



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

INTEGRATION JOINT BOARD –BUDGET 2021/22

PURPOSE OF REPORT

1. To Approve the IJB budget for the period 2021/22 and note the financial position of the 3 years up to 23/24.

COMPETENCE

2. The Integration Joint Board (IJB) is required to agree a balanced budget on the basis of the funding delegated by NHS Western Isles and Comhairle nan Eilean Siar.

SUMMARY

3. In accordance with the Western Isles Integration Scheme, the IJB is required to approve a balanced budget on the basis of funding delegated by NHS Western Isles and Comhairle nan Eilean Siar (CnES). This has been a challenging process with both of the IJB's parent bodies experiencing significant financial pressure.
4. NHS Western Isles will received a 1.5% increase in allocation against a background of, increased general inflation, an increase in high cost Patient Access Scheme drugs and high levels of off-island mental health placements. In terms of pay, initial funding has been allocated in line with the Scottish Public Sector Pay Policy for planning purposes. This will be used as an anchor point in the forthcoming Agenda for Change pay settlement and funding arrangements for NHS Boards will be revisited by the Scottish Government in line with the outcome of the pay negotiations. NHS Western Isles will also receive increased funding for Primary Care, Action 15 Mental Health monies and Drug Deaths which are past onto the IJB in full where relevant. Figures are still to be confirmed.
5. Local Authority Settlement announced on 1 February 2021, together with the letter to Leaders included an increase in the funding (excluding specific grants) for the Comhairle of £1.645m (compared with 2020/21). However, as the Settlement including funding of £0.429m which must be passed on to the Integration Joint Board, £0.372m to fund a Council Tax Freeze, and new commitments of £0.063m, this equates to a cash increase for core services of £0.8m or 0.8%.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Health and Social Care Covid Funding 21/22

6. The budget has been prepared assuming that all genuine Covid costs in 21/22 and beyond will be funded in full. Additional funding of £869 million will be provided to support the ongoing response to the pandemic, and Scottish Government will develop their approach to allocating this funding on receipt of remobilisation plans due at the end of February. While we anticipate that further Covid funding will be provided by the UK Government, this tranche of funding should provide sufficient assurance for continuing with key programmes of work, such as vaccinations and Test and Protect. All Health and Social Care Covid costs are reimbursed through returns from NHS Western Isles to the Health Department.
7. In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets. In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22. The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million). The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated. Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets. **For our IJB in total we are expect £429k additional funds.**
8. As of 16th March 2021, the budget gap for the IJB is £3.822m, with identified savings and financial flexibility of £3.822m including the use of brought forward Social Care Funding (full allocation cannot be spent within the time frame but will be used to support new ways of working developed during Covid) Many of the savings for 2021/22 are non-recurring due to the pandemic. The Chief Officer expects both partners to be on emergency footing for the first 6 months. Non recurring savings and one off funding allows breathing space for the Chief Officer to develop a 3 year strategic plan taking on board, lesson learnt during the pandemic to allow the IJB to deliver a safe and effective service within the funding envelope. The Chief Officer is seeking to use the 1st 6 months of the year, whilst still in COVID response to develop a strategy and associated plans that build upon positive examples of change in service delivery in order that the IJB can realize the service transformation required to deliver a balanced budget without the requirement to reduce headcount. The Chief Officer intends to work with Service Leads to co-produce operational plans to deliver this. A key influence of this work are the recommendations outlined in the Review of Adult Social Care authored by Derek Feeley.



COMHAIRLE NAN EILEAN SIAR



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

DUE DILIGENCE

9. The Integrated Resources Advisory Group (IRAG) guidance sets out the process that should be followed by councils and NHS Boards in calculating the budget allocation for their IJB for the functions that have been delegated. This includes taking into account historical patterns of spend, likely cost pressures, demographic changes and agreed service development proposals.

The due diligence requirements have been followed during the preparation of the revenue budget proposals from NHS Western Isles and Comhairle Nan Eilean Siar.

10. The budget setting process for the IJB is set out in the Integration Scheme. The financial processes of each partner organisation are governed by their own financial instructions and are subject to auditor scrutiny on an annual basis.

NHS Western Isles

11. In preparing the budget proposals for 2021/22 NHS Western Isles' pay budgets were zero based and prepared in collaboration with service managers and a full costed establishment was confirmed. Substantial non pay budgets, including high cost drugs, mental health placements and Out of Hours were set in collaboration with service managers and other Scottish Health Boards. NHS Western assumes that posts would be filled by staff on substantive rates rather than high cost agency staff. The NHS Western Isles budget will be agreed at the 31st March 2021 Board meeting.

Comhairle Nan Eilean Siar

12. The agreed Budget Strategy of the Comhairle will seek to deliver a balanced budget using a combination of workforce planning, corporate efficiencies, budget choices and balances. The social care budget was set by undertaking an incremental budget approach using in-year financial information, adjusted for demand growth and any service developments.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

20/21 BUDGET PROPOSAL

Summary

13. The 2021/22 budget for the delegated and set aside functions is in excess of £64.802m, as shown in table below and in detail as Appendix 1.

	NHS £'000	21/22	
		CnES £'000	£'000
Gross Cost of Services	44,665	24,020	68,684
Total Core Funding	43,524	21,278	64,802
Initial Budget Gap	-1,141	-2,742	-3,882
Savings identified to date (inc High Risk)	1,190	1,993	3,183
Health and Social Care Funding		700	700
Unidentified Savings	49	-49	0

14. These functions are paid for by contributions from CnES and NHS Western Isles. This then forms the funding that is available to the IJB and enables it to allocate it in accordance with its Strategic Plan.
15. The anticipated cost of service delivery includes inflation and quantifiable cost pressures, including increase in 21/22 off-island placements, increased care packages, and any changes to staff terms and conditions including pay uplifts. The expenditure budget also assumes that the specific funds will be fully utilised. The above figures do not include Covid costs for 21/22.
16. The assumption is that Local Authority monies passed to IJB will be £429k greater than 2019-20 recurrent budgets.
17. The total anticipated cost of service delivery is £68,684m, which leaves a funding shortfall of £3.882m. As outlined above, with identified savings of £3.182m (see Appendix 2) and the use of non recurring Social Care funding of £0.700m the IJB is showing a break-even position.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Budget Contribution from Comhairle Nan Eilean Siar

18. As it stands, the Comhairle is proposing a flat cash settlement for the IJB, plus the £429k the Local Authority monies passed to the IJB.

NHS Western Isles

19. NHS Western Isles is proposing an uplift to the base budget in line with inflation increase as laid out by the Scottish Government. NHS Western Isles will also pass on the increased funding for PCIF and Action 15 mental monies and any other specific funding received during the year 2021/22.

SAVINGS PROPOSALS

20. There is identified savings proposals (including financial flexibility) of £3.183m :

	Total £'000	Low £'000	Med £'000	High £'000
NHS	1,190	940	200	50
CNES	1,993	933	610	450
	3,183	1,873	810	500

21. Appendix 2 details the identified savings proposed. It is noted that the majority of savings are non recurring and as such managers will need to identify further recurring savings or funding opportunities in 21/22 and beyond to enable the IJB to be financially sustainable as described by the Chief Officer in paragraph 8.

THREE YEAR PLAN

22. The draft 3 year budget plan is shown below. This is based on the core assumption (using last 4 years of actions) that the Comhairle will be providing a flat cash settlement for the IJB (i.e. budgets not inflated) and NHS Western Isles will provide an uplift to the base budget in line with inflation increase as laid out by the Scottish Government. If the IJB do not make a high level of recurring savings by transformation each year and/or receive recurring Social Care Funding from the Scottish Government than by 23/24 the Board could be looking at a £6.6m initial budget gap. The cost pressures the Board is looking to mitigate over the next 3 years are as follows; Goathill Road £1.1m, increases acute mental health placement (transfer from Cahms) £0.2m, increasing risk of emerging care packages £0.500m, as well as above inflation price rises from prescribed drugs, this is together with





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

the IJB underlying deficit of £2.1m. There is also an unknown disease and mental health burden in future years resulting from the pandemic which is as yet unquantifiable. It is imperative that transformational change drives recurring efficiencies but we recognize that with the workforce and population demographics this will become more increasingly difficult to do.

	21/22	22/23	23/24
	Total	Total	Total
	£'000	£'000	£'000
Expenditure			
IJB Management	2,885	2,940	3,020
Alcohol and Drugs	576	576	576
Head of Locality	21,715	23,286	24,014
Head of Partnership Services	14,198	14,511	14,882
Head of Dental Services	3,090	3,137	3,231
Head of Mental Health Services	3,129	3,176	3,271
Associate Medical Director	15,482	15,785	16,165
Acute Set Aside	7,608	7,832	8,067
Gross Total	68,684	71,243	73,226
Income	63,146	64,179	65,238
GAP	(3,182)	(5,570)	(6,666)

RECOMMENDATIONS





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

23. It is recommended that members of the IJB:

- a) Approve the 2021/22 budget proposals that are presented on the basis of “business as usual”, ongoing and developing COVID-19 issues highlight that this is not the case. It should be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by partners, and ultimately by government.
- b) Discuss the financial efficiencies set out in Appendix 2 and note the high reliance on financial flexibilities, carry forward of social care monies and vacancy savings
- c) Note that within the budget proposal there are a number of high risk savings and targets to realise and we continue to anticipate intense financial challenges moving forward.

Debbie Bozkurt
Chief Finance Officer
CÙRAM IS SLÀINTE





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Appendix 1

	21/22			22/23			23/24		
	NHS £'000	CnES £'000	Total £'000	NHS £'000	CnES £'000	Total £'000	NHS £'000	CnES £'000	Total £'000
Expenditure									
IJB Management	1,576	1,309	2,885	1,599	1,341	2,940	1,647	1,373	3,020
Alcohol and Drugs	576		576	576		576	576		576
Head of Locality	6,767	14,948	21,715	6,869	16,417	23,286	7,225	16,789	24,014
Head of Partnership Services	6,436	7,762	14,198	6,504	8,007	14,511	6,627	8,255	14,882
Head of Dental Services	3,090		3,090	3,137		3,137	3,231		3,231
Head of Mental Health Services	3,129		3,129	3,176		3,176	3,271		3,271
Associate Medical Director	15,482		15,482	15,785		15,785	16,165		16,165
Acute Set Aside	7,608		7,608	7,832		7,832	8,067		8,067
Gross Total	44,665	24,020	68,684	45,478	25,765	71,243	46,809	26,417	73,226
Income									
NHS	43,524	-	43,524	44,395		44,395	45,283		45,283
Comhairle	-	21,278	21,278		21,278	21,278		21,278	21,278
	43,524	21,278	64,802	44,395	21,278	65,673	45,283	21,278	66,561
Social Care Funding C/F	-	700	700	-	-	-	-	-	-
GAP	(1,141)	(2,042)	(3,182)	(1,083)	(4,487)	(5,570)	(1,527)	(5,139)	(6,666)
FEP									
	NHS £'000	CnEs £'000	Total £'000	NHS £'000	CnES £'000	Total £'000	Nhs £'000	CnES £'000	Total £'000
IJB Management	673	394	1,067	25	-	25	25	-	25
Alcohol and Drugs	-	-	-	-	-	-	-	-	-
Head of Locality	100	767	867	150	430	580	150	250	400
Head of Partnership Services	100	832	932	-	582	582	-	532	532
Head of Dental Services	267	-	267	-	-	-	-	-	-
Head of Mental Health Services	50	-	50	-	-	-	-	-	-
Associate Medical Director	-	-	-	-	-	-	-	-	-
Acute Set Aside	-	-	-	-	-	-	-	-	-
	1,190	1,993	3,183	175	1,012	1,187	175	782	957
GAP	49	(49)	0	(908)	(3,475)	(4,383)	(1,352)	(4,357)	(5,709)



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Appendix 2

Ref.	Proposal	R/NR	Saving 21/22	Saving 22/23	Saving 23/24	Financial Risk	System Risk	Political Risk
CNES1	Optimisation of care input (digital medication prompts, safety checks, asset based assessment)	R	150	0	0	H	M	H
CNES2	Maximise income through charging for residential and non-residential care on basis of full cost recovery (report to go to committee for approval)	R	200	100	0	H	M	H
CNES3	Introduce fleet cars for higher mileage home care workers	R	30	0	0	L	L	L
CNES4	Review of IT input	R	10	0	0	L	L	L
CNES5	Opportunistic vacancy savings on CNES pay budgets - This would recognise that the social care budgets will offer up opportunistic savings due to difficulty in recruiting to posts.	NR	500	500	500	M	H	M
CNES6	Divest interest in Dun Berisay flats	R	17	0	0	L	H	L
CNES7	Review of H&SC Facilities i.e. Laundry, Catering	R	50	50	0	M	M	L
CNES8	Review of residential skills mix	R	30	0	0	M	M	M
CNES9	Review of High Cost Packages	R	50	50	0	H	M	M
CNES10	Review of adult care skills mix	R	30	30	0	M	M	M
CNES11	Rural Care Units - assumption staffing will not be required for Goathill 21/22, Garrabost committed to Goathill project, Crowlister and Carloway not committed	NR	432	282	282	L	L	L
HSCP2	Reduce the frequency and cost of off-island placements for mental health and social care patients/service users	R	100	0	0	H	M	M
HSCP3	Review of Administration	R	50	0	0	L	L	L
HSCP4	Use of earmarked reserves no longer required	NR	344	0	0	L	L	L
HSCP5	Financial Flexibility e.g. flexibility on balance sheet	NR	573	0	0	L	L	L
NHS1	Childsmile Efficiencies	NR	62	0		L	L	L
NHS2	Dental Efficiencies due to reduced service - filling of vacancies with agency Dentists is not required	NR	200	0	0	M	M	L
NHS3	Dental Management Efficiencies	NR	5	0	0	L	L	L
NHS4	Mental Health Redesign Efficiencies	NR	50	0	0	L	M	L
NHS5	Community Nurse Vacancies to be withheld until re-organisation restructuring	NR	100	0	0	L	M	L
NHS6	Other NHS IJB Vacancies - hard to fill post - to be confirmed (on top of 2% vacancy factor already attributed to budgets)	NR	150	150	150	L	M	L
NHS7	Staff Travel - COVID restriction partially continue and with new ways of working	NR	50	25	25	L	L	L
			3,183	1,187	957			
	NHS budgets already have a 3% vacancy factor built in = approx the CNES £500k NR saving							