



# CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Meeting: Integration Joint Board  
Date: 22.03.18  
Item: 5.2  
Purpose: Approval

## INTEGRATION JOINT BOARD – BUDGET 2018/19

### PURPOSE OF REPORT

1. To approve the Integration Joint Board (IJB) budget for the period 2018/19, subject to the NHS Board approving its allocation to the IJB on 28<sup>th</sup> March 2018.

### COMPETENCE

2. The IJB is required to agree a balanced budget on the basis of the funding delegated to it 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 received a 1.5% increase in allocation (£1m) against a background of the pay gap being removed, increased general inflation and an increased in high cost drugs and is carrying a funding gap of 5% against its baseline funding.
5. The Comhairle received an initial grant reduction of £0.4m for 2018/19, having managed a reduction in funding of 18% between 2010 and 2017. However, subsequent negotiation within Parliament led to a further £1.2m being added to the Comhairle's balances as part of wider investment in local government. The council agreed at its budget setting meeting on 7<sup>th</sup> February 2018 to hold the additional £1.2m in balances to protect against future pressures. Outside of the IJB, each department has been asked to generate 1% efficiency savings for 2018/19, and plan for a 25% saving through transformation over the next four years.
6. The 2018/19 IJB budget gap is £1.403m. With the use of £0.400m reserves and a proposed financial efficiency plan (FEP) of £1.003m, we are presenting a balanced budget to the IJB Board for approval.

### DUE DILIGENCE

7. 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





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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.

8. 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

9. In preparing the budget proposals for 2018/19 NHS Western Isles' pay budgets were zero based and prepared in collaboration with service managers. 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. The NHS Western Isles budget will be agreed at the 28 March 2018 Board meeting.

### Comhairle Nan Eilean Siar

10. 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. Whilst the Local Government Settlement for 2018/19 was marginally more favourable than anticipated, forward planning and effective financial management are still required. The social care budget was set by undertaking an incremental budget approach using in-year financial information, adjusted for 16/17 demand growth and any service developments.

## 2018/19 BUDGET PROPOSAL

### Summary

11. The 2018/19 budget for the delegated functions is in excess of £58.7m, as shown in table below.

	IJB		
	Delegated Budget	NHSWI Set Aside	Total
	£'000	£'000	£'000
Total Funding of core services	52,849	5,878	<b>58,727</b>
Gross cost of service	54,059	6,071	<b>60,130</b>
Budget Gap	(1,210)	(193)	<b>(1,403)</b>
Total Savings Identified to date	932	71	<b>1,003</b>
Use of Reserves	400	0	<b>400</b>
<b>Savings Gap</b>	<b>122</b>	<b>(122)</b>	<b>0</b>

12. 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.





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13. The anticipated cost of service delivery includes inflation and quantifiable cost pressures, including increase in 18/19 placements, transitions from children's services, and changes in staff terms and conditions and taxation changes. The expenditure budget also assumes that the specific funds will be fully utilised. Excluded from the budget are £0.400m of pressures identified for emerging care packages and the risk of increasing acute mental health referrals.
14. The budget also assumes that £0.429m for health and social care will be passed to the IJB from the Comhairle and used to offset anticipated cost pressures relating to the Carers Act and living wage.
15. The total anticipated cost of service delivery is £60.130m (excluding emerging care packages), which left a funding shortfall of £1.403m. As outlined above, we have identified savings proposals of £1,003m (some of these are high risk and risk assessments and Equality Impact Assessments are being discussed with managers and staff representatives and will be taken to the NHS Board for discussion where relevant).

### Budget Contribution from Comhairle Nan Eilean Siar

16. At its budget setting meeting of 7<sup>th</sup> February 2018, the Comhairle agreed a flat cash settlement for the IJB, which establishes a delegated budget of £19.361m. This generates a savings target for the IJB of £0.820m, with a further £400k of financial risk sitting outside of this.
17. In addition, the Comhairle has earmarked an additional £0.429m to be used if required as follows:
  - Sleepovers paid at Living Wage level - £65k;
  - Carers Act - £117k;
  - Free Personal Care inflationary uplift - £13k; and
  - Pressures/Living Wage increase - £234k.

### NHS Western Isles

18. The Western Isles Health Board has experienced increasing activity levels, inflationary pressure, and increasing high cost drug and mental health referrals. This has only been partially offset by a 1.5% increase on the base allocation (£1.m) resulting in a real terms reduction of c. £2.5m. The funding gap for NHS Western Isles is 5% of its baseline funding. NHS Western Isles is not permitted to have reserves, unlike the IJB.
19. NHS Western Isles is proposing an outline allocation of £33.488m for community healthcare services (excluding primary care transformation funds as the Western Isles Health and Social Care Partnership has yet to receive actual confirmation of the total funds to be allocated at Board level) and £5.878m for the acute set-aside, resulting in a total budget of £39.366m. This generated a savings target of £0.583m.



COMHAIRLE NAN EILEAN SIAR



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### SAVINGS PROPOSALS

20. A total of £1.003m savings have been proposed and detailed in Appendix 1. Of the total savings proposed 35% are high risk, 38% are medium risk and 27% are low risk.

### RECOMMENDATIONS

21. It is recommended that members of the IJB:

- a) Agree to the overall budget settlement outlined at paragraph 11;
- b) Agree to the financial efficiencies set out in Appendix 1 (subject to NHS Western Isles Board approving its allocation to the IJB on 28<sup>th</sup> March 2018);
- c) Note that within the budget proposal there are a number of high risk savings to realise and we continue to anticipate intense financial challenges moving forward.

**Debbie Bozkurt**  
**Chief Finance Officer**  
**CÙRAM IS SLÀINTE**





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