



**REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
23 FEBRUARY 2022**

REPORT ON: DUNDEE IJB 2022/23 BUDGET DEVELOPMENT UPDATE

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB12-2022

1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to provide the Integration Joint Board (IJB) with an overview of the potential implications of the Scottish Government's Budget 2022/23 on the IJB's Delegated Budget.

2.0 RECOMMENDATIONS

It is recommended that the IJB:

- 2.1 Notes the content of this report including the potential implications to the delegated budget of the impact of the Scottish Government's Budget on Dundee City Council and NHS Tayside's financial settlements as set out in sections 4.2 and 4.3 of this report;
- 2.2 Notes the provision of additional specific funding from the Scottish Government to support Health and Social Care Integration as set out in sections 4.2.6 to 4.2.8 of this report.
- 2.3 Remits to the Chief Finance Officer to present a proposed budget for 2022/23 for consideration by the IJB at its meeting on 25th March 2022.

3.0 FINANCIAL IMPLICATIONS

3.1 The range of anticipated additional cost pressures likely to impact on the IJB's delegated budget for 2022/23 as well as the implications of new responsibilities associated with the provision of the new Scottish Government funding set out in sections 4.2.6 to 4.2.8 of this report continue to be assessed and refined by IJB officers. Furthermore, the actual levels of funding to be received from the partner bodies and the detail of the additional Scottish Government funding for IJB's are subject to ongoing discussion and review. Once these are concluded, the Chief Finance Officer will be in a position to present a proposed budget to the IJB at its meeting on 25th March 2022 for consideration.

4.0 MAIN TEXT

4.1.1 Dundee Integration Joint Board was presented with an update on the development of the delegated budget 2022/23 at its meeting of the 15th December 2021 (Article XI of the Minute refers). This was the first in a series of budget development reports to ensure the IJB was fully informed of the financial environment impacting on Dundee City Council, NHS Tayside and ultimately the IJB's delegated budget.

4.1.2 The Scottish Government issued its Draft Budget on the 9th December 2021. The draft 2022/23 Scottish Budget was debated by the Scottish Parliament throughout January and February 2022, with the Scottish Budget Bill passed on the 10th February 2022. Dundee City Council plans to set its budget on the 24th February 2022. The Director of Finance of NHS Tayside has provided indicative figures based on the budget announcement with confirmation to be provided once NHST Tayside sets out its financial plan to a future Board meeting, anticipated to be April 2022.

4.2 Draft Scottish Budget Implications

Dundee City Council

4.2.1 The Local Government Finance Settlement figures have been advised in Local Government Finance Circular 9/2021, issued by the Scottish Government on 20 December 2021. The figures are provisional at this stage and are subject to consultation between the Scottish Government and COSLA prior to being laid before the Scottish Parliament. In late January 2022, The Scottish Government announced that a further £120m would be made available to local government in 2022/23 to support budget pressures with a view to removing the need for council tax increases.

4.2.3 Based on current assumptions, Dundee City Council will require to identify budget savings totalling around £12.2 million in order to achieve a balanced budget in 2022/23. As more information is understood about the grant settlement and the range of cost pressures faced by the council, these financial projections remain subject to change up until the date Dundee City Council agrees its budget on the 24th February 2022.

NHS Tayside

4.2.4 All Territorial Health Boards in Scotland will receive a baseline uplift of 2% with some Boards receiving a further increase as part of arrangements to ensure all Boards funding is maintained within 0.8% of NRAC parity (the national allocation formula). Further funding has been provided to support increases in National Insurance Contributions. NHS Tayside has received additional funding for NRAC parity in 2022/23 of £800k which when combined with the baseline uplift and the national insurance uplift results in an increase in funding for NHS Tayside to £22.2m. The Scottish Government has also provided additional funding in relation to Covid commitments such as permanent recruitment of vaccination staff and National Contact Centre staffing. The total increase to baseline funding to NHS Boards will be £317.4m in 2022/23. NHS Boards have been instructed by the Scottish Government to deliver an uplift of at least 2.0% over 2021/22 agreed recurring budgets to Integration Authorities in relation to delegated health functions and to make appropriate provision for increased employer national insurance costs.

4.2.5 In addition to this uplift, further investment in reform in the following areas will see an additional £70m available to NHS Boards:

Improving Patient Outcomes	2021/22 Investment in Reform (£m)	2022/23 Investment in Reform (£m)	Increase in 2022/23 (£m)
Primary Care	250	262.5	12.5
Waiting Times	196	232.1	36.1
Mental Health and CAMHS	231.1	246	14.9
Trauma Networks	37.8	44.3	6.5
Drug Deaths	61	61	0
Total	775.9	845.9	70.0

Within these allocations, Primary Care and Action 15 Mental Health funding (as part of the Mental Health and CAMHS additional investment) will flow through to Integration Joint Boards and are at the level anticipated.

Health and Social Care Integration

- 4.2.6 The Scottish Government's budget makes further provision for the transfer of resources from the Health and Social Care Portfolio to Local Government to support social care and integration of £554m. This recognises the recurring commitments on adult social care pay and on winter planning arrangements and in doing so, recognises the potential range of costs associated with elements of the winter planning commitments, and that some flexibility in allocation of funding may be required at a local level. This includes the provision of increased capacity for community-based health and social care services to recognise increasing demand levels and to reduce delayed discharges from hospital.
- 4.2.7 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 Free Personal and Nursing Care and the Carers Act.
- 4.2.8 The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021/22 recurring budgets for social care services that are delegated. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities must be £554 million greater than 2021/22 recurring budgets. Further funding is also being provided to increase social work capacity across Scotland (£22m), the recruitment of additional Health Care Support Workers (£40m) and for Multi-Disciplinary Teams (£30m).

4.3 Potential Impact on Dundee Integration Joint Board Delegated Budget

- 4.3.1 The additional funding provided to IJB's by the Scottish Government to support Integrated Health and Social Care Services will undoubtedly enable the IJB to meet a range of cost and demand pressures however it should be noted that most of this funding comes with additional commitments. A large proportion of the national funding is being provided to support the national policy of delivering Fair Work for social care workers employed by care providers through the increase in the minimum hourly rate from £9.50 which was implemented from the 1st April 2021, to the full year effect of the further interim uplift to £10.02 per hour from 1st December 2021 and a further increase from 1st April 2022 to £10.50 per hour. Furthermore, investment for services to support Carers through additional Carers Act funding and increases in Free Personal and Nursing Care Rates are also expected to be delivered by the IJB by the Scottish Government. Once these commitments are considered against the full range of cost pressures, such as increasing demand and rising inflation and pay costs, it is likely that the IJB's budget will still be facing some significant financial challenges.
- 4.3.2 The impact of the Scottish Budget on Dundee City Council and NHS Tayside's budgets as noted in sections 4.2.3 and 4.2.4 of this report is also expected to provide a number of challenges to the availability of funding to the IJB for 2022/23, although the Scottish Government has ensured some protection to current IJB funding levels through specific instructions issued to the partner bodies with regards to passing through uplifts and additional funding. Dundee City Council plans to set its budget on the 24th February 2022 with NHS Tayside expected to provide indicative figures on its budget around the same time therefore the IJB's budget cannot be concluded until the delegated funding levels are confirmed by the partner bodies.
- 4.3.4 The outcome of the overall funding settlements and anticipated cost pressures for the delegated budget will be presented to the IJB at its meeting of the 25th March 2022 for consideration as part of the IJB's budget setting process. Should there be a funding gap, mitigating actions will be presented to the IJB for consideration in order to ensure the IJB can meet its obligations to set a balanced budget.

5.0 POLICY IMPLICATIONS

5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

6.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that the IJB will not be able to balance its resources and achieve its strategic objectives should the combination of the level of funding provided through the delegated budget and the impact of the IJB's Transformation Efficiency Programme be insufficient.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 4 = 16 (Extreme)
Mitigating Actions (including timescales and resources)	Developing a robust and deliverable Transformation Programme Negotiations with Dundee City Council and NHS Tayside to agree the most advantageous funding package as part of the development of the IJB's delegated budget. Present to the IJB financially sustainable investment options to maximise the impact of additional Scottish Government Funding in managing demand and securing Best Value
Residual Risk Level	Likelihood 3 x Impact 4 = 12 (High)
Planned Risk Level	Likelihood 3 x Impact 4 = 12 (High)
Approval recommendation	Despite the high level of risk, it is recommended that this should be accepted at this stage of the budget process with a reviewed position set out as the proposed budget is set out to the IJB in March 2022.

7.0 CONSULTATION

7.1 The Chief Officer, Director of Finance of NHS Tayside, Executive Director (Corporate Services) of Dundee City Council and the Clerk have been consulted on the content of this paper.

8.0 DIRECTIONS

8.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to:	
	1. No Direction Required	✓
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	

9.0 BACKGROUND PAPERS

9.1 None.

Dave Berry
Chief Finance Officer

DATE: 10 February 2022

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