



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 24 FEBRUARY 2021

REPORT ON: DUNDEE IJB 2021/22 BUDGET DEVELOPMENT UPDATE

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB6-2021

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 Draft Budget 2021/22 and anticipated cost pressures on the IJB's Delegated Budget 2021/22.

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 Draft 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 potential implications of these in relation to funding settlements to Dundee Integration Joint Board's delegated budget against the range of increased costs and cost pressures anticipated in 2021/22 as set out in section 4.3 and Appendix 1 to this report.
- 2.3 Remits to the Chief Finance Officer to present a proposed budget for 2021/22 for consideration by the IJB at its meeting on 26th March 2021.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The net anticipated financial shortfall within the IJB's delegated budget 21/22 is around £5.062m prior to the identification and application of any financial savings. This position will continue to be refined as the Scottish Government's budget passes through the parliamentary process and Dundee City Council and NHS Tayside set their respective budgets.
- 3.2 The Chief Finance Officer will present a proposed budget to the IJB at its meeting on 26th March 2021 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 2021/22 at its meeting of the 15th December 2020 (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 Given the current response to the Covid-19 pandemic, the UK Government delayed the announcement of the budget statement for 2021/22 with the Scottish Government subsequently delaying the publication of its own draft budget. Therefore the budget processes of Dundee City Council and NHS Tayside have also been delayed. The Scottish Government issued its Draft Budget on the 28th January 2021. The draft 2021/22 Scottish Budget will be debated by the Scottish Parliament in late February / early March 2021, with the Local Government Finance (Scotland) Order 2021 due to be presented to the Scottish Parliament on

10 March 2021. Given these timescales and the legislative requirement that local authorities must set their budgets for council tax purposes by the 11th March. Dundee City Council plans to set its budget on the 4th March 2021. 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.

- 4.1.3 Given at this stage the Scottish Government’s Budget is still in draft, there remains the possibility that there could be changes to the budget settlements to local authorities and NHS Boards as the Budget Bill is passed in the Scottish Parliament. Therefore the figures noted below are subject to change.

4.2 Draft Scottish Budget Implications

Dundee City Council

- 4.2.1 The Local Government Finance Settlement figures have been confirmed in Local Government Finance Circular 1/2021, issued by the Scottish Government on 1 February 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 on 10th March 2021.
- 4.2.2 The local government settlement at a national level includes a cash increase of £335m however COSLA has highlighted that this includes Scottish Government commitments of £241m which local authorities are expected to deliver on therefore the position is a real terms cash increase of £94m.
- 4.2.3 Based on current assumptions, Dundee City Council will require to identify budget savings totalling around £5.7million in order to achieve a balanced budget in 2021/22. This figure assumes that the Council Tax will be frozen and the Council can therefore access additional grant funding of £2.123 million to be made available by the Scottish Government as part of the Local Government Settlement to freeze Council Tax. If, however, the Council Tax is increased then this additional grant funding will not be available. These figures continue to be reviewed as more information is understood about the range of pressures and funding contained in the settlement.

NHS Tayside

- 4.2.4 All Territorial Health Boards in Scotland will receive a baseline uplift of 1.5% 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). NHS Tayside will not receive any additional funding for NRAC parity in 2021/22 therefore its share of the 1.5% uplift is an additional £12.1m of baseline funding. The total increase to baseline funding to NHS Boards will be £186.2m in 2021/22. NHS Boards have been instructed by the Scottish Government to deliver an uplift of at least 1.5% over 2020/21 agreed recurring budgets to Integration Authorities in relation to delegated health functions. A further £869m is being provided to support the ongoing response to the pandemic for Health and Social Care with the expectation of further funding provided by the UK Government. The approach to distributing of this funding will be developed following receipt of remobilisation plans at the end of February 2021.
- 4.2.5 In addition to this uplift, further investment in reform in the following areas will see an additional £123.9m available to NHS Boards:

Improving Patient Outcomes	2020/21 Investment in Reform (£m)	2021/22 Investment in Reform (£m)	Increase for 2020/21 (£m)
Primary Care	205	250	45
Waiting Times	136	136	-
Mental Health and CAMHS	89	111.1	22.1
Trauma Networks	31	37.8	6.8
Drug Deaths	11	61	50
Total	472	595.9	123.9

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.

4.2.6 Health and Social Care Integration

The Scottish Government's budget makes further provision for the transfer of resources from the Health Portfolio to Local Authorities for investment in social care and integration to the value of £72.6m. This funding includes a contribution to the continued delivery of the living wage to all adult social care staff of £34m, uprating for free personal and nursing care payments (£10.1m) and implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill of £28.5m.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 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 £72.6 million greater than 2020-21 recurring budgets.

4.3 Potential Impact on Dundee Integration Joint Board Delegated Budget

4.3.1 The previous report presented to the IJB at its meeting of 15 December 2020 set out a range of additional costs which are likely to result in pressures to the IJB's delegated budget in 2020/21. These have continued to be costed based on a range of assumptions and will continue to be updated as clearer information is received around the nature and scale of these pressures. These pressures are set out in Appendix 1. In particular, assumptions around demographic growth across services and consideration of emerging current year cost pressures likely to be recurring have been adjusted for. These additional commitments total £10.368m and exclude any cost implications of responding to the Covid-19 pandemic.

4.3.2 Following the publication of the Draft Scottish Budget, the potential changes to funding allocations to the IJB's Delegated Budget from Dundee City Council and NHS Tayside have now been included in the IJB's financial planning framework and are set out as funding sources to contribute to the cost pressures in Appendix 1. These are subject to further discussion, clarification and agreement with the partner bodies and Scottish Government.

4.3.3 The Scottish Government's funding allocations for additional investment in Health and Social Care Integration to support cost pressures such as the living wage and increases to free personal and nursing care payments in addition to the implementation of the Carers Act is welcome given these would have become pressures the IJB would be required to meet from savings elsewhere. However, unlike in previous years, there is no additional funding provided to offset inflationary and other cost pressures within the delegated budget such as the increase in the National Care Home. Furthermore, initial estimates suggest the funding for living wage and free personal care will be insufficient to meet the cost implications of the policy. The 1.5% funding uplift for delegated NHS budgets which Boards have been instructed to pass on to IJB's will also present challenges albeit this assumes a 1% pay policy increase with further funding to be provided should the actual pay award be in excess of this.

4.3.4 A range of savings options required to meet the funding gap will be presented to the IJB at its meeting of the 26th March 2021 for consideration as part of the IJB's budget setting process.

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.
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 2021.

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.

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Chief Finance Officer

DATE: 08 February 2021

DUNDEE HEALTH AND SOCIAL CARE PARTNERSHIP		
REVENUE BUDGET 2021/22		
Anticipated Cost Pressures:		2021/22 Total Delegated Budget Cost Pressures
		£000
Non-Recurring Savings 2020/21		148
Current Year Budget Pressures		1,500
Total Current Years Funding Requirements		1,648
New Pressures 2021/22 - Inflationary Pressures		
Staff Pay Increases		1,537
Increased Costs of Externally Provided Services (incl living wage)		2,161
Prescribing Growth		1,156
Total Inflationary Pressures		4,854
National Policy Costs		
Carers Act Implementation - Year 4		794
Free Personal & Nursing Care Rate Increases		259
Primary Care Improvement Funding		1,333
Action 15 Mental Health Funding		237
Total National Policy Costs		2,623
Demographic Pressures		1,243
Total Anticipated Cost Pressures 2021/22		10,368
Less: Scottish Government Specific Funding Previously Announced		
Primary Care		(1,333)
Action 15 Mental Health		(237)

Less: Implications of Scottish Draft Budget 2021/22			
NHS Tayside Assumed Uplift @1.5%		(1,779)	
Share of Additional £96m:			
Living Wage		(1,010)	
Carers Act		(794)	
Free Personal Care		(153)	
Net Anticipated Funding Shortfall 2021/22		5,062	