implications arising from this report.

#### 5 Links to ACHSCP Strategic Plan

5.1 A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

#### 5.2 Management of Risk

#### 5.3 Identified risks(s)



See directly below.

#### 5.4 Link to risks on strategic or operational risk register: Strategic Risk #2

There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

#### How might the content of this report impact or mitigate these risks:

Good quality financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues are identified quickly, allowing mitigating actions to be implemented where possible.

Approvals	
	Sandra Macleod (Chief Officer)
	Alex Stephen (Chief Finance Officer)

