



Dumfries and Galloway  
Integration Joint Board

25<sup>th</sup> April 2022

This Report relates to  
Item 3 on the Agenda

# Financial Plan 2022/23

*Paper presented by Katy Kerr*

*For Approval*

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<b>List of Background Papers:</b>	Not required
<b>Appendices:</b>	None

<b>Direction Required to Council, Health Board or Both</b>	<b>Direction to:</b>	
	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	

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### 1. Introduction

- 1.1 This paper sets out the Financial Plan for the Integration Joint Board (IJB) for 2022/23 and sets out the recurring deficit position of the IJB.

### 2. Recommendations

#### 2.1 The Integration Joint Board is asked to:

- **Approve the IJB Financial Plan for 2022/23 recognising the recurring deficit position.**

### 3. Background and Main Report

#### 3.1 Background

- 3.2 This paper presents the budget position for the IJB for 2022/23 and reflects the allocation of resources from the partner agencies to the IJB in the context of the agreed Scottish Government budget for 2022/23, and the respective financial settlements to Local Authorities and NHS Board.

- 3.3 The year end financial position for 2021/22 is in the process of being concluded and a further update with the final position will be presented to the next IJB, a break-even position will be achieved following the additional non-recurring support received from Scottish Government for the NHS overspend. 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

##### *Recurring Deficit Brought Forward*

- 3.5 The recurring deficit brought forward from 2021/22 has been reviewed and has been confirmed as £22m as per the table below:

**Table 1 – Recurring Deficit Brought Forward**

	<b>NHS Delegated</b>	<b>Council Delegated</b>	<b>Total IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>2021/22 Brought Forward Deficit</b>	<b>(19,762)</b>	<b>0</b>	<b>(19,762)</b>
Net additional recurring investment required	(4,398)	(3,486)	(7,884)
<b>2021/22 Opening Financial Gap Identified</b>	<b>(24,160)</b>	<b>(3,486)</b>	<b>(27,646)</b>
Recurring Savings delivered	2,256	0	2,256
2021/22 Financial Plan budgets not utilised	843	123	966
Cost Pressures not funded in 2021/22	(1,130)	0	(1,130)
1st call on 2022/23 recurring funding	0	3,363	3,363
<b>2021/22 Closing Recurring Deficit</b>	<b>(22,191)</b>	<b>0</b>	<b>(22,191)</b>

- 3.6 2021/22 recurring savings delivered have been confirmed at £2.3m and include Medicines (£1.1m); Workforce (£0.2m); Non Pays (£0.3m); Locum (£0.4m) and

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Travel (£0.3m).

- 3.7 All areas of the 2021/22 Financial Plan where additional investment was targeted have been reviewed and £1m has been identified as unallocated and available to reduce the recurring deficit. This in the main relates to pay award and cost pressure estimates which did not materialise during the year.
- 3.8 At the time of developing the 2021/22 plan, costs for Office 365 were still being discussed nationally, and were not included in the Financial Plan given the level of price uncertainty but were flagged as a financial risk; this has now been included at £1.1m for completeness
- 3.9 £3.4m has been allocated from the 2022/23 Council funding settlement to meet the historical recurring savings target remaining through supporting the recurrent investments in Care at Home services and Short Term Augmented Response Service (STARS) along with additional funding received for the 2021/22 pay uplifts to Adult Social Care Providers.

### *Draft Budget 2022/23*

- 3.10 A total of £28m in additional recurring funding is currently anticipated for 2022/23 across the partnership as per the table below.

**Table 2 – Additional Funding for 2022/23**

National Funding Notified for 2022/23	National Funding	D&G Share	NHS Delegated	Council Delegated	Total IJB
	£000s	£000s			
Measures to reduce delayed discharge/ interim care	20,000	3.27%	0	653	653
Increasing Care at Home capacity	124,000	3.27%	0	4,050	4,050
Carers Act Increase	20,000	3.27%	0	653	653
Social Care pay uplift to £9.50 - 1 April 21	30,500	3.29%	0	1,003	1,003
Social Care pay uplift to £10.02 - 1 Dec 2021	144,000	2.99%	0	4,299	4,299
Social Care pay uplift to £10.50 - 1st April 22	130,000	3.27%	0	4,246	4,246
Balance of £200m funding (£70m)	70,000	3.27%	0	2,286	2,286
Free Personal Care	15,000	3.27%	0	490	490
National recruitment campaign for Bands 2-4	30,000	2.99%	898	0	898
Multi-Disciplinary Teams	40,000	3.26%	1,306	0	1,306
	<b>623,500</b>		<b>2,204</b>	<b>17,680</b>	<b>19,884</b>
Additional Social Work Funding allocated post budget £22m	22,000	3.27%	0	720	720
	<b>22,000</b>		<b>0</b>	<b>720</b>	<b>720</b>
NHS General Uplift inc. NI			5,779	0	5,779
New Medicines Fund increase			1,467	0	1,467
			<b>7,246</b>	<b>0</b>	<b>7,246</b>
<b>Overall Total</b>			<b>9,450</b>	<b>18,400</b>	<b>27,850</b>

- 3.11 In addition to the baseline funding noted above, there are a number of recurring and non-recurring allocations which are currently anticipated; at this time these have not been included in the plan on the basis that they will come with conditions on what they must be spent on and will therefore not impact on the overall Financial Plan.

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- 3.12 The 2022/23 Scottish Government settlement has confirmed additional funding to current budgets nationally of £646m of which £576m will flow through the Council settlement; Dumfries and Galloway's share is currently estimated to be £18.4m. Details of the level of funding transfers to partnerships are currently subject to further clarification at both a national and local level with final funding shares likely to be confirmed by the end of April 2022. This funding supports the winter pressures initiatives commissioned by Scottish Government for Winter 2021/22 including increasing Care at Home capacity, increasing rates of pay for Adult Social Care staff, measures to reduce delayed discharges and increasing workforce across the Partnership.
- 3.13 The NHS Board have received a 2% baseline uplift along with further support for the increased employer national insurance costs arising from the UK Health and Social Care Levy. This is distributed proportionally to the delegated budget, and equates to £5.8m.
- 3.14 The NHS Board has also been advised to plan on the basis of receiving additional funding for the New Medicines fund based on the National Resource Allocation Formula (NRAC) share of £50m which provides a further £1.5m of resource.
- 3.15 As part of the Scottish Government Budget 2022/23, a total of £846m will be invested in improving patient outcomes as per the table below; the share for the Board is still to be confirmed by the various Scottish Government policy teams:

**Table 3 – Patient Outcomes Funding for 2022/23**

	2021/22 Restated	2022/23	Increase
Improving Patient Outcomes Investment	£m	£m	£m
Primary Care	250	263	13
Waiting Times	196	232	36
Mental Health and Child and Adolescent Mental Health Services (CAMHS)	231	246	15
Trauma Networks	38	44	6
Drugs Deaths	61	61	0
<b>Total</b>	<b>776</b>	<b>846</b>	<b>70</b>

*2021/22 has been restated for Mental Health and NHS Recovery Funding*

- 3.16 It was announced by the Cabinet Secretary for Health and Social Care in Parliament on 5 October 2021, that a range of measures were being put in place nationally as part of a £300m recurring investment to help protect Health and Social Care services over the winter period and to provide longer term improvement in service capacity across our health and social care systems. The funding has been captured as part of the 2022/23 Local Authority budget settlement, the following two specific allocations will be received directly by Health on behalf of the IJB:

**Table 4 – NHS Winter Planning Investment for 2022/23**

Winter Planning Investment for Health and Social Care (NHS elements only)	2021/22	2022/23	Increase
	£000s	£000s	£000s
National recruitment campaign for Bands 2-4	449	898	449
Multi-Disciplinary Teams	653	1,306	653
<b>Total</b>	<b>1,102</b>	<b>2,204</b>	<b>1,102</b>

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- 3.17 Based on the additional sources of funding described above the Financial Plan for 2022/23 is summarised below which shows a recurring shortfall of £2.7m. The detail to support the position is reflected in the narrative in the further sections.

**Table 5 – 2022/23 Draft Financial Plan**

	<b>NHS Delegated</b>	<b>Council Delegated</b>	<b>Total IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Baseline Uplift</b>	<b>9,450</b>	<b>18,400</b>	<b>27,850</b>
Recurring Pressures/ additional capacity b/f from 2021/22	0	3,363	3,363
Uplift and Inflationary Pressures 2022/23	9,256	8,625	17,881
Carers - delegated (92%)	0	601	601
Carers – non-delegated (8%)	0	52	52
Free personal care	0	490	490
Interim Care Measures	0	653	653
Additional Social Work Funding	0	720	720
Increased Care at Home Capacity (incl demographic increases)	0	3,046	3,046
Expansion of Health and Social Care Support Workers in Partnership to support Care at Home	0	720	720
Early intervention and prevention support	0	249	249
Increased Social Work Capacity for the Multi Agency Safeguarding Hub	0	101	101
National recruitment campaign for Bands 2-4	898	0	898
Multi-Disciplinary Teams	1,306	0	1,306
Resource to support in year resourcing increases	0	500	500
<b>Total Budgeted H&amp;SCP Costs</b>	<b>11,460</b>	<b>19,120</b>	<b>30,580</b>
<b>Shortfall</b>	<b>(2,010)</b>	<b>(720)</b>	<b>(2,730)</b>

- 3.18 A review of the areas within the IJB that require funding to be applied has been completed and is set out below:

- Pay Awards have been forecast based on the Scottish Public Sector Pay Policy, any change will be revisited by Scottish Government in line with the outcome of pay negotiations.
- Scottish Living Wage and National Insurance (NI) Uplift for external providers is assumed to be fully funded in 2022/23 from the uplift received. There are risks within the proposed price increases relating to non-staffing costs linked to fuel and other inflationary costs. A further 1% increase could potentially cost upto £400k above current budgeted levels.
- There are a significant range of inflationary factors impacting on potential non pay costs and these have not all been factored in at full estimated cost given the affordability gap. In addition to general price inflation, drugs, energy, service contracts, rates and food are all running in excess of the funding provided within the baseline uplift. Global sum estimates have been built in which can be drawn from during the year as pressures materialise. A process for distribution of this will be agreed through Financial Recovery Board (FRB).
- A provision has been built in across all years for increased costs for new drugs and national and regional business cases have been included, there is little the Board can do to influence these costs when they are received.
- It is also recognised that there will always be local business cases which require funding to ensure the service continues to function, and therefore

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£0.5m has been built in to future years.

- The additional funding for new medicines has not been distributed as a budget as the Board has previously invested in this on a recurring basis and is part of the recurring deficit brought forward.

3.19 In addition to the budgets provided for within the Financial Plan, there are a number of significant areas of risk which have not been included.

- 2022/23 energy costs are factored in at an average of 40%, this is unlikely to be sufficient given the estimates being worked up centrally
- Increasing Care at Home need being met within under 65's populations, including option 1 awards continues to increase at a greater than budgeted level
- Elective Recovery
- Activity pressures have not been factored in including drugs
- Increasing need above budgeted forecasts including utilisation of out of region placements and supports increase financial risk
- Alternative solutions to meeting unmet need will potentially increase current spend levels as more expensive solutions are used.
- Continued use of unbudgeted staff due to additional pressure on the system will create dependency from services and teams
- Medical Staffing models which are not sustainable within existing budget will require recurring investment to reduce reliance on locums
- Acceleration of DGRI business case in relation to permanent opening of half ward and 7 day operating of Short Stay Unit
- Impact of nursing workforce tool not factored in
- Band 2 to 3 Healthcare Support Workers
- Any change in O365 methodology
- Recurring Covid-19 costs and recovery costs are assumed to be fully funded and have not been factored in; current risk is £8m.

3.20 The current level of financial risk is estimated at £7-10m and although some provision has been built in to 2023/24 and 2024/25 as an allowance, this is unlikely to be sufficient if all risks materialise within the 3 year planning cycle.

3.21 As a result of the in-year gap on the Financial Plan and the historical deficit brought forward, the opening recurring financial gap for 2022/23 before setting any savings target is £25m for the IJB. This represents 5.4% of the 2022/23 distributed budgets for the IJB (6.7% for NHS Delegated Services and 0.7% for Council Delegated Services).

**Table 6 – Opening Recurring Deficit for 2022/23**

	NHS Delegated	Council Delegated	Total IJB
	£000s	£000s	£000s
Historical Deficit B/Fwd	(22,191)	0	(22,191)
In Year Deficit	(2,010)	(720)	(2,730)
<b>Opening Recurring Deficit for 2022/23</b>	<b>(24,201)</b>	<b>(720)</b>	<b>(24,921)</b>

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3.22 The recurring savings targets have been set for the IJB for 2022/23 as follows:

**Table 7 –2022/23 Recurring Savings Target**

	<b>NHS Delegated</b>	<b>Council Delegated</b>	<b>Total IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Savings Target for In Year Deficit	2,010	720	2,730
Savings Target for Historical Deficit	1,000	0	1,000
<b>Total Savings Target Set for 2022/23</b>	<b>3,010</b>	<b>720</b>	<b>3,730</b>

3.23 Some of the schemes planned include:

- Deliver Patient Hub
- eCommunication (Pilot Patient Hub)
- Maximise use of Equitrax 'follow-me' printing
- Migration to new Mobile Phone provider
- Review telephony and e-Health systems
- Deliver savings from Property Strategy through planned rationalisation of estate
- Reduction in non-domestic rates
- Review opportunities for efficiencies with each department head
- Review Pool car fleet
- Rollout e-Payroll
- Optimisation of the provision of laboratory services
- Redesign of Galloway Community Hospital Staffing Model
- Restructure Community Health NHS Directorate
- Non-pays workstream to prioritise areas of non pays spend to be targeted and introduce revised policies for spend areas and set stretch targets over the next two years.
- Continuing the work of the prescribing workstream to ensure all savings removed, using benchmarking best in class and learning from national sharing of ideas.

3.24 A summary of the 2022/23 opening budget by Directorate is shown as below with a total delegated budget of £443m:

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**Table 8 –2022/23 IJB Budget**

	<b>NHS Delegated</b>	<b>Council Delegated</b>	<b>Total IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Acute and Diagnostics Dir	131,119	0	131,119
Facilities and Clinical Support	17,544	0	17,544
Mental Health Directorate	26,732	0	26,732
Community Health and Social Care	65,789	81,491	147,280
Primary Care Services	53,427	0	53,427
Womens and Childrens Directorate	25,292	0	25,292
E Health	6,880	0	6,880
Strategic IJB services	25,015	0	25,015
Budgets held centrally for distribution	500	0	500
2022/23 plan proposed for distribution	11,460	19,120	30,580
<b>Total Distributed Budgets</b>	<b>363,758</b>	<b>100,611</b>	<b>464,369</b>
Historical Deficit	(22,191)	0	(22,191)
In Year Deficit	(2,010)	(720)	(2,730)
<b>Total Recurring Deficit</b>	<b>(24,201)</b>	<b>(720)</b>	<b>(24,921)</b>
Savings Target for In Year Deficit	2,010	720	2,730
Savings Target for Historical Deficit	1,000	0	1,000
<b>22/23 Savings Target Set</b>	<b>3,010</b>	<b>720</b>	<b>3,730</b>
<b>22/23 Target Recurring Deficit</b>	<b>(21,191)</b>	<b>0</b>	<b>(21,191)</b>
<b>Opening Recurring Budget Plan for 2022/23</b>	<b>342,567</b>	<b>100,611</b>	<b>443,178</b>

3.25 It is recognised that there will be always be a level of non-recurring measures that the IJB will be able to deliver. For 2022/23, this has been estimated at £6m and we will continue to monitor non-recurring opportunities and maximise these to further reduce the in year financial gap.

3.26 Taking account of all the elements noted above, the in-year position for the IJB is set out below which shows a forecast £15m shortfall on NHS Delegated budgets:

**Table 9 –2022/23 In Year Forecast**

	<b>NHS Delegated</b>	<b>Council Delegated</b>	<b>Total IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
2021/22 Closing Recurring Deficit	(22,191)	0	(22,191)
Net additional recurring investment required	(2,010)	(720)	(2,730)
<b>Total Recurring Deficit</b>	<b>(24,201)</b>	<b>(720)</b>	<b>(24,921)</b>
Recurring Savings targeted	3,010	720	3,730
<b>22/23 Target Recurring Deficit</b>	<b>(21,191)</b>	<b>0</b>	<b>(21,191)</b>
Offset by Non-recurring - Workforce	4,000	0	4,000
Offset by Non-recurring - Flexibility	2,000	0	2,000
<b>2022/23 In Year Forecast</b>	<b>(15,191)</b>	<b>0</b>	<b>(15,191)</b>

### *Reserves*

3.27 The IJB carried forward funding of £16.4m into 2021/22; this is anticipated to increase significantly and a review is underway for the position at 31 March 2022. Details of final balances and spending plans will be reported to the IJB at future



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meeting once the year end position has been concluded and final balances are known.

### *Covid-19 and Remobilisation*

3.28 It is anticipated that costs related to Covid-19 activity will continue into 2022 and be funded from allocations received from Scottish Government during 2021/22 which will be carried forward through reserves. Included within the draft Financial Plan submission to Scottish Government is an estimate of Covid-19 costs for 2022/23 and beyond, with costs identified separately from other pressures. It has been assumed in the Plan these costs can be covered by reserves but a review of all Covid-19 services and ongoing costs will require to be carried out during the first quarter of 2022/23 as part of Covid-19 cost containment measures.

3.29 The recurring and non-recurring costs anticipated for the year ahead has been reviewed. At this stage, it is assumed that all costs are fully funded and therefore do not impact on the Financial Plan.

**Table 10 – Covid-19 and Remobilisation Forecast**

	<b>NHS Delegated £000s</b>	<b>Pass through to Council £000s</b>	<b>Total IJB £000s</b>
Recurring	7,844	0	7,844
2022/23 Non-recurring	2,626	4,217	6,843
<b>Total costs anticipated</b>	<b>10,470</b>	<b>4,217</b>	<b>14,687</b>

3.30 In 2021/22, Scottish Government issued the Board with £16m of non-recurring funding as part of a total £619m being provided to Integration Authorities to fund a range of Covid-19 measures. This will require to be carried forward by the IJB in an earmarked reserve for Covid-19 purposes in line with usual accounting arrangements for Integration Authorities and can be used to fund Health and Social Care Partnership Covid-19 costs for 2022/23.

## **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 for 2022/23.

4.2 The IJB is not projecting a break-even position and will have to continue to identify solutions to bridge the current £15m in-year gap and the targeted £21m recurring 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**

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7.1. There are no legal or risk implications identified.

### **8. Consultation**

8.1. Senior Finance Team/Health and Social Care Senior Management Team, Health and Social Care Governance and Performance, NHS Board Management Team and Financial Recovery Board.

### **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.

CAMHS	Child and Adolescent Mental Health Services
FRB	Financial Recovery Board
IJB	Integration Joint Board
NI	National Insurance
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	