

REPORT

Item No:

SUBJECT:	Financial Monitoring Report 2020/2021
TO:	Performance, Finance and Audit Committee
Lead Officer for Report:	Chief Officer
Author(s) of Report	Chief Financial Officer
DATE:	17 February 2021

1. PURPOSE OF REPORT

1.1 This paper is coming to the Performance, Finance and Audit (PFA) Committee:

For approval	<input type="checkbox"/>	For endorsement	<input checked="" type="checkbox"/>	For noting	<input type="checkbox"/>
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1.2 This report provides a summary of the financial position of the North Lanarkshire Health and Social Care Partnership (HSCP) for the period from 1 April 2020 to 31 December 2020 (Health Care Services) and 8 January 2021 (Social Work and Housing Services).

2. ROUTE TO THE PERFORMANCE, FINANCE AND AUDIT COMMITTEE

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
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3. RECOMMENDATIONS

3.1 The PFA Committee is asked to agree the following recommendations:

- (1) Note the financial position to date which is summarised at sections 6, 8 and 9;
- (2) Note that, in order to address the additional health and social care costs as a result of the Covid-19 pandemic, further additional Scottish Government funding was announced on 5 February 2021, the distribution of which is currently being agreed with North Lanarkshire Council Head of Financial Solutions and the NHS Lanarkshire Director of Finance;
- (3) Note the management action continues to be taken to mitigate the financial impact of the Covid-19 pandemic where possible;
- (4) Note that the review of the IJB Financial Plan 2020/2021 continues to progress in consultation with both partners and that the progress to date is reflected in the projected outturn summarised at section 6; and
- (5) Note that 2020/2021 funding which is not allocated to additional Covid-19 costs in 2020/2021 will be transferred to IJB reserves to meet the ongoing costs of the Covid-19 pandemic in 2021/2022, subject to the approval of the Scottish Government and the IJB and following consultation with both partners.

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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5. BACKGROUND/SUMMARY OF KEY ISSUES

5.1 This report is based on the financial monitoring reports received from the Director of Finance of NHS Lanarkshire (NHSL) and the Head of Financial Solutions of North Lanarkshire Council (NLC). The position detailed in these reports is therefore based on the information contained in each partner's respective financial systems and includes accruals and adjustments in-line with their financial policies. This is the fourth financial monitoring report presented in respect of the financial year 2020/2021.

6. CONCLUSIONS

6.1 The financial position as at December 2020 / January 2021 is a net underspend of £4.510m and is summarised as follows:

- an underspend of £2.483m on health care services
- an underspend of £2.027m on social care and housing services

6.2 The net underspend to date reflects different financial planning assumptions by each partner.

- The underspend across health care services of £2.483m is projected to increase to £3.310m as at 31 March 2021. NHSL have assumed the additional costs in response to the Covid-19 pandemic will be fully funded by the Scottish Government.
- The underspend across social care and housing services of £2.027m is projected to increase to £2.635m as at 31 March 2021.
- Based on the initial guidance from the Scottish Government, NLC assumed that the additional costs in response to the Covid-19 pandemic would only be part funded and that some costs would need to be managed e.g. the underachievement of planned savings in 2020/2021. If all additional Covid-19 costs are fully funded by the Scottish Government, including the underachievement of planned savings, funding of £2.365m could be available to transfer to IJB reserves to meet the cost pressures in 2021/2022. This would be subject to Scottish Government and IJB approval in consultation with the NLC partner.

6.3 The total cost of responding to the Covid-19 pandemic across health and social care services in 2020/2021 continues to be uncertain, particularly having regard to the ongoing pandemic. Based on the most up-to-date information as at November 2020, the additional health and social care costs incurred in response to the Covid-19 pandemic in 2020/2021 are projected to be £22.384m (Health - £6.398m; NLC - £15.986m).

6.4 The additional Covid-19 costs are being reported to the Scottish Government through the Lanarkshire Mobilisation Plan.

- Some additional costs incurred in response to the Covid-19 pandemic are being contained within offsetting underspends across health and social care services which were stood down or are not operating at full capacity.
- Additional Covid-19 costs are being addressed by additional Scottish Government funding received previously. Further funding to address Covid-19 pandemic costs was also confirmed by the Scottish Government on 5 February 2021, the allocation of which is being finalised in consultation with the partners.

6. CONCLUSIONS (CONT.)

- 6.5 There continues to be a significant degree of uncertainty in respect of the financial implications of the Covid-19 pandemic. Additional costs in respect of the Covid-19 pandemic will continue into the financial year 2021/2022. Subject to Scottish Government approval, Covid-19 funding allocated to the North Lanarkshire IJB in 2020/2021 which is not drawn down in 2020/2021 will be transferred to the IJB reserves to meet the Covid-19 cost commitments incurred in 2021/2022. The financial position is being closely monitored.
- 6.6 The budget variance is analysed by care services at appendix 1 and the main factors contributing to the financial position are summarised at sections 7 and 8.
- 6.7 In response to the External Auditor's recommendation to reconcile the financial monitoring reports to the movement on the general fund, the movement on the provision of services and total comprehensive (income) and expenditure at December 2020 / January 2021 is as follows:

Movements in Reserves during 2020/2021	Actual £m	Total Reserves General Fund Balance £m
Opening balance at 1 April 2020		16.414
Use of IJB Ring-Fenced and Earmarked Reserves	(5.443)	
Use of IJB Contingency Reserve	0.000	
NHSL Underspend – Core Budget	3.310	
NLC Underspend – Core Budget	2.635	
Potential Covid-19 Funding Transfer to 2021/2022	2.365	
Potential Prescribing Funding Transfer to 2021/2022	0.950	
Increase or (decrease) in 2020/2021 on Total Comprehensive Income and Expenditure – Projected Outturn		3.817
Closing balance at December 2020 / January 2021		20.231

- 6.8 The IJB is asked to note that the HSCP continues to fully support the required emergency response to the Covid-19 pandemic and is contributing to the development of the Lanarkshire Remobilisation Plan for 2021/2022.

7. BUDGET ADJUSTMENTS

- 7.1 A reconciliation of the budget adjustments between 1 April 2020 and December 2020 / January 2021 is attached at appendix 5. The net movement on the IJB budget between October 2020 and December 2020 / January 2021 was £3.945m.
- 7.2 The IJB is asked to note that funding is also retained by the Scottish Government in respect of Mental Health Services Action 15 and ADP Funding. A reconciliation of these balances is currently being undertaken and will be reported to the IJB on completion. The Scottish Government have advised that this funding will continue to be available to the HSCP and can be called down when the actual commitment is incurred in the future. This position will continue to be monitored.
- 7.3 Additional Covid-19 funding of £3.972m has been included in the position reported by the NHSL partner at 31 December 2020 / January 2021. Each partner has included different financial assumptions in respect of the anticipated Covid-19 costs and the additional Scottish Government funding. Work is ongoing to harmonise these financial assumptions particularly in advance of the year-end.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES

8.1 Locality and Other Services

8.1.1 There is a net underspend of £0.967m.

8.1.2 The net underspend on pay costs totals £1.430m and is mainly due to vacancies across Nursing Services and Administration and Clerical staff within the localities totalling 42.18 WTE. There are incremental pay increases and unfunded enhancements across many services however these cost pressures are being offset in-year by the vacancies.

8.1.3 In respect of non-pay costs, there is a net overspend totalling £0.463m. The overspend is due to equipment expenditure, specialist health care services and payments in respect of Strathcarron Hospice. The overspend is partly offset by underspends in respect of drugs and travel costs.

8.2 Addiction Services

8.2.1 There is an underspend of £0.201m.

8.2.2 The underspend is mainly due to vacancies across nursing posts (6.90 WTE - £0.170m).

8.2.3 An underspend of £0.031m is reported in respect of non-pay costs.

8.2.4 The IJB was previously advised that £0.651m of ADP / Local Improvement Funding (LIF) for 2020/2021 was retained by the Scottish Government pending future draw down. This balance is currently being updated and reconciled. The Scottish Government have assured officers that the overall commitment to fund specific policy initiatives will be maintained and not reduced. It is therefore expected that the balance of the 2020/2021 Scottish Government ADP/LIF funding totalling £0.651m will be available to the IJB when the expenditure is incurred.

8.3 Medical and Nursing Directorate

8.3.1 There is a net underspend of £0.169m.

8.3.2 The medical directorate is underspent by £0.124m. This is due to an underspend across pay costs of £0.029m and an underspend of £0.095m in respect of non-pay costs.

8.3.3 The nursing directorate is underspent by £0.045m. There is an overspend across pay costs of £0.060m which is offset by an underspend of £0.105m in respect of non-pay costs.

8.4 Prescribing

8.4.1 A break-even position is reported in respect of prescribing activity to October 2020.

8.4.2 Higher prescribing activity continues to be seen in respect of anticoagulants, direct oral anticoagulants, inhalers and diabetic spend. Additional costs have also been incurred in the provision of paracetamol and sertraline due to the Covid-19 pandemic.

8.4.3 Notwithstanding this increase, the average volume activity is 2.91% lower between April 2020 and October 2020 when compared to the same period between April 2019 and October 2019. A lower position was expected due to the higher activity levels in March 2020 due to the impact of Covid-19 pandemic. Prescribing activity levels however will need to be lower over the next few months in order to offset the 2019/2020 position.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.4 Prescribing (Cont.)

8.4.4 Budgets have been adjusted for savings, inflation uplifts and Scottish Government changes to tariff prices. The cost per item continues to remain higher than expected. Although a break-even position is projected, the North Lanarkshire IJB was allowed to submit a request to the Scottish Government for additional funding to offset the additional costs incurred in respect of the paracetamol and sertraline medication due to the Covid-19 pandemic. If this request for additional funding is approved, the prescribing budget may underspend by approximately £0.950m by 31 March 2021. Subject to IJB approval, this funding would be transferred to the IJB reserves.

8.4.5 There continue to be significant risks in respect of prescribing activity and costs as a result of both the Covid-19 pandemic and also the withdrawal from the European Union. Prescribing costs will continue to be monitored as information becomes available.

8.5 Out of Area Services

8.5.1 There is a net overspend of £0.183m.

8.6 Area Wide Services

8.6.1 There is a net underspend of £0.167m.

8.6.2 Area Wide Services include central nursing services, corporate services, health promotion services, pharmacy services and winter planning services. There is an underspend of £0.065m across pay costs and £0.102m across non-pay costs mainly within Health Promotion Services.

8.7 Hosted Services Led By North Lanarkshire

8.7.1 The hosted services which are led by the North Lanarkshire HSCP are outlined at Appendix 2.

8.7.2 There is a net underspend of £1.162m which includes the following significant variances:

▪ Immunisation Services	(£0.605m) overspend
▪ Prisoner Healthcare Services	(£0.078m) overspend
▪ Sexual Health Services	£0.058m underspend
▪ Podiatry Services	£0.072m underspend
▪ Speech and Language Therapy Services	£0.120m underspend
▪ Children and Adolescents Mental Health Services	£0.134m underspend
▪ Children's Services	£0.315m underspend
▪ Mental Health and Learning Disability Services	£1.198m underspend

8.7.3 There is an overspend on the Immunisation Services of £0.605m. There is an overspend of £0.668m across non-pay costs which is due to the reduction in Scottish Government funding. This overspend is partly offset by an underspend across pay costs of £0.063m which is due to 2.57 WTE vacancies across nursing services.

8.7.4 There is an overspend on the Prisoner Healthcare Services of £0.078m which is mainly due to the cost of medical cover (£0.073m). There is also an overspend of £0.005m across non-pay costs which is mainly in respect of drug costs.

8.7.5 There is an underspend on the Sexual Health Services of £0.058m which is mainly due to an underspend across pay costs (1.04 WTE Nursing Vacancies - £0.055m). There are also underspends across surgical sundries and travel costs.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.7 Hosted Services Led By North Lanarkshire (Cont.)

- 8.7.6 The underspend within Speech and Language Therapy Services is £0.120m which is mainly due to an underspend in travel costs and paramedical supplies (£0.059m) and an underspend across pay costs (£0.061m).
- 8.7.7 The net underspend within Children and Adolescents Mental Health Services is £0.134m and is due to vacancies (£0.190m). This underspend is offset by an overspend on non-pay costs mainly due to equipment and property maintenance costs (£0.056m).
- 8.7.8 The net underspend within Children's Services is £0.315m and is due to 11.42 WTE vacancies in nursing, psychology and medical posts (£0.396m). The overspend on non-pay costs is £0.081m mainly due to equipment and property maintenance costs.
- 8.7.9 The net underspend on Mental Health and Learning Disability Services is £1.198m.
- There is a net underspend across pay costs of £1.231m. The underspend totals £1.877m due to 39.61 WTE vacancies mainly in nursing. This underspend is partly offset by overspends across pay costs totalling £0.646m. These are mainly within Medical Services due to locum costs (£0.489m) and incremental increases within the Management Team (£0.058m). There is also an overspend across pay costs within Perinatal and Infant Mental Health Services (£0.065m). The use of bankaide continues to be high across the inpatient areas. There are also incremental increases within the community areas.
 - There is a net overspend across non-pay costs of £0.033m, mainly across Adult Psychotherapy Services due to professional fees and training and Psychological Therapy Services due to equipment costs.
- 8.7.10 In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred.
- 8.7.11 With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends. This arrangement has been in place since 1 April 2016.
- 8.7.12 The IJB was previously advised that the hosted services principal is currently being reviewed. The outcome of the review will be reported to future meetings of both the North Lanarkshire IJB and the South Lanarkshire IJB for approval.

8.8 Hosted Services Led By South Lanarkshire

- 8.8.1 The hosted services which are led by the South Lanarkshire HSCP are outlined at Appendix 3. In-line with the hosted services agreement, a break-even position is reported.
- 8.8.2 Primary Care Services are a hosted service which is led by the South Lanarkshire IJB. The Primary Care and Mental Health Transformation Fund and the Primary Care Improvement Fund are ring-fenced funding allocations. Any underspend is therefore retained for use across Lanarkshire and is not used to offset other overspends incurred by the South Lanarkshire IJB.
- 8.8.3 A break-even position is reported across both Primary Care and Mental Health Transformation Fund and the Primary Care Improvement Fund. This position has improved since October 2020 when an overspend of £0.274m was reported on the Primary Care Transformation Fund. An update on the Primary Care Improvement Funding allocation for 2020/2021 was previously reported to the PFA on 4 November 2020. The position continues to be monitored.

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.9 Covid-19 Pandemic – Additional Health and Social Care Costs

8.9.1 The additional health and social care costs which have been incurred in response to the Covid-19 pandemic are being reported to the Scottish Government through the Lanarkshire Mobilisation Plan.

8.9.2 Following the review of additional health and social care costs in respect of the Covid-19 pandemic which was undertaken in November 2020, the total projected costs for 2020/2021 are estimated to be £22.384m (Health - £6.398m; NLC - £15.986m).

8.9.3 The actual additional health care costs as a result of the pandemic for the period from April 2020 to December 2020 are confirmed as £3.972m. The main factors contributing to this cost relate to the Community Assessment Centre, the Mental Health Assessment Centres to divert mental health attendances from A&E, the provision of Personal Protection Equipment (PPE) and staff absence rates as a result of the requirement to shield or self-isolate. The balance of additional costs as a result of the Covid-19 pandemic is therefore £2.426m

8.9.4 Following the review, projected social care costs for 2020/2021 increased by £0.723m from £15.263m to £15.986m as a result of the ongoing Covid-19 pandemic. Additional costs are being incurred across social care services in respect of the Covid-19 pandemic as follows:

- Supporting hospital discharge and creating capacity in hospitals.
- The provision of PPE.
- Staff absence rates as a result of the requirement to shield or self-isolate.
- Sustainability payments to external social care providers. There continues to be a significant degree of uncertainty in respect of the projected cost of these sustainability payments as further claims are still anticipated from providers.

In addition to the above actions, Community Solutions continue to respond effectively to the Covid-19 pandemic and are supporting individuals and carers within each of the localities.

8.9.5 To date, funding totalling £8.758m has been allocated to meet additional actual Covid-19 costs incurred in 2020/2021 (Health - £3.972m; NLC - £4.786m). Further Scottish Government funding was announced on 5 February 2021. The allocation of the balance of funding to meet actual costs and accruals in respect of the current financial year 2020/2021 is being finalised in consultation with the NLC Head of Financial Solutions and the NHSL Director of Finance.

8.9.6 There continues to be a significant degree of uncertainty in respect of the financial implications of the Covid-19 pandemic. Additional costs in respect of the Covid-19 pandemic will continue into the financial year 2021/2022. Subject to Scottish Government approval, Covid-19 funding allocated to the North Lanarkshire IJB in 2020/2021 which is not drawn down in 2020/2021 will be transferred to the IJB reserves to meet the Covid-19 cost commitments incurred in 2021/2022. The financial position is being closely monitored.

8.10 Average Vacancy Factor

8.10.1 The vacancy position against the funded establishment at 31 December 2020 is summarised as follows:

Establishment	Actual	Variance
2,716 WTE	2,662 WTE	54 WTE vacancies
100%	98%	2%

8. REASONS FOR MAJOR VARIANCES – HEALTH CARE SERVICES (CONT.)

8.10 Average Vacancy Factor (Cont.)

8.10.2 The staff resource is 54 WTE (2%) under-established. The staffing establishment remained consistent decreasing only by 1 WTE from 2,717 WTE to 2,716 WTE. The position reported at 31 October 2020 was an under-established position of 1.6%. Additional hours are worked through bankaid, overtime and excess part time hours, the cost of which is included within the financial position reported.

8.11 Notional Set-Aside Allocation

8.11.1 The set-aside budget is a notional budget which represents the consumption of hospital resources by North Lanarkshire residents. Based on the 2017/2018 activity data from the Information Services Division (ISD) at the 2019/2020 prices, the budget was restated to £61.229m. The notional set-aside budget has been updated by £1.837m to £63.066m for 2020/2021 to reflect the 3% allocation uplift. It is intended to update the notional set-aside budget on receipt of the validated 2018/2019 activity levels from the Information Services Division (ISD), however, due to the impact of the Covid-19 pandemic, this information is not yet available.

8.11.2 The calculation of the notional set-aside allocation and the confirmation of actual activity levels is a complex accounting process. The NHSL Director of Finance, in consultation with the IJB Chief Financial Officer, continues to develop the monitoring arrangements for the Hospital Acute Services. In line with the accounting policy previously agreed, this notional set-aside budget will be included in the IJB Annual Accounts 2020/2021 as an estimate of expenditure. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB however it has been endorsed as an acceptable approach pending further updates from ISD. It is also recognised that, in the future, part of the 2019/2020 and all of the 2020/2021 activity levels will not be representative of previous normal activity levels due to the impact of the Covid-19 pandemic. This will require to be taken into consideration.

9. REASONS FOR MAJOR VARIANCES – SOCIAL CARE SERVICES

9.1 A net underspend of £2.027m is reported as at 8 January 2021. The main factors contributing to this year-to-date financial position are highlighted below.

9.2 An overspend across employee costs of £3.675m is reported at 8 January 2021. This relates to the cost of additional staff and overtime due to the Covid-19 pandemic. Demand for Home Support Services has also increased. The additional employee costs are partially offset by underspends as a result of vacancies.

9.3 An overspend of £1.219m is incurred in respect of supplies and services. The majority of the additional cost is due to the provision of PPE to protect staff and service users against the Covid-19 virus. The IJB also previously agreed to make a contribution to the Financial Inclusion Team. The demand for equipment and adaptations has also increased.

9.4 There is an overspend of £1.943m across payments to other bodies. This relates mainly to the forecast sustainability payments to external providers to mitigate the operational and financial impact of the Covid-19 pandemic. The overspend on external provider payments has been offset by slippage across self-directed support, independent care homes and independent home care services as a result of demand being lower than anticipated between April 2020 and January 2021.

9.5 The implementation of the community alarm charge was rescheduled as a result of the pandemic. This has resulted in an under-recovery in income. Homecare and Integrated Day Care Services income recovered is also lower than anticipated as a result of the Covid-19 pandemic. As at 8 January 2021, the under-recovery in income totals £0.834m.

9. REASONS FOR MAJOR VARIANCES – SOCIAL CARE SERVICES (CONT.)

- 9.6 There is a net under-recovery of funding of £0.024m due mainly to an under-recovery of funding in respect of the Integrated Equipment and Adaptations Service. This is partially offset by a contribution from NHSL towards a self-directed support package and additional ADP funding received.
- 9.7 There are underspends totalling £0.484m in respect of lower than anticipated internal staff mileage costs and external vehicle contract hires (£0.307m), due to changed delivery models during the pandemic, and also lower than anticipated general administration and ancillary costs (£0.177m).
- 9.8 As highlighted at paragraph 8.9.2, additional social care costs for 2020/2021 estimated to be £15.986m have been projected.

10. 2020/2021 SAVINGS

10.1 Social Care Savings

- 10.1.1 On 24 March 2020, the IJB approved savings across social care services of £4.951m. Social Care Services uses a variety of information, records and processes to monitor achievement of its approved budget savings.
- 10.1.2 As at 31 December 2020, it is anticipated that £3.437m (69%) of the approved savings will be delivered by the financial year-end. The savings which are still in the process of being implemented of £1.514 (31%) are as follows:

Approved Saving	Target Value £m	Value Deliverable £m	Savings Gap £m
Review provision from the Independent Sector	0.170	0.081	0.089
Charge for Community Alarms	1.410	0.666	0.744
Re-profile of Cost Pressure Provision	1.882	1.214	0.668
Home Support Service Changes	0.385	0.372	0.013
Savings Achieved	1.104	1.104	0.000
Totals	4.951	3.437	1.514

- 10.1.3 The implementation of the charge for community alarms was delayed due to the impact of the Covid-19 pandemic. The charge is now in place. Social Care Services continue to closely monitor the changes in the uptake of this essential service and are pro-actively responding to enquiries. Slippage in the achievement of the planned savings is being considered as part of the allocation of the additional Covid-19 funding from the Scottish Government.

10.2 Health Care Savings

- 10.2.1 On 24 March 2020, the IJB approved savings totalling £2.123m across health care services for the current financial year 2020/2021. Budgets totalling £1.970m have been removed and re-allocated to partly self-fund the pay and non-pay cost increases. This includes anticipated savings in respect of prescribing activity of £1.220m. The achievement of the original planned savings is being assessed. Any slippage in the achievement of the planned savings is being considered as part of the allocation of the additional Covid-19 funding from the Scottish Government. Further detail on the impact of health savings will be included in future reports to the IJB.

11. RESERVES

11.1 The position in respect of the North Lanarkshire IJB reserves is attached at appendix 4 for information.

11.2 It is expected that £5.443m will be drawn down from reserves during 2020/2021 (NHSL - £0.928m; NLC - £4.515m). The reserves balances as at December 2020 are therefore as follows:

	£m	%
Ring-fenced reserves	1.495	14%
Ear-marked reserves	1.623	15%
Risk-based reserves	4.169	38%
Contingency reserves	3.684	33%
Total	10.971	100%

11.3 As part of the review of the 2020/2021 IJB Financial Plan, the reserves balances are also being reviewed in consultation with both partners.

12. RISK

12.1 Risk management arrangements are in place for the IJB and each partner. The IJB risk register has been reviewed and updated. The reassessment of the strategic financial risks is included in a separate report to the IJB. The main risk associated with the in-scope budget is that either or both partners may overspend.

12.2 This year is unprecedented. The emergency response to the Covid-19 pandemic has had a significant operational and financial impact on service delivery, the achievement of the Strategic Commissioning Plan and the financial planning assumptions of the original IJB Financial Plan 2020/2021. This impact will continue into 2021/2022.

12.3 It has been difficult to project the financial outturn as at 31 March 2021. Additional costs have been incurred across health and social care services as a result of the pandemic. On 5 February 2021, further funding to meet these costs, including the underachievement of planned savings for 2020/2021, has been confirmed by the Scottish Government. As a result of the disruption to services, an underspend against the core budgets is currently reported. The overall financial position is currently being reconciled on completion of which, the projected outturn will be updated.

12.4 Although an underspend of £4.510m is reported for December 2020 / January 2021, health and social care services continue to face demand pressures including home support, self-directed support, direct payments, independent care home placements, hospice care and health care services recovery plans. The additional costs of Covid-19 in 2021/2022 are also currently being collated as part of the Lanarkshire Remobilisation Plan 2021/2022 which will be submitted to the Scottish Government on 26 February 2021. New costs pressures in 2021/2022 which are still to be fully quantified include the following:

- Pay Award;
- Scottish Living Wage;
- National Care Home Contract;
- Inflation;
- Demographic Growth;
- A decrease in the mobility of service users as a result of lockdown;
- An increase in requests for support from mental health services;
- Emergence of long Covid;
- Recurring cost pressures in 2021/2022 which have been managed on a non-recurring basis during 2020/2021.

12. RISK (CONT.)

- 12.5 Subject to IJB approval and following consultation with both partners, it is anticipated that funding available from 2020/2021 will be transferred to IJB reserves in order to manage the cost pressures in 2021/2022.
- 12.6 There continues to be a high-risk that the cost of health and social care services in 2021/2022 and beyond will exceed the budget available due to the demand for services.
- 12.7 The operational and financial impact of the response to the Covid-19 pandemic is being monitored by the IJB and both partners in line with their agreed emergency response arrangements and also the recovery, redesign and remobilisation work to reinstate services. The Lanarkshire Mobilisation Plan is in place and the Remobilisation Plan for 2021/2022 is being developed. The whole system approach continues to be adopted by NHSL, NLC and South Lanarkshire Council.
- 12.8 Volatility and uncertainty around prescribing costs continue to represent a medium risk area within the NHSL element of the partnership's budget. Based on the position as at October 2020, a break-even position is projected. Additional Scottish Government funding has been requested of approximately £0.950m to meet the costs of paracetamol and sertraline medication due to the Covid-19 pandemic. The financial implications of the EU withdrawal are also uncertain. Prescribing costs, including the planned savings targets for 2020/2021 will continue to be closely monitored. The assessment of medium risk takes into consideration the ear-marked (risk-based) reserve of £3.786m.
- 12.9 The outcome of the pending case law in respect of the sleepover rates is not yet known. The outcome may release the ear-marked reserve of £3.214m for the Self Directed Support Strategy. The IJB Chief Financial Officer and the Head of Financial Solutions of NLC are continuing to monitor this position.
- 12.10 Risk management arrangements are in place for the IJB and each partner. The respective risks are managed by both NHSL and NLC through their detailed budget management processes. In addition to these mitigating actions, in consultation with both partners, a comprehensive review of the IJB Financial Plan for 2020/2021 is being undertaken, including a review of existing and proposed reserves. As part of this review, the partnership will consider trends in relation to anticipated demand across health and social care services, particularly in response to the Covid-19 pandemic. These trends will continue to be monitored closely to update the projected outturn for 2020/2021.

13. IMPLICATIONS

13.1 NATIONAL OUTCOMES

The effective management of financial resources contributes to the achievement of the national outcomes.

13.2 ASSOCIATED MEASURE(S)

Each partner is required to remain within their approved budgetary provision. The IJB Financial Plan 2020/2021 is currently being reviewed.

13.3 FINANCIAL

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
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13. IMPLICATIONS (CONT.)

13.4 RISK ASSESSMENT/RISK MANAGEMENT

The financial risks are detailed at section 12. The strategic financial risks detailed in the IJB Risk Register have also been updated and are included in a separate report to the IJB.

13.5 PEOPLE
None

13.6 STAKEHOLDER ENGAGEMENT

The Director of Finance of NHSL and the Head of Financial Solutions of NLC both continue to be consulted on the financial position of the North Lanarkshire IJB.

13.7 INEQUALITIES & FAIRER SCOTLAND DUTY

Equality and Diversity Impact Assessment Completed & Fairer Scotland Impact Assessment Form Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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13.8 CARBON MANAGEMENT IMPLICATIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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14. BACKGROUND PAPERS

None.

15. APPENDICES

North Lanarkshire Health and Social Care Partnership Budget 2020/2021	Appendix 1
Hosted Services Led By North Lanarkshire	Appendix 2
Hosted Services Led By South Lanarkshire	Appendix 3
North Lanarkshire IJB Reserves 2020/2021	Appendix 4
North Lanarkshire IJB Budget Reconciliation 2020/2021	Appendix 5



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CHIEF OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.

Expenditure	Annual Budget 2020/2021 £m	Year To Date		Year To Date Variance		
		Budget Dec 2020 / Jan 2021 £m	Actual Dec 2020 / Jan 2021 £m	General Dec 2020 / Jan 2021 £m	Ring-Fenced Dec 2020 / Jan 2021 £m	Total Dec 2020 / Jan 2021 £m
Health Care Services						
Locality and Other Services	44.926	33.593	32.626	0.967	0.000	0.967
Addiction Services	5.337	3.797	3.596	0.201	0.000	0.201
Medical and Nursing Directorate	3.644	2.590	2.421	0.169	0.000	0.169
Prescribing	70.369	52.777	52.777	0.000	0.000	0.000
Out of Area Services	4.359	3.269	3.452	(0.183)	0.000	(0.183)
Area Wide Services	9.111	6.056	5.889	0.167	0.000	0.167
Hosted Services	138.154	102.190	101.028	1.162	0.000	1.162
Family Health Services	104.600	78.613	78.613	0.000	0.000	0.000
Set-Aside Budget	63.066	47.299	47.299	0.000	0.000	0.000
Covid-19	3.972	3.972	3.972	0.000	0.000	0.000
IJB Operating Costs	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenditure - NHSL	447.538	334.156	331.673	2.483	0.000	2.483
Social Care Services						
Social Care Services Gross Expenditure	203.291	143.574	149.910	(6.336)	0.000	(6.336)
Social Care Services Gross Income	(1.891)	2.987	3.797	(0.810)	0.000	(0.810)
Covid-19	(0.367)	(0.283)	(9.970)	9.687	0.000	9.687
IJB Reserve as per Financial Plan 2020/2021	(1.882)	(0.514)	0.000	(0.514)	0.000	(0.514)
Social Care Services Net Expenditure	199.151	145.765	143.738	2.027	0.000	2.027
Housing Services	1.970	1.644	1.644	0.000	0.000	0.000
Social Care and Housing Services Net Expenditure	201.121	147.408	145.382	2.027	0.000	2.027
IJB Operating Costs	0.000	0.000	0.000	0.000	0.000	0.000
Social Care and Housing Services Sub-Total	201.121	147.408	145.382	2.027	0.000	2.027
Total Expenditure - NHSL and NLC	648.659	481.565	477.055	4.510	0.000	4.510

North Lanarkshire Health and Social Care Partnership Budget 2020/2021

Appendix 1 (Cont.)

Funded By:	Annual Budget 2020/2021 £m
NHS Lanarkshire Funding Social Care Funding Resource Transfer Commissioned Services Scottish Government Funding - Covid-19 Total Funding - NHSL	433.453 26.943 22.624 6.481 8.758 498.259
NLC Funding NLC Funding - Housing Services Total Funding - NLC	148.430 1.970 150.400
Total Funding - NHSL and NLC	648.659

Hosted Services

Appendix 2

Led by the North Partnership	TOTAL			
	Annual Budget 2020/2021	YTD Budget Dec-20	YTD Actual Dec-20	YTD Variance Dec-20
	£m	£m	£m	£m
Sexual Health Services	2.737	1.977	1.919	0.058
Continence Services	2.151	1.612	1.627	(0.015)
Immunisation Services	1.539	1.153	1.758	(0.605)
Speech and Language Therapy Services	5.771	4.320	4.200	0.120
Children and Adolescents Mental Health Services	7.054	5.301	5.167	0.134
Childrens Services	11.334	8.505	8.190	0.315
Integrated Equipment and Adaptations Store	0.567	0.425	0.425	0.000
Dietetics Services	3.737	2.738	2.718	0.020
Podiatry Services	4.190	3.138	3.066	0.072
Prisoner Healthcare Services	1.651	1.238	1.316	(0.078)
Blood Borne Viruses Services	1.427	1.070	1.117	(0.047)
Hospital at Home	2.147	1.610	1.620	(0.010)
Mental Health and Learning Disability Services	67.634	49.845	48.647	1.198
TOTAL	111.939	82.932	81.770	1.162

North Lanarkshire IJB - 51% Share			
Annual Budget 2020/2021	YTD Budget Dec-20	YTD Actual Dec-20	YTD Variance Dec-20
£m	£m	£m	£m
1.396	1.008	0.950	0.058
1.097	0.822	0.837	(0.015)
0.785	0.588	1.193	(0.605)
2.943	2.203	2.083	0.120
3.598	2.704	2.570	0.134
5.780	4.338	4.023	0.315
0.289	0.217	0.217	0.000
1.906	1.396	1.376	0.020
2.137	1.600	1.528	0.072
0.842	0.631	0.709	(0.078)
0.728	0.546	0.593	(0.047)
1.095	0.821	0.831	(0.010)
34.493	25.421	24.223	1.198
57.089	42.295	41.133	1.162

South Lanarkshire IJB - 49% Share			
Annual Budget 2020/2021	YTD Budget Dec-20	YTD Actual Dec-20	YTD Variance Dec-20
£m	£m	£m	£m
1.341	0.969	0.969	0.000
1.054	0.790	0.790	0.000
0.754	0.565	0.565	0.000
2.828	2.117	2.117	0.000
3.456	2.597	2.597	0.000
5.554	4.167	4.167	0.000
0.278	0.208	0.208	0.000
1.831	1.342	1.342	0.000
2.053	1.538	1.538	0.000
0.809	0.607	0.607	0.000
0.699	0.524	0.524	0.000
1.052	0.789	0.789	0.000
33.141	24.424	24.424	0.000
54.850	40.637	40.637	0.000

Hosted Services

Appendix 3

Led by the South Partnership	TOTAL			
	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	2020/2021 £m	Dec-20 £m	Dec-20 £m	Dec-20 £m
Community Dental Services	6.398	4.878	4.741	0.137
Out of Hours Services	8.287	5.671	5.506	0.165
Palliative Care Services	7.109	5.309	5.351	(0.042)
Physiotherapy Services	9.527	7.146	7.224	(0.078)
Primary Care Services	0.718	0.541	0.484	0.057
Occupational Therapy Services	8.234	5.994	5.783	0.211
Diabetic Services	3.604	2.701	2.688	0.013
Sub Total	43.877	32.240	31.777	0.463
Ring Fenced Funding				
Primary Care Improvement Fund	7.146	5.142	5.142	0.000
Primary Care Transformation Fund	0.379	0.379	0.379	0.000
Sub Total	7.525	5.521	5.521	0.000
TOTAL	51.402	37.761	37.298	0.463

North Lanarkshire IJB - 51% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2020/2021 £m	Dec-20 £m	Dec-20 £m	Dec-20 £m
3.263	2.488	2.488	0.000
4.226	2.892	2.892	0.000
3.626	2.708	2.708	0.000
4.859	3.644	3.644	0.000
0.366	0.276	0.276	0.000
4.199	3.057	3.057	0.000
1.838	1.378	1.378	0.000
22.377	16.442	16.442	0.000
3.644	2.622	2.622	0.000
0.193	0.193	0.193	0.000
3.838	2.816	2.816	0.000
26.215	19.258	19.258	0.000

South Lanarkshire IJB - 49% Share			
Annual Budget	YTD Budget	YTD Actual	YTD Variance
2020/2021 £m	Dec-20 £m	Dec-20 £m	Dec-20 £m
3.135	2.390	2.253	0.137
4.061	2.779	2.614	0.165
3.483	2.601	2.643	(0.042)
4.668	3.502	3.580	(0.078)
0.352	0.265	0.208	0.057
4.035	2.937	2.726	0.211
1.766	1.323	1.310	0.013
21.500	15.798	15.335	0.463
3.502	2.520	2.520	0.000
0.186	0.186	0.186	0.000
3.687	2.705	2.705	0.000
25.187	18.503	18.040	0.463

Useable Reserve	Revised Balance As At 1 April 2020
	£m
Ring-Fenced Reserves	
Addictions - ADP Funding 2018/2019	0.313
Mental Health and Learning Disability Services - Mental Health Improvement Fund	0.254
Alcohol and Drug Partnership Fund+G10	0.045
Mental Health and Learning Disability Services - Distress Brief Intervention	0.647
Mental Health and Learning Disability Services - Health Improvement Service funding (Mental Health Strategy evaluation)	0.015
Mental Health and Learning Disability Services - Veteran's First Point	0.085
Mental Health and Learning Disability Services - Action 15	0.086
Mental Health and Learning Disability Services - Improving access - funding waiting list clinics	0.096
Community WIFI	0.560
QUEST - Patient Safety Nursing Post	0.051
Fetal Alcohol Spectrum Disorder	0.025
FME Regional Custody Suite	0.090
HPV for boys	0.016
Health & Homeless post	0.040
Infant Mental Health (NES Funding)	0.013
Total Ring-Fenced Reserves	2.337

2020/2021				
Transfers Out	Transfers To Contingency	Transfers From Contingency	Transfers In	Balance As At December 2020 / January 2021
£m	£m	£m	£m	£m
(0.313)				0.000
(0.090)				0.164
(0.045)				0.000
(0.127)				0.520
				0.015
(0.085)				0.000
(0.086)				0.000
(0.004)				0.092
				0.560
(0.051)				0.000
(0.025)				0.000
				0.090
(0.016)				0.000
				0.040
				0.013
(0.842)	0.000	0.000	0.000	1.495

Earmarked Reserves	£m
Training Fund	0.246
Sexual Health Services	0.109
IT Federated Trust Environment Strategy	0.214
Integrated Support Worker	0.153
Nursing Services	0.125
Social Care Contract Monitoring Staff	0.140
Area Wide Services - Health Promotion - North Lanarkshire Leisure agreement	0.123
Social Care Contracting Staff within Quality Assurance Services	0.108
Nursing Services - Extend Health Improvement Unit posts to March 2020	0.075
Community Assessment and Rehabilitation Service - Rehabilitation Pilot	0.023

£m	£m	£m	£m	£m
				0.246
				0.109
				0.214
				0.153
				0.125
(0.116)				0.025
				0.123
(0.090)				0.018
				0.075
				0.023

Useable Reserve	Revised Balance As At 1 April 2020
Earmarked Reserves (Cont.)	£m
Motherwell Rehabilitation Team Leadership	0.058
Administration Support Services	0.044
Area Wide Services - Primary Care Corporate (iHUB Project - NES funding)	0.034
Test of Change - High Intensity Service Users	0.027
Nursing Services - Solihull Training	0.018
Winter Plan - Discharge To Assess	0.010
Self Directed Support Programme	0.252
Nurse Leadership Professional Capacity	(0.001)
Social Care Services - Community Alarms Care Inspectorate Requirements	0.170
MH PDN 0.2wte for 20/21 spend previously approved	0.011
Nursing Appointments	0.120
Dietetics	0.013
CARS	0.034
Area Wide Health Improvement posts	0.039
Adaptations Fund	0.286
Carers Act 2018	0.580
Total Earmarked Reserves	3.010

Risk-based Reserves	£m
Self Directed Support Strategy	3.214
Prescribing Fund	3.786
Financial Plan 2019/2020 Contingency - Allocated to NLC (Part of £2.025m)	
Financial Plan 2019/2020 Contingency	0.383
Total Risk-Based Reserves	7.383

Contingency Fund	
Contingency Balance Held By NHSL	3.684
Contingency Balance By NLC	0.000
Contingency Fund	3.684

General Fund Total	16.414
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2020/2021				
Transfers Out	Transfers To Contingency	Transfers From Contingency	Transfers In	Balance As At December 2020 / January 2021
£m	£m	£m	£m	£m
				0.058
				0.044
				0.034
				0.027
				0.018
				0.010
(0.070)				0.182
				(0.001)
(0.159)				0.011
				0.011
				0.120
(0.013)				0.000
(0.034)				0.000
(0.039)				0.000
(0.286)				0.000
(0.580)				0.000
(1.387)	0.000	0.000	0.000	1.624

£m	£m	£m	£m	£m
(3.214)				0.000
				3.786
				0.000
				0.383
(3.214)	0.000	0.000	0.000	4.169

				3.684
				0.000
0.000	0.000	0.000	0.000	3.684

(5.443)	0.000	0.000	0.000	10.971
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Budget Reconciliation

Appendix 5

North Lanarkshire Health and Social Care Partnership Budget	Locality and Other Services	Addiction Services	Medical and Nursing Directorate	Prescribing	Out-of-Area Services	Area Wide Services	Hosted Services-North	Hosted Services-South	Family Health Services	Set-Aside	Social Work and Housing	Covid-19 Funding	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revised Budget As Per October 2020 Finance Report	44.644	4.964	3.505	68.646	4.359	8.662	111.729	25.368	105.618	63.066	205.005	3.288	648.854
Additional Funding - Long Term Care Weekend Enhancements	0.161												0.161
Additional Funding - Cost Pressures	0.131												0.131
Additional Funding - District Nursing Services			0.128										0.128
Additional Funding - From NHS Lanarkshire To North Lanarkshire Council											0.256		0.256
Budget Call Down - ADP Services		0.358											0.358
Budget Call Down - Hosted Services							0.171						0.171
Budget Call Down - Medical Directorate							0.051						0.051
Additional Funding - Covid-19												0.684	0.684
Offsetting Budget Reduction Due To Covid - Travel	(0.021)						(0.094)						(0.115)
Budget Adjustments - Various	0.011	0.015	0.011	0.000			0.095						0.132
NES Income				0.000			0.047						0.047
SIP Non-pay Uplift							0.025						0.025
Primary Care Perinatal Services Adjustment							(0.069)						(0.069)
Junior Medical Services Adjustment							(0.017)						(0.017)
Prescribing Adjustment				1.723									1.723
Area Wide Services Adjustment						0.449							0.449
Out-of-Area Services Funding for Cost of Living Increase													0.000
Budget Adjustments Hosted Services - South Lanarkshire IJB								0.848					0.848
Family Health Services - Demand led budget									(1.018)				(1.018)
Budget Adjustments Total	0.282	0.373	0.139	1.723	0.000	0.449	0.209	0.848	(1.018)	0.000	0.256	0.684	3.945
Revised Budget As Per December 2020 / January 2021 Finance Report	44.926	5.337	3.644	70.369	4.359	9.111	111.938	26.216	104.600	63.066	205.261	3.972	652.799