



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 21 FEBRUARY 2024

REPORT ON: DUNDEE IJB 2024/25 BUDGET DEVELOPMENT UPDATE

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB7-2024

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 2024/25 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 Draft Budget on Dundee City Council and NHS Tayside’s financial settlements as set out in section 4.2 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 4.2.4 to 4.2.6 of this report.

2.3 Remits to the Chief Finance Officer to present a proposed budget for 2024/25 for consideration by the IJB at its meeting on 27th March 2024.

3.0 FINANCIAL IMPLICATIONS

3.1 The range of anticipated additional cost pressures likely to impact on the IJB’s delegated budget for 2024/25 as well as the implications of new responsibilities associated with the provision of the new Scottish Government funding set out in sections 4.2.4 to 4.2.6 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 27th March 2024 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 2024/25 at its meeting of the 13th December 2023 (Article XII 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 19th December 2023. The draft 2024/25 Scottish Budget will be debated by the Scottish Parliament during January and February 2024, with the Local Government Finance (Scotland) Order 2024 due to be presented to the Scottish Parliament in early February 2024. Dundee City Council plans to set its budget on the 29th February 2024. 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 2024.
- 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 advised in Local Government Finance Circular 8/2023, issued by the Scottish Government on 21 December 2023. 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.
- 4.2.2 Based on current assumptions, as noted in Report 9/2024 (Local Government Financial Settlement 2024/25 and Financial Implications for the City Council) to the Council's Policy & Resources Committee, Dundee City Council's headline funding deficit is £26.1m, with savings and other factors already identified reducing the deficit to around £12m. Further savings have to be identified in order to achieve a balanced budget in 2024/25. 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 29th February 2024.

NHS Tayside

- 4.2.3 Compared to 2023/24 budgets, NHS Boards will receive a total increase of 4.3% for 2024/25 to cover costs related to the 2023/24 pay deals as well as baselining £100m of sustainability and distribution funding (NRAC) provided in 2023/24. Funding for pay awards for 2024/25 will be revisited following the outcome of the 2024/25 pay negotiations. The impact of the settlement for NHS Boards once these are taken into consideration is a flat cash settlement with Boards expected to manage pressures within existing envelopes. This is a change from previous years where a baseline uplift has been provided for all baselined spend with an upward adjustment being applied retrospectively for staff pay. The impact of this on projections of funding for the IJB will see a further pressure on non-pay costs within delegated NHS services given the NHS settlement is worse than anticipated in previous financial planning.
- 4.2.4 The impact of the budget settlement on NHS Tayside will be considered by NHS Tayside Board however it will exacerbate the financial challenges the Board is already facing in the current financial year.

Health and Social Care Integration

- 4.2.5 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 £241.5m.
- 4.2.6 The overall transfer to Local Government includes additional funding of £230 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 £12 minimum pay settlement for adult social care workers in commissioned services. The additional funding will also support uprating of Free Personal and Nursing Care with additional funding of £11.5m provided nationally.

4.2.7 Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5m greater than 2023/24 recurring budgets to ensure funding from the Health and Social Care Portfolio contributes to meeting outcomes in this area. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming funding allocated.

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 be offset by additional cost commitments to the IJB's. The majority of the additional 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 £10.90 which was implemented from April 2023 to £12 per hour from April 2024. 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 demographic 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 4.2.1 to 4.2.4 of this report is also expected to provide a number of challenges to the availability of funding to the IJB for 2024/25, 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 29th February 2024 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.

4.3.3 Report DIJB71-2023, Dundee IJB Budget Outlook, presented to the IJB at its meeting of the 13th December 2023 (Article XII of the minute refers) set out an anticipated financial gap in the IJB's 2024/25 budget position of around £10.7m. This was projected prior to the Scottish Government's budget announcement on the 19th December. As noted previously, work continues to be undertaken to review the various cost pressure and funding assumptions associated with delegated functions to the IJB however at this stage, without further interventions, the initial projected gap is of a similar scale.

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 27th March 2024 for consideration as part of the IJB's budget setting process. As noted in section 4.3.1, there is likely to be a funding gap and 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 subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

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 5 x Impact 5 = 25 (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 2024.

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: 06 February 2024