



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 13
DECEMBER 2023

REPORT ON: DUNDEE IJB 2024/25 BUDGET OUTLOOK

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB71-2023

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 IJB's delegated budget 2024/25.

2.0 RECOMMENDATIONS

It is recommended that the IJB:

2.1 Notes the content of this report including the range of estimated cost pressures impacting on the IJB's delegated budget 2024/25 including anticipated funding levels from the partner bodies and resultant projected budget shortfall.

2.2 Notes the budget development process for the agreement of the IJB's 2024/25 Revenue Budget as outlined in section 4.7 of this report.

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 to 4.6 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. At present, the financial gap is anticipated to be around £10.7m.

4.0 MAIN TEXT

4.1.1 Dundee Integration Joint Board was presented with a 5-year financial outlook at the meeting on 21st June 2023 (DIJB36-2023). That report set out the range of potential financial gaps within the IJB's delegated budget over the coming years. Based on a range of assumptions at that time, it was reported that this could potentially result in savings totalling approximately £36m being required over the next five financial years (2023/24 to 2027/28).

4.1.2 The latest financial planning for 2024/25 has involved bringing these assumptions up to date with information that is now known as well as revised assumptions on other elements. These include the impact of agreed 2023/24 pay awards for both NHS and Council employed staff and relevant additional funding, emerging cost pressures experienced in 2023/24 and any ongoing impact, national policy developments including the proposed uplift to £12 per hour for Adult Social Care workforce from the current level of £10.90 (to take effect from April 2024), anticipated pay awards for 2024/25, prescribing cost pressures (activity volumes and pricing), and any other new commitments.

- 4.1.3 Planning assumptions for 2024/25 currently include a 2% uplift on baseline budgets from NHS Tayside and 'flat cash' funding from Dundee City Council.
- 4.1.4 As part of the 2023/24 IJB Budget, the IJB agreed to a number of non-recurring savings in addition to the use of reserves to support the financial position. Given the non-recurring nature of these interventions, there is a need to remove these from the 2024/25 budget thereby creating a further in year pressure of £3.7m.
- 4.1.5 Further details will be forthcoming following the Scottish Government's Budget Statement, which is planned for 19th December 2023. Any further funding announcements as a result of the statement will be incorporated into the development of the 2024/25 Financial Plan and will be subject to discussion at IJB Budget Development Sessions and update reports.

4.2 Financial Outlook

- 4.2.1 The combined impact of the revision of the assumptions and adjustments for known pressures for 2024/25 results in estimated cost pressures of £19.9m with an estimated financial gap of £10.7m once funding uplifts and assumed additional funding for new policies are applied. While this is still an estimated position at this stage, the IJB will need to consider a range of options to ensure it sets a balanced budget by the end of March 2024. The overall position also reflects current years financial pressures which may not be able to be contained due to the demand lead nature of the expenditure. A figure of £3m has been included within the £19.9m to reflect these pressures.

4.3 Pay Costs

- 4.3.1 The financial outlook makes the same assumptions as the partner bodies in relation to possible pay uplifts for 2024/25, with Dundee City Council assuming a 3% uplift and a 2% uplift applied for NHS services. It should be noted that Scottish Government has previously given a commitment to fully fund NHS pay increases therefore any increase from this 2% is anticipated to result in a corresponding increase in funding. The combined cost pressure from assumed 2024/25 pay awards is £2.7m.
- 4.3.2 The staff costs pay pressure includes the additional cost of the increased local government pay award recently agreed for 2023/24. In line with Dundee City Council assumptions, the IJB had assumed a 4% uplift however the final agreed pay deal was settled at in excess of 6%. Given the tiered approach and the number of lower paid staff employed by the HSCP, the impact on the budget has been higher than many council services. This alone has resulted in an unfunded cost pressure of around £1.1m. The Scottish Government committed to provide local authorities with additional funding to cover some of this cost however at this stage no assumption has been made that resultant funding to Dundee City Council will be transferred to the IJB.

4.4 External Care Provider Costs

- 4.4.1 The IJB commissions a significant amount of services from the independent and third sector. A number of cost pressures are anticipated to impact on the budget required to sustain these services over 2024/25. A main driving factor will be the Scottish Government's continued implementation of Fair Work in adult social care with the increase in the minimum adult social care rate from £10.90 per hour to £12 per hour from April 2024. This is expected to be fully funded by the Scottish Government. This increase in rate will also drive an increase in the costs of the National Care Home Contract weekly fee rate, which will also consider other inflationary pressures facing the care home sector. This new rate has not been agreed yet for 2024/25. Given the financial pressures facing other care providers not covered by the increase of £12 per hour, provision has been made to increase contractual payments should the IJB agree to do so. The total additional provision made in the budget for external care provider costs is £6.5m.

4.5 Prescribing

4.5.1 Primary care prescribing costs have continued to increase significantly during 2023/24 across Scotland and this is expected to continue over 2024/25 with price increases a major factor in this rise. Currently, estimates on volume and price growth have been made based on the most recent information available which is limited in 2023/24 due to challenges with the new national prescribing system. The additional cost pressure for prescribing is anticipated to be around £800k in 2024/25.

4.6 Demographic Pressures

4.6.1 Making provision for demographic pressures across older people and adult services has been a feature of the IJB’s budget for a number of years given the age profile and needs the city’s population faces. Funding for demographic pressures is not provided by either of the partner bodies therefore the IJB has to find funding for these within its delegated budget. A provision of over £2m has been made to fund such pressures for 2024/25.

4.7 IJB’s Budget Development Process 2024/25

4.7.1 Given the scale of the financial challenge faced by the IJB for 2024/25, a significant amount of work is required over the coming months to enable the IJB to set a balanced budget by the end of March 2024.

4.7.2 A number of IJB development sessions have been arranged through December to March to explore the implications of the Scottish Government’s Budget, the proposed funding settlements from the partner bodies and the range of interventions the IJB will need to take to achieve financial balance. Furthermore, an updated budget report will be presented to the IJB meeting in February for consideration. It is anticipated that the IJB will meet on the 27th March 2024 to agree its 2024/25 revenue budget

5.0 POLICY IMPLICATIONS

5.1 This report has been subject to the Pre-11A 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 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 2023.

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: 29 November 2023