



## CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

### INTEGRATION JOINT BOARD – DRAFT BUDGET 2022/23

#### PURPOSE OF REPORT

1. To Note the Draft IJB budget for the period 2022/23 and note that approval will be required at the March meeting of the IJB.

#### 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 2% 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. The Local Authority Settlement announced on 20 December 2021 (excluding specific grants) included an increase in funding for the Comhairle of £2.295m (compared with 2021/22). However, as the Settlement includes funding of £1.759m which must be passed on to the Integration Joint Board and new education commitments of £0.849m, this equated to a cash decrease for core services of £0.2m. Following representations by COSLA the Cabinet Secretary announced non-recurring funding, of which the Comhairle will receive £0.8m for 2022/23, in acknowledgment of the pressures facing councils and to mitigate against high Council Tax increases. Authority Settlement announced on 1 February 2021, together with the letter to Leaders included an increase in the funding (excluding specific grants) for the



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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%.

### Health and Social Care Covid Funding 22/23

6. The budget has been prepared assuming that any residue Covid costs in 22/23 and beyond will be funded in full.. All Health and Social Care Covid costs are reimbursed through returns from NHS Western Isles to the Health Department. Directors of Finance have been informed there will be a much reduced envelop of funding and will mostly be around the Vaccination programme and testing.
7. In 2022-23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed recurring budgets, and make appropriate provision for increased employer national insurance costs. The Health and Social Care Portfolio will transfer additional funding of £554 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay and on winter planning arrangements.
8. The overall transfer to Local Government includes additional funding of £235.4 million to support retention and begin to embed improved pay and conditions for care workers, with the Scottish Government considering that this funding requires local government to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy. The additional funding will also support uprating of FPNC and the Carers Act. The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021- 22 recurring budgets for social care services and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £554 million greater than 2021-22 recurring budgets
9. As of 21st February 2021, the budget gap for the IJB is £3.425m, £4.109m including Goathill for 8 months, (predicated on the current revenue shortfall), with identified savings, reserves and financial flexibility of £2.270m, a gross gap of £1.839m still remain.

### DUE DILIGENCE



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10. 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.

As of the date of this report there is still the funding issue of Goathill to be finalized and the pressure for this service will be shown separate within this report.

11. 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

12. In preparing the budget proposals for 2022/23 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 30 March 2022 Board meeting.

### Comhairle Nan Eilean Siar

13. 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.

## 22/23 BUDGET PROPOSAL

### Summary

14. The 2022/23 budget initially required for the delegated and set aside functions is in excess of £71.594m, as shown in table below which is resulting in a initial budget gap of £3.425m including the deficit in the Goathill complex for approx 8 months brings the net gap to £4.109m for 22/23. The report that will go to the Board for approval will show the budget and pressures over a 3 year period in detail.



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	NHS £'000	22/23	
		CnES £'000	£'000
Gross Cost of Services	46,002	25,592	71,594
Total Core Funding	45,281	22,888	68,169
<b>Intial Budget Gap</b>	<b>-721</b>	<b>-2,704</b>	<b>-3,425</b>
Goathill Complex (8 ms full cost)	-	-685	-685
Agency Costs Differential Goat hill	-	-497	-497
Workforce Reserves	-	497	497
<b>2022/23 Net gap</b>	<b>-721</b>	<b>-3,388</b>	<b>-4,109</b>

15. 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.
16. The anticipated cost of service delivery includes inflation and quantifiable cost pressures, including increase in 22/23 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 22/23, at present we are not expecting the level of funding we have received in the past.
17. The assumption is that Local Authority monies passed to IJB will be £1.759m greater than 2021-22 recurrent budgets. However much of the £1.759m is ring fenced for specific purposes or have to be transferred directly to the private sector:



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Description	£	Note
FPC	24,000	No corresponding expenditure budget set
LA Living Wage	201,000	No corresponding expenditure budget set
Provider Living Wage £10.02	490,000	Recurring ring fenced monies to be transferred in full to the private sector
Carers Act and Respite Care	126,000	Ring fenced monies
Care at Home	769,000	Recurring ring fenced monies to improve capacity in care at home and substantially reduce unmet need (currently at 72 heads) Report Dec 2021
Interim Care	124,000	Non recurring ring fenced monies to relieve delayed discharges by buying beds out with normal care home capacity Report Dec 2021
Mental Health Recovery	25,000	Ring fenced monies
<b>Total</b>	<b>1,759,000</b>	

18. The total anticipated cost of service delivery is £68,684m, which leaves a funding shortfall of £3.425m and £4.109m if you include the opening of the Goathill Campus in full for 8 months. As indicated in the table at paragraph 13. It is extremely unlikely that anywhere near the level of staff required could be recruited to substantially, to open fully the Goathill Campus and would require large numbers of agency staff to be employed if this was possible. The deficit is purely based on what finances is required in the first year for full opening of Goathill and does not take into consideration recruitment issues.

#### Budget Contribution from Comhairle Nan Eilean Siar

19. As it stands, the Comhairle is proposing a flat cash settlement for the IJB, plus the £1,759k increase in grant from Scottish Government shown in the table above.

#### NHS Western Isles

20. NHS Western Isles is proposing an uplift to the base budget in line with inflation increase as laid out by the Scottish Government and has passed the budget to the IJB relating to increase in superannuation payments. NHS Western Isles will also pass on the increased funding for PCIF, Action 15 mental monies, multidisciplinary teams and any other specific funding received during the year 2022/23.

### SAVINGS PROPOSALS

21. There is identified savings proposals and the use of reserves and financial flexibility of £2.270m, leaving a gross gap of £1.839m as shown overleaf:





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FEP	NHS £'000	CnES £'000	Total £'000
IJB Management	13	-	13
Alcohol and Drugs	-	-	-
Head of Locality	224	500	724
Head of Partnership Services	77	282	359
Head of Dental Services	174	-	174
Head of Mental Health Services	-	-	-
Associate Medical Director	-	-	-
Acute Set Aside	-	-	-
Reserves and Financial Flexibility	233	767	1,000
<b>Total Savings</b>	<b>721</b>	<b>1,549</b>	<b>2,270</b>
<b>GROSS GAP (inc. Goathill)</b>	<b>(721)</b>	<b>(3,388)</b>	<b>(4,109)</b>
<b>NET GAP</b>	<b>(0)</b>	<b>(1,839)</b>	<b>(1,839)</b>

22. A detailed plan will be available for the 31 March 2022 Board meeting. It is noted again most of the savings are based around the inability of services to recruit into posts and reserves and financial flexibility. Either further recurring savings will be required to be made or increased funding made by the partners likely via funding from The Health and Social Care Portfolio.

### THREE YEAR PLAN

23. The draft 3 year budget plan is shown below. If the IJB do not make a high level of recurring savings each year than by 24/25 the Board could be looking at a £6.7m initial budget gap. The cost pressures the Board is looking to mitigate over the next 3 years are as follows; Goathill Road £1.8m (if substantive post are covered recurring by agency staff, if not £1.1m), increased acute mental health placement £0.2m, increasing risk of emerging care packages £0.200m, as well as above inflation price rises from prescribed drugs, this is together with the IJB underlying deficit of £2.0m. 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





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but we recognize that with the workforce and population demographics this will become more increasingly difficult to do.

	22/23	23/24	24/25
	Total	Total	Total
	£'000	£'000	£'000
<b>Expenditure</b>			
IJB Management	2,286	2,348	2,412
Alcohol and Drugs	679	679	679
Head of Locality	22,359	22,967	23,483
Head of Partnership Services	15,952	16,289	16,632
Head of Dental Services	3,078	3,140	3,202
Head of Mental Health Services	3,155	3,219	3,283
Associate Medical Director	15,533	15,833	16,148
Acute Set Aside	8,550	8,828	9,112
<b>Gross Total</b>	<b>71,594</b>	<b>73,303</b>	<b>74,952</b>
<b>Income</b>	<b>68,169</b>	<b>69,074</b>	<b>69,998</b>
<b>NET GAP</b>	<b>(3,425)</b>	<b>(4,229)</b>	<b>(4,954)</b>
Opening of Goathill Complex	(685)	(1,048)	(1,068)
Agency Costs Differential Goathill	(497)	(760)	(775)
Workforce Reserves	497	0	0
<b>Gross Gap</b>	<b>(4,109)</b>	<b>(6,037)</b>	<b>(6,797)</b>

## RECOMMENDATIONS

24. It is recommended that members of the IJB:





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- a) Note the 2022/23 budget proposals 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) Note the draft overall budget settlement outlined at paragraph 11, and that the IJB 2022/23 budget will come back to the Board for approval on 31st March 2021
- c) Note that work needs to be undertaken to secure more efficiencies by 31st March 2022

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