



Dumfries and Galloway
Integration Joint Board

22nd April 2021

This Report relates to
Item 5 on the Agenda

Financial Plan 2021/22

Paper presented by Katy Kerr

For Approval

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List of Background Papers:	Not required
Appendices:	Appendix 1 – Covid-19 Costs

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	
	4. Dumfries and Galloway Council and NHS Dumfries and Galloway	

1. Introduction

- 1.1 This paper sets out the Financial Plan for the Integration Joint Board (IJB) for 2021/22 and provides an update on savings plans required to establish a balanced budget position for 2021/22.

2. Recommendations

2.1 The Integration Joint Board is asked to:

- **Approve the IJB Financial Plan for 2021/22 which is presented as a balanced position with an in-year gap of £12.930m for which savings are still to be identified.**
- **Note that additional funding is anticipated for 2021/22 to support ongoing costs of Covid-19.**
- **Note that additional funding of £1.004m to support the Scottish Living Wage (SLW) on a non-recurring basis has been provided and is subject to review during 2021/22.**

3. Background and Main Report

3.1 Background

- 3.2 This paper presents the budget position for the IJB for 2021/22 and reflects the allocation of resources from the partner agencies to the IJB in the context of the agreed Scottish Government budget for 2021/22, and the respective financial settlements to Local Authorities and NHS Board.

- 3.3 The year end financial position for 2020/21 is in the process of being concluded with an estimated funding transfer of £8.762m from the NHS Board to support the overspend within the delegated NHS budget. The Council delegated service is projected to deliver a balanced position. In addition, funding will be carried forward across the Partnership to support future year's Covid-19 costs and other ringfenced allocations; details are set out later in the report. The position is subject to external audit review.

3.4 Main Body of the Report

Draft Budget 2021/22

- 3.5 The position for the joint IJB delegated budget position for 2021/22 is summarised in Table 1 below. This reflects the forecast costs and the required savings targets derived from the respective NHS and Council budget settlements. The detail to support the position is reflected in the narrative in the further sections.

Table 1 - Summary Position 2021/22

SUMMARY	£000s NHS	£000s Council	Total £000s
Opening Baseline Position	344,525	78,845	423,370
Pressures and Uplifts	7,477	5,941	13,418
Savings targets			
- Balance of savings from 2020/21	(19,762)	0	(19,762)
- Increased savings requirement 2021/22	(4,398)	(3,486)	(7,884)
Sub-total savings	(24,160)	(3,486)	(27,646)
Total	327,842	81,300	409,142

3.6 The above table identifies the combined IJB recurrent budget baseline from both the NHS and the Council before the application of uplifts and pressures. The baseline has been grossed up to reflect the savings of £19,762m not delivered recurrently from 2020/21. The increased savings requirement of £7,884m in 2021/22 results in an overall savings requirement for 2021/22 of £27.646m.

3.7 Whilst the ongoing savings target is £27.646m, this is reduced for 2021/22 by the amount of savings required through the Council delegated budget as this can be bridged in full by funding a number of in-year commitments through the carried forward funding including Social Care fund, Adult Social Care Winter Plan funding and additional funding for the SLW. The focus for savings delivery must still remain across the entirety of the Partnership as the recurring savings challenge of £3.486m for the Social Work budget has not been resolved.

3.8 At the point of drafting the paper a number of key inflationary uplifts remain unresolved including the outcome of the National Care Home Contract and the NHS Pay Uplift. It is anticipated that additional funding will be provided for the NHS Uplift if a settlement is agreed beyond the level of the Public Sector Pay Policy review which indicated an uplift of 1%.

Council Budget Position

3.9 The Local Government Finance Settlement for 2021/22 included additional funding of £72.6m to support Health, Social Care and Mental Health. The additional funding can be summarised as follows:

Table 2 – Summary of Council Settlement Social Care

Additional Agreed Settlements	2021/22 National	2021/22 D&G
Delivery of Real Living Wage	£34m	£1.119m
Carers Bill	£28.5m	£0.938m
Free Personal & Nursing Care Uprating	£ 10.1m	£0.398m
Total	£72.6m	£2.455m

- 3.10 The 2021/22 settlement has confirmed additional funding to current budgets nationally of £72.6m, with Dumfries and Galloway's share in the region of 3.38%. There is no allowance for demographic pressures or any anticipated price increases associated with the National Care Home Contract (which in total is estimated to cost £1.8m) included within funding received. It is estimated that the SLW allowance and the free personal care commitments are slightly under costed whereas the Carers Act funding will be incurred across a range of budget headings including price uplifts.
- 3.11 Any contract uplifts for contracts not directed through national negotiations will be discussed and agreed locally through the Contract Management Group.
- 3.12 Further detail is being worked up through the Carers Strategy Programme Board around plans for use of the Carers Act resource, with this being discussed at length at a previous IJB.
- 3.13 Since the budget settlement was agreed, additional national funding has been provided to Partnerships, currently on a one-off/non-recurring basis for the costs associated with SLW within the national care home contract. Our local share of the £30m national sum has been confirmed to be £1m. This agreement is in place for one year only with COSLA and Scottish Government committed to undertaking a policy review as part of the commitment towards the Fair Work in Social Care agenda and assessing ongoing implications.
- 3.14 The delegated budgets are facing cost and activity increases of £5.941m set against the additional funding of £2.455m. The position described below assumes release of £0.943m of the Social Care Fund held in reserve to support the increased capacity measures agreed in 2021/22, in addition to £1539m from Adult Social Care Funding. The recurring impact of these commitments gives an ongoing savings challenge of £3.486m which will be considered and addressed through our savings planning.
- 3.15 These costs exclude Covid-19 related costs which are dealt with separately in the Financial Plan and are detailed later in the report.

Table 3 – Summary of Council Delegated Budget

Social Work Delegated Budget	Uplift	21/22 Increase £000s
Staff Costs	2.0%	352
Care at Home Costs	3.93%	1,362
Sleeping Nights	2.40%	51
Direct Payment Costs	1.51%	95
Day Care Services	2.20%	19
Residential & Nursing Block	3.00%	906
	3.00%	49
Vol Org Grants	2.20%	72
Loss of income due to 7.5% free personal care increase		427
Income - increase from benefits increases	2.50%	(236)
Increased Capacity Measures		
CASS – Staffing		604
STARS – Staffing		339
Demographic Increases	1.6%	714
Care & Repair Capital reduction		250
Carers Strategy Resource		938
2021/22 budgeted increases		5,941
Funded by:		
Scottish Government Funding Settlement		(2,455)
Additional settlement Scottish Living Wage - one off	3.3%	(1,004)
Social Care Fund - Increased Capacity Measures		(943)
Use of Winter Planning Monies		(1,539)
2021/22 Position (using Non-Recurring Funding and Carried Forward Funding)		(0)
Ongoing Savings requirement	4.3%	3,486

NHS Budget Position

- 3.16 The NHS Board Financial Plan for 2021/22 was approved at its meeting of 12th April 2021. The position includes a 1.5% uplift to NHS Boards baseline budgets which was passed on proportionally to the delegated budget. The savings challenge for the NHS delegated budget remains considerable with a £24.160m target (7%) for 2021/22.
- 3.17 The pressures and price uplifts are significant and continue to outstrip any funding provided including the impact of the prior year pay deal from which we are still seeing costs increase due to incremental progression. These costs exclude Covid-19 related costs which are dealt with separately in the Financial Plan.

3.18 The budget uplifts and savings delegated to the IJB from the NHS Board are as follows:

Table 4 – Summary of NHS Delegated Budget

SUMMARY	NHS BUDGETS DELEGATED TO IJB
	2021/22 £000s
Opening Baseline Position	344,525
Budget Uplifts 2021/22	
Baseline Uplift 1.5%	3,979
New Medicine Funding reduction to £50m	(900)
Total Allocation Uplifts	3,079
Budgets Held Centrally	
Pay Uplifts - Agenda for Change (AFC)	2,866
Pay Uplifts - AFC 2018 deal Incremental Impact	1,452
Pay Uplifts - Medical Staff	518
Price Uplifts - General	427
Price Uplifts - SLA's	0
Price Uplifts - Primary Care Drugs	521
Price Uplifts - Secondary Care Drugs	1345
Non Covid-19 Cost Pressures	348
Total Pressures and Inflationary Uplifts	7,477
Recurring deficit position b/f 2020/21	19,762
Increased savings requirement 2021/22	4,398
2021/22 Savings Target to break-even	24,160
2021/22 Delegated Budget	327,842

Additional Resources Delegated

3.19 The Scottish Government budget indicates funding provision for support to key policy areas, such as Primary Care, Waiting Times Improvement and Mental Health. There is also additional funding for Alcohol and Drugs Partnerships (ADPs) to support investment in measures to reduce drug deaths. Whilst the budget letter indicates funding levels as per the table below, the detailed allocations have yet to be confirmed. The table below indicates the increased investment across the government policy areas.

Table 5

Improving patient outcomes	2020/21 Investment in reform (£m)	2021/22 Investment in reform (£m)	Increase for 2021/22 (£m)
Primary Care	205	250	45
Waiting Times Improvement	136	136	-
Mental Health and CAMHS	89	111.1	22.1
Trauma Networks	31	37.8	6.8
Drug Deaths	11	61	50
TOTAL	472	595.9	123.9

Integration Scheme

3.20 The Integration Scheme sets out how any financial matters are decided between the partners, particularly in relation to overspends in budgets. A review of the integration is planned for 2021/22. There is no change to the proposed methodology for this financial year with both parties underwriting any overspends to the Partnership on their share of the delegated budget.

Savings, Efficiencies and Cost Reductions

3.21 The estimated financial gap for 2021/22 is £24.160m for the Partnership; this is after reducing the target for the non-recurring measures identified. This represents a 7% savings target for the NHS delegated budget.

3.22 Set out below is an initial view on deliverable and savings targets for 2021/22 based on the limited discussions to date and a need to assess as a key strand of the Financial Plan. At this stage, the focus is much more on the immediate opportunities with the ambition that we look to develop a longer term plan over the next six months.

3.23 The savings to date are based on a range of areas but specifically:

- An assessment of workforce savings from known vacancies and likely timeframes for recruitment (mainly non-recurring).
- Targets assessed through the SAM programme and Finance teams, with work ongoing to implement delivery through General Management and Clinical teams.
- Savings plans already in progress.
- Opportunities identified through Covid-19 and new ways of working.
- Known underspends identified and reflected in the opening position.
- Other non-recurring flexibility and opportunities.

3.24 Based on this initial plan, savings of £11.230m (split £4.7m recurring and £6.530m non-recurring) have been captured in the Financial Plan, leaving an underlying in-year gap of £12.930m. A high level summary of the position is shown in the table below:

Table 6

	Non-Recurring £000s	Recurring £000s	Total £000s
Workforce	2,280	0	2,280
Non-pays	250	100	350
Agency	0	750	750
Prescribing	0	3,850	3,850
Non-recurring savings/flexibility	4,000	0	4,000
Grand Total	6,530	4,700	11,230

3.25 A workshop was held on 23rd March 2021 that focussed on identifying and delivering the sustainability elements of the programme. The workshop formed the initial launch of engaging with directorates and professional leads to develop a shared understanding of the scale of the financial challenge over the coming year.

3.26 The immediate outputs from this session were as follows:

- Developing a shared understanding of the scale of the financial challenge.
- An appreciation of the impact of the pandemic on the workforce.
- An appetite to sustain the pace of change delivered during the pandemic in responding to the financial pressures.
- A general agreement on the overall direction required to achieve the level of change required, specifically in regards to:
 - Transformation
 - Prescribing improvement
 - Workforce and recruitment
- A move towards an agreed performance monitoring framework for the savings plan, by Directorate, reviewing monthly monitoring of progress via the operational group meeting structure.

3.27 The outputs from this planning session will form the basis of the immediate changes we will make and the resulting impact of them as well as identifying short-term actions that must be taken, including timescales and responsibilities for delivery. This will then feed into the agreed future modernisation priorities to build a sustainable and affordable health care system.

3.28 Plans to date have identified some opportunities but considerable further work is required to work through these plans to realise the opportunities to deliver efficiencies and savings around the following schemes discussed with management:

- Reduced travel in the 'new normal'
- Electronic Patient Communications
- Workforce review and controls
- Medical Locum review
- Medicines review
- Enhanced financial controls
- Review of any in-year non-recurring flexibility

3.29 In addition to the savings plans set out above, discussions are ongoing for the management of the £3.5m shortfall in the Social Work delegated budget. Whilst this pressure can be bridged for 2021/22, there is an ongoing gap. Details are still to be worked up but it is critical we look at savings and budgets from an overall Partnership perspective.

3.30 This paper provides an update on the current position, however, it is vital that the momentum established in the workshop with General Managers and professional leads, alongside Executive Directors is also pursued via engaged discussions with clinical teams.

3.31 Looking ahead to 2021/22 and beyond, the SAM Programme Team have been working with the wider partnership to begin to develop a series of subsequent priorities for action, based on both the need to modernise service provision and with an imperative of delivering tangible savings for the local Health and Social Care system.

3.32 The pre-existing, current and planned future priorities for the SAM Programme support the direction set by the Strategic Commissioning Plan, as well as the Remobilisation Plans that have been submitted to Scottish Government.

3.33 The SAM Programme team will continue to engage with the wider partnership to design, define and support the delivery of a programme that will modernise, sustain and deliver a financially viable model for Health and Social Care Services, aligned with the priorities of the Strategic Plan.

Reserves

3.34 The IJB carried forward funding of £2.5m into 2020/21 relating to the balance of the Social Care Fund and ADP funding. A review is underway for the position at 31 March 2021. Reasons for increases were reported to the IJB last month but generally reflect the unusual year we have been through and the additional funding provided to support Covid-19 and other priorities for 2021/22. Details of final balances and spending plans will be reported to the IJB at future meeting once the year end position has been concluded and final balances are known.

Covid-19 Costs

3.35 It is anticipated that costs related to Covid-19 activity will continue into 2021. Included within the draft Financial Plan submission to Scottish Governance is an estimate of Covid-19 costs for 2021/22 and beyond, with costs identified separately from other pressures. It has been assumed in the Plan that funding will continue to be provided separately in year (in addition to the overall baseline allocations) for these costs. Whilst the longer term strategy in relation to these costs is not entirely certain, it is clear there is a need to continue a number of services into the new financial year with some potentially becoming core services as part of the overall remobilisation plans.

3.36 This includes costs for the vaccination programme, Covid-19 testing, track and trace teams, additional cleaning and infection control measures, cost of remobilising elective services, enhanced Public Health Team capacity, Care at Home and Care Home oversight work. A full schedule of all costs is included in **Appendix 1**. These will require ongoing review as more certainty around service strategies and longer term models are known.

4. Conclusions

4.1 The current draft proposed budget for services delegated to the IJB, passes on in full the additional funding from the partner organisations as identified in the Scottish Budget announced in February 2021. This leaves a significant level of pressure in the system when the full impact of pay and price inflation, along with known increased costs associated with activity growth and new developments are factored in.

4.2 Some limited progress has been made towards identifying savings and new ways of working to deliver the financial challenge identified for this forthcoming year, however, significant progress must be made across the transformation of existing services if there is any chance for recurring balance to be achieved in the months ahead.

4.3 The IJB is not projecting a break-even position and will continue to identify solutions

to bridge the current £12.930m unidentified savings gap.

5. Resource Implications

5.1. Funding implications are considered as part of the overall Financial Plan and budget setting for the IJB.

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. Senior Finance Team/Health and Social Care Governance and Performance Group.

9. Equality and Human Rights Impact Assessment

9.1. Impact assessments will be required for all proposals progressed through the business transformation programme.

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.

ADP	Alcohol and Drugs Partnership
AFC	Agenda for Change
CAMHS	Child and Adolescent Mental Health Services
CASS	Council Care at Home Service
IJB	Integration Joint Board
RTA	Road Traffic Accidents
SAM	Sustainability and Modernisation
SLA	Service Level Agreement
SLW	Scottish Living Wage
STARS	Short Term Augmented Response Service

Dumfries and Galloway Integration Joint Board



DIRECTION

(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)

1.	Title of Direction and Reference Number	
2.	Date Direction Issued by Integration Joint Board	
3.	Date from which Direction takes effect	
4.	Direction to	
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	
6.	Functions covered by Direction	
7.	Full text of Direction	
8.	Budget allocated by Integration Joint Board to carry out Direction	
9.	Desired Outcomes	
10.	Performance Monitoring Arrangements	
11.	Date Direction will be Reviewed	