

9<sup>th</sup> December 2021

## Financial Out-turn 2021/22, additional Scottish Government social care 21/22 funding and financial plan update

Item number: 5.5

### Executive summary

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*This report provides an update on the IJB's projected out-turn for 21/22 (remaining at break-even) and provides some details on the funding provided to the partnership as part of the Scottish Government's £300m investment to support Winter pressures. The report also provides an update to the use of the General Reserve and the financial impact of the Council's Care at Home Recommissioning programme.*

*The report continues the discussion around the financial planning process and the movement towards a clear relationship between the strategic plan, a balanced financial plan to support that strategic plan and a set of directions that ask partners to provide operational plans to deliver the IJB's strategic plan.*

#### Board members are asked to:

- 1. Note the projected out-turn position for 2021/22*
  - 2. Note the additional Scottish Government social care funding made available to the IJB and agree to allocate that funding to the HSCP*
  - 3. Note the update on the use of the General Reserve (in relation to the 20 additional healthcare workers)*
  - 4. Agree in principle to support the double running costs of the Council's Care at Home recommissioning programme from the IJB's general reserve if required.*
  - 5. Support the further development of the IJB's five year financial plan, specifically by using the next IJB workshop in January 2122 as a finance workshop.*
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## Financial Out-turn 2021/22, additional winter 21/22 funding and financial plan update.

### 1 Purpose

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1.1 This paper has the following objectives :-

- To update the IJB on the projected 21/22 out-turn position.
- To update the IJB on the receipt of funding to provide additional winter support.
- To seek the IJB's agreement that these additional winter funds are allocated to the HSCP
- To update the IJB on the use of its general reserve to provide 20 additional healthcare support workers.
- To ask the IJB in principle if required to provide non-recurrent support to Midlothian Council to deliver its Care at Home recommissioning programme.
- To further progress the development of the longer term financial plan

### 2 Recommendations

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2.1 As a result of this report Members are asked to:-

- Note the projected out-turn position for 2021/22 being break-even on an operational basis.
- Note the additional Winter Funding.
- Agree that the additional winter funding be provided to the HSCP per the letter of 4/11/21. (point 3.3.2 below).
- Note the update on the use of the general reserve to provide 20 additional healthcare support workers.
- Agree in principle, if required, to provide non-recurrent support to Midlothian Council to deliver the Care at Home recommissioning programme from the IJB's general reserve.
- Support the further development of the IJB's five year financial plan through the use of the IJB's workshop in January '22

### 3 Background and main report

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#### 3.1 Background and Context

The overall principles of financial management and governance of the IJB require that it be informed of the actual financial performance against its budget in year and

that any significant changes to that budget be reported to the IJB. This is addressed further below.

### 3.2 Update on the 2021/22 Out-turn

The IJB partners continue to provide updated financial out-turn projections for 2021/22 as the financial year progresses. NHS Lothian, based on the month 6 position have provided :-

|                     | Mid IJB<br>projected out-<br>turn variance<br>'000 |
|---------------------|--|
| <b>NHS Services</b> |  |
| Core                | 323  |
| Hosted              | 77   |
| Acute               | (535)  |
| <b>NHS Services</b> | <b>(135)</b>                                       |

NHS Lothian provides the IJB with an out-turn forecast based every quarter, hence the use of month 6 as above. However, the position for month 7 is now available and that shows an improvement on the month 6 position with an assumed improvement in the out-turn forecast. Funding for Covid related pressures has been assumed in this forecast, the Scottish Government providing such funding to HSCP and NHSIL (Set Aside and Hosted) services quarterly on receipt of funding requests.

There remains a concern around the set aside position albeit there are a range of operational pressures within Acute services and, even having accounted for Covid funding, these remain significant. Given the general effect of Covid and winter on the Acute system this pressure will probably remain in 21/22. That said, further discussions are taking place to understand this position and to consider mitigating actions in 22/23

Midlothian Council has also updated its year-end forecast to take account of its revised provider contracts. Currently and including funding for Covid pressures and having taken account of the revised cost arising from the Care at Home recommissioning programme the Council are now forecasting a broadly break-even position for social care services.

On that basis, the forecast out-turn for the IJB in 21/22 remains at a break-even position.

### 3.3 Additional Winter funding

#### 3.3.1 Background

Further to the Scottish Government Winter preparedness and overview plans a letter was set to IJBs on 5<sup>th</sup> October detailing out a range of proposed developments to support the Health and Social Care system through the winter of 21/22 and announcing a fund of £300m nationally – a recurrent fund – to support this work. This is attached as appendix 1.

A further letter was received on 4/11/21 (attached as appendix 2) which detailed the values which would be allocated to each IJB in 2021/22. For Midlothian IJB the allocations are as follows :-

| Item                      | Value<br>£000's |
|---------------------------|-----------------|
| Interim Care Arrangements | 603             |
| Care at Home Capacity     | 934             |
| Multi-disciplinary Teams  | 302             |
| Total                     | 1,839           |

There is also an additional amount, to be agreed, to ensure that providers can pay their social care staff a base minimum wage of £10.02 per hour, an uplift from the current minimum of £9.50 per hour. This is discussed further below

### 3.3.2 Governance

These funds have been made available to the Council who must then pass them to the IJB. This is unusual in that in-year allocations are generally routed through the NHS. The IJB formally accepts budget offers from its partners as part of its budget setting at the beginning of the financial year. The health budget is regularly increased as in year allocations are received or further adjustments are made to the position. However, the Council do not, as a rule, amend their opening budget offer and the receipt of this Winter Funding presents a consideration around the governance. In theory the funds are allocated to the Council, who then (and its clear in the letter) must amend their budget offer to the IJB who will then accept these funds and then decide where they will be directed. The IJB would then direct these funds to the HSCP who will then use them to fulfil the ambitions described in the letters from the Scottish Government

This process has the potential to take up a considerable amount of time due to Council and IJB meetings and this could have impacted on delivering the outcomes. The Council's S95 Officer has clearly indicated that the funds will be made available to the IJB and the IJB's S95 Officer (in consultation with the Chief Officer, the Chair and the Vice Chair) has indicated that the IJB will accept this budget amendment and then direct these funds to the HSCP. It is clear that the Scottish Government wishes to move as quickly as possible to support the winter pressures and the IJB would wish to support this. The IJB is asked to support this position.

### 3.3.3 Pay Uplift for provider's Staff

As can be seen from the letter of 4/11 an amount will be made to the IJB to allow the council to provide resources to each of its social care service providers to ensure that their social care staff are paid a minimum of £10.02 per hour. There was a very clear direction that this payment be actioned as quickly as possible with the ambition being that this payment would be in the pay packets of these staff in December 2021. That was an element of the rationale of ensuring that there were no governance issues around the funding route as above and Council colleagues are working through the practicalities of delivering this payment as quickly as possible. The understanding is that the Council will be fully reimbursed for this payment which is then made on an 'actual' basis.

### 3.3.4 Recurrency of the additional Scottish Government funding for social care

The letter of 4/11/21 details out the funding in 21/22. The 22/23 the position will be as follows :-

| Item                      | Value<br>£000's | Note  |
|---------------------------|-----------------|---|
| Interim Care Arrangements | 301             | These funds are non-recurrent after 22/23     |
| Care at Home Capacity     | 1,868           | Recurrent – 6 mths 21/22 and then a full year |
| Multi-disciplinary Teams  | 604             | Recurrent – as above                          |

The pay uplift for the providers staff will be met in 21/22 based on actual costs. Given that this is for 4 months, the full year effect of this will be agreed in 22/23 and those funds will be made available.

### 3.4 Update on the agreed use of the General Reserve to support the 20 additional healthcare support workers.

At its September 2021 meeting the IJB agreed to provide c. £756,000 from its general reserve for 12 months to provide an additional 20 WTE healthcare support workers. To date 15 staff have been appointed and work continues to recruit to the full agreed numbers. However, NHS Lothian have agreed that the funding for these staff should be support through the Local Mobilisation Plan (that is with Covid funding) in 2021/22 and this will reduce the overall amount which will be required from the IJB.

### 3.5 Support for the Care at Home recommissioning Programme

At its February 2121 meeting the IJB received a paper laying out the Council's Care at Home Recommissioning programme. This work has now been completed and the Care at Home contracts have been re-let. The paper indicated that the new contracts might generate a financial pressure of c. £350,000 and that further management actions would be required to being the position back into balance.

The paper also indicated that during the transition period from the old contracts to the new contracts some non-recurrent funding might be required and the HSCP would request support from the IJB. At this time, a value is not available but the IJB is asked to support this position in principle if these funds are required. A further report will be brought to the IJB as the financial position is clarified.

### 3.6 Further Development of the Financial Plan

The IJB has continued to develop its Strategic plan and it is the Strategic Plan that will drive the IJB's multi-year Financial Plan. This principle was discussed at the previous IJB workshop and is included in the financial section of the current strategic plan draft.

It is intended that the January IJB workshop will be devoted to the financial plan and address the issues of on-going financial pressures (both currently within the system and also driven by demand and cost pressures in 22/23), the impact of the £300m above and any further investments that arise from the Scottish Government's 22/23 budget (which will be announced on 9/12/21) with a further examination of how the resources available to the IJB can then deliver the ambitions of its strategic plan.

As to the resources available to the IJB, much of that will flow from the announcements of the settlements for the Councils and the NHS arising from the Scottish Government's budget. That said, Midlothian Council have developed a Medium Term Finance Strategy and that indicates that the Council's plan for 22/23 include a provision for a pay uplift and £1.04m for demographic pressures to be made available to the IJB. It can be assumed that the NHS will pass onto the IJB its baseline uplift as before. Both partners are developing detailed plans which will lay out the operational services pressures reflecting the issues above.

## 4 Policy Implications

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- 4.1 There are no policy implications from this report, however policies may require to be revised arising from any operational or transformation proposals to balance the IJB's financial plan.

## 5 Directions

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- 5.1 There are no implications on directions from this report.

## 6 Equalities Implications

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- 6.1 There are no equalities implications from this report

## 7 Resource Implications

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- 7.1 There are no resource implications from this report.

## 8 Risk

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- 8.1 The risks raised by this report are already included within the IJB risk register, any further risks arising from any proposals will be included in the register as required.

## 9 Involving people

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- 9.1 The IJB's meetings are recorded and available to the public and all of its papers are available on the internet.

## 10 Background Papers

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- 10.1 IJB's Financial Strategy.

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| <b>AUTHOR'S NAME</b> | David King                         |
| <b>DESIGNATION</b>   | Interim Chief Finance Officer      |
| <b>CONTACT INFO</b>  | David.king4@nhslothian.scot.nhs.uk |
| <b>DATE</b>          | November 2021                      |

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### Appendices:

**Appendix 1 – Letter of 5<sup>th</sup> October 2021 – Winter Planning for Health and Social Care**

**Appendix 2 – Letter of 4<sup>th</sup> November**