



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
26 MARCH 2021

REPORT ON: DUNDEE INTEGRATION JOINT BOARD PROPOSED BUDGET 2021/22

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB9-2021

1.0 PURPOSE OF REPORT

The purpose of this report is to advise Dundee Integration Joint Board of the implications of the proposed delegated budget for 2021/22 from Dundee City Council and indicative budget from Tayside NHS Board and to seek approval for the range of savings required to set a balanced budget for Dundee Health and Social Care Partnership for 2021/22.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

- 2.1 Notes the implications of the proposed delegated budget to Dundee Health and Social Care Partnership from Dundee City Council and indicative delegated budget from Tayside NHS Board for 2021/22 as set out in sections 4.2 and 4.5 of this report.
- 2.2 Approves the delegated budget proposed by Dundee City Council as set out in section 4.5 and Table 2 within this report.
- 2.3 Instructs the Chief Finance Officer to report back to the IJB following receipt of formal notification from Tayside NHS Board of the budget offer with associated recommendations including any implications of the finalisation of hosted services budgets and the Large Hospital Set Aside on the IJB's net budget position and associated savings.
- 2.4 Notes the range of estimated cost pressures and funding uplifts anticipated to impact on the IJB's 2021/22 delegated budget (Appendix 1).
- 2.5 Approves an uplift of 1.84% for 2021/22 to rolling contractual arrangements with the third sector for the provision of health and social care services as outlined in paragraph 4.8.2 inclusive of uplifts to implement the Scottish Living Wage and approve an uplift of 1.7% for all other contracts where living wage is not a feature.
- 2.6 Approves the range of savings set out in the attached Savings Proposals Report (Appendix 2) in order to bring the projected budget position closer to balance.
- 2.7 Remits to the Chief Officer to issue directions as set out in Section 8 of this report.

3.0 FINANCIAL IMPLICATIONS

The proposals outlined in this report set out an overall budget for 2021/22 for Dundee Health and Social Care Partnership of £254.5m as noted in section 4.11 of this report.

4.0 MAIN TEXT

4.1 Background

- 4.1.1 Report DIJB52-2020 (Delegated Budget Development 2021/22) presented to the 15th December 2020 meeting of the IJB (Article XI of the minute refers) set out an initial overview of the projected financial pressures likely to be faced within the delegated budget during 2021/22. This report focussed on the totality of the potential pressures but did not at that stage identify the funding solutions which would offset these given the relative stages of the budget process within NHS Tayside and Dundee City Council and the overall Scottish Government's Budget.
- 4.1.2 The IJB was provided with an update at its meeting on 24th February 2021 (Report DIJB6-2021 – Dundee Integration Joint Board 2021/22 Budget Development Update) (Article XII of the minute refers) which further refined the estimated financial pressures and noted the potential impact of the likely budget offers to be made to the IJB from Dundee City Council and NHS Tayside following the announcement of the Scottish Government's Draft Budget. This included details of additional funding of £72.6m nationally from the Scottish Government to invest in social care and to contribute to delivering national policies such as the living wage for adult social care worker, free personal care uplifts and the implementation of the Carers Act. The combined effect of these and specific Scottish Government funding for Primary Care Improvement and Mental Health Action 15 Funding resulted in a projected deficit of around £5.1m.
- 4.1.3 Since then, further work has been undertaken to refine the financial assumptions included in the delegated budget which now projects a deficit in funding of £2.658m in 2021/22. The detail of this is set out in Appendix 1. In addition, officers have been working through the range of interventions required to deliver a balanced budget for the IJB in 2021/22.
- 4.1.4 The factors noted above and subsequent negotiations have shaped the development of Dundee Health and Social Care Partnership's proposed 2021/22 budget and includes the range of savings with associated risks which is set out within the following sections.

4.2 Proposed NHS Tayside Delegated Budget

- 4.2.1 NHS Tayside's Financial Plan 2021/22 continues to be developed and is expected to be signed off by Tayside NHS Board in April 2021 therefore the figures contained in this report are indicative at this stage. In relation to the delegated budget, NHS Tayside's Director of Finance has indicated that the recurring delegated budget will be uplifted by 1.5% in line with the uplift received by NHS Tayside and in line with from the Scottish Government. It is anticipated that these uplifts will fully fund inflationary increases such as the pay settlement and inflationary and growth increases in prescribing in 2021/22. The indicative budget has been developed in accordance with the Scottish Government's expectations around the funding of IJB delegated budgets from NHS Boards for 2020/21 and notwithstanding the areas still to be clarified, the Chief Finance Officer deems this to be consistent with the parameters set out by the Scottish Government.

4.3 Large Hospital Set Aside

- 4.3.1 A key component of the overall funding of health and social care is in relation to progressing the arrangements to release resources through the Large Hospital Set Aside mechanism. The system reform assumptions in the Scottish Government's Health and Social Care Medium Term Financial Framework include material savings to be achieved from reducing variation in hospital utilisation across partnerships. Planning across the whole unplanned care pathway is key to delivering this objective. NHS Tayside have not as yet provided a calculation for the large hospital set aside for 2021/22 and this will be incorporated into the final budget once agreed. There is currently no provision for a further release of resources to Dundee given the position of the acute sector in relation to the Covid19 Pandemic.

4.4 Primary Care and Mental Health Additional Funding

- 4.4.1 The Scottish Government's Budget sets out the continued additional planned funding for Primary Care Transformation and Mental Health Action 15 Funding. Nationally, Primary Care funding will increase from £205m to £250m in 2021/22 while Mental Health and CAMHS funding will increase from £89m to £111m. Additional funding targeted towards reducing drug deaths is also provided, with this increasing from £11m to £61m in 2021/22. This funding is directed through NHS Boards to IJB delegated budgets.
- 4.4.2 Dundee's core share of the Primary Care Funding for 2021/22 is expected to be £4,543k which will be enhanced through a transfer from Angus and Perth and Kinross to recognise GP practice boundaries and patient flow. The share of Mental Health funding is £948k. Both of these funding streams are subject to strong governance arrangements through the Scottish Government and come with high expectations of delivering increased capacity and improvement within the respective areas. This additional funding will support the continued development of community-based health and social care services in line with the IJB's strategic priorities.

4.5 Dundee City Council Budget Implications

- 4.5.1 Dundee City Council approved its budget on the 4th March 2021 which set out the net budget offer to the IJB. The changes to the delegated budget as part of this offer are set out in table 1 below and consists of provision for inflationary pressures less savings adjustment and reflects Scottish Government investment to be directed to Integration Authorities. This consists of an additional £72.6m nationally included in the core local government settlement to support the continued implementation of the Carers (Scotland) Act 2016, delivery of the living wage for adult social care staff and uprating of free personal care allowances. This funding is to be additional to each council's existing recurrent 2020/21 budget levels for social care. By passing this additional Scottish Government funding on to the IJB's delegated budget, Dundee City Council has met this requirement.

Table 1 – Dundee City Council Budget Uplift Details

	£000
Inflationary Uplift	1,335
Less Council Applied Saving	(778)
Net Council Uplift	557
Additional Scottish Government Funding:	
Free Personal Care Uprating	153
Carers Act Implementation	794
Living Wage Funding	1,010
Total Net Additional Funding	2,514

4.6 Delegated Budget Current and Anticipated Financial Pressures

- 4.6.1 The range of cost pressures to be funded within the IJB's delegated budget for 2021/22 includes provision to respond to underlying financial overspends incurred within 2020/21 which are expected to be recurring in 2021/22 and beyond. This includes a higher level of investment required than planned to meet demand for services and the resultant impact on care pathways driven by increasing demographic growth and the need to continue to reduce unplanned hospital admissions and delayed discharges.

4.6.2 The cost pressures also include provision for anticipated demographic growth and other planned expenditure commitments anticipated to be incurred in 2021/22. This includes provision for increased social care and accommodation with support packages for people with a learning or physical disability and mental health issues, connected to the completion of a number of adapted housing units likely to be available during 2021/22.

4.7 Provision for 3rd Sector Rolling Contract Uplifts

4.7.1 The delegated budget funds a range of health and social care services provided by the third and voluntary sector on behalf of the Health and Social Care Partnership. These arrangements are governed by contractual frameworks with baseline funding agreed at the commencement of the service through the tendering process. Subsequent increases in the level of contractual funding for these (other than to reflect changing needs of individual service users) are a matter for the commissioning body to decide.

4.7.2 Care providers continue to face a number of financial challenges and in recognition of this and the important contribution the services they provide make to the overall health and social care service landscape. For most providers, the Scottish Government's commitment to pay the Scottish Living Wage will be a factor in their increased cost base and it is proposed to recognise this increase and fully pass on the additional Scottish Government funding provided for this purpose to those care providers. This would result in an increase in annual rolling contractual payments by 1.84%, with a proposal to increase all other non-living wage contractual arrangements by 1.70% despite the scale of financial savings required to be made by the IJB. This would result in an additional cost of approximately £521k. All other contractual arrangements will be uplifted under the agreed terms of these contracts.

4.8 COVID-19 Pandemic – Remobilisation and Recovery Plans

4.8.1 The additional financial impact of the COVID-19 Pandemic during 2020/21 has been funded on a non-recurring basis by Scottish Government.

4.8.2 During 2021/22, further additional expenditure is anticipated as Operational Services continue planning for Remobilisation and Recovery, in line with national guidelines. Draft plans have been submitted to Scottish Government including indicative projected expenditure to support these increased demands, and it is anticipated that these additional costs will continue to be funded by Scottish Government. As a result, the direct impact of these additional costs has been excluded from the 2021/22 budget planning process.

4.9 Dundee IJB Proposed Savings Programme

4.9.1 The impact of all the elements in the previous sections on the proposed delegated budget is noted in Appendix 1 attached. This highlights that the IJB needs to identify savings to the value of £2.658m in 2021/22 to provide a balanced budget. Over the last few months, officers from the IJB have developed a proposed savings programme, reflecting a thorough review of service budgets and consideration of all funding available.

4.9.2 The savings proposals are set out in detail within the attached Proposed Savings Programme 2021/22 (Appendix 2). Given the continued response to the Covid19 pandemic, there has had to be a focus on non-recurring savings to be delivered during 2021/22 rather than significant service transformation. It is therefore important for the IJB to note that further transformation of services as part of the post-covid remobilisation process will need to be achieved in order to provide recurring savings for future years budgets.

4.10 Reserves Position

4.10.1 At the financial year end 2019/20 the IJB's reserves stood at £492k however this consisted solely of reserves earmarked and ring fenced for a specific purpose such as Primary Care Improvement Funding, Alcohol and Drug Partnerships and Action 15 Mental Health funding and in relation to IJB decisions such as transition funding for reshaping non acute care. The IJB has no non-earmarked reserves available at this time.

4.10.2 The Integration Scheme risk sharing agreement notes that should there be any residual overspend in operational services at the end of the financial year, reserves should be drawn on prior to overspends being picked up by the partner bodies.

4.10.3 The IJB has a reserves policy which states that reserves should be at a level of around 2% of budgeted resources therefore an appropriate level of reserves would equate to around £5m for Dundee IJB. Audit Scotland noted a risk around financial sustainability of the IJB in the 2019/20 Annual Audit Report which included the projected level of reserves. While the IJB's latest operational financial monitoring position for 2020/21 is showing a projected underspend to the year end, the final position will not be known until mid May. Furthermore, the final position with regards to overall Covid19 spend against Scottish Government funding will also not be known until that time therefore while it is likely that there will be some increase in reserves it is too early to confirm the scale of this.

4.11 Proposed Dundee IJB Delegated Budget 2021/22

4.11.1 Factoring all of the above against the delegated budget results in a proposed position for 2021/22 as noted in Table 2 below.

Table 2 – Dundee Health & Social Care Partnership Proposed Delegated Budget 2021/22

	Dundee City Council	NHS Tayside (indicative only)	Total Proposed Budget 2021/22
	£m	£m	£m
2021/22 Baseline Budget			
Hospital & Community Based Services		85.8	85.8
Family Health Services Prescribing*		32.8	32.8
General Medical Services*		50.0	50.0
Large Hospital Set Aside (value tbc)			
Adult Social Care	80.1		80.1
Total Baseline Budget	80.1	168.5	248.6
Add:			
Inflationary Uplifts	0.6	1.8	2.4
Investment in New Scottish Govt Legislation/National Policy	1.9		1.9
Primary Care/ Action 15 Mental Health Funding		1.6	1.6
Total Proposed Budget 2021/22	82.6	171.9	254.5
Note:*			
Hosted Services Transfer Out		Tbc	Tbc
Hosted Services Transfer In		Tbc	Tbc

Note* - Figures to be confirmed once NHS Tayside final budget agreed.

4.11.2 The scale and pace of the delivery of the IJB's revised Strategic and Commissioning Plan is dependent on the level of resources delegated to the IJB. While the 2021/22 financial position is challenging, the partnership is receiving a net growth in its resources for 2021/22 through additional investment in areas such as Primary Care, Mental Health, Carers and social care, all of which will support the delivery of the priorities set out within the Strategic and Commissioning Plan. In addition, as health and social care services start to remobilise as part of the response to the Covid19 pandemic, the service delivery landscape will continue to evolve over 2021/22.

5.0 POLICY IMPLICATIONS

5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment. An impact assessment is available.

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	Although the risk levels remain high, the range of interventions identified generally have a medium to low risk of delivery in 2021/22 therefore it is recommended that the risks be accepted. Risks around the Prescribing budget will be continually monitored and reported to the IJB throughout the year.

7.0 CONSULTATIONS

7.1 The Chief Officer and the Clerk were consulted in the preparation of this report.

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 March 2021

DIRECTION FROM DUNDEE CITY INTEGRATION JOINT BOARD

1	Reference	
2	Date Direction issued by Integration Joint Board	26 March 2021
3	Date from which direction takes effect	1 April 2021
4	Direction to:	NHS Tayside & Dundee City Council
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	Yes
6	Functions covered by direction	All delegated services.
7	Full text of direction	Dundee Integration Joint Board directs Dundee City Council and NHS Tayside to provide health and social care services as commissioned by Dundee Integration Joint Board within the resources allocated as set out in this report, subject to formal notification from NHS Tayside as to the level of budget offer. Further Directions will be issued by Dundee Integration Joint Board during 2021/22 as to the future provision of these services.
8	Budget allocated by Integration Joint Board to carry out direction	To be confirmed once the final budget has been agreed following formal notification from NHS Tayside as to the level of budget offer
9	Performance monitoring arrangements	Through regular financial monitoring reports to Dundee Integration Joint Board.
10	Date direction will be reviewed	June 2021 (following receipt of NHS Tayside's formal budget offer)

DUNDEE HEALTH AND SOCIAL CARE PARTNERSHIP		
REVENUE BUDGET 2021/22		
Anticipated Cost Pressures:		Total Delegated Budget Cost Pressures
		£000
<i>Current Year Non-Recurring Savings / Budget Pressures</i>		
Non-Recurring Savings 2020/21		148
Current Year Budget Pressures		1,400
Total Current Years Funding Requirements		1,548
<i>New Pressures 2021/22 - Inflationary Pressures/Demographic Growth</i>		
Staff Pay Increases		1,536
Increased Costs of Externally Provided Services (including living wage)		1,402
Anticipated Demographic Demand Growth		968
Prescribing Growth		548
Total Inflationary / Demographic Pressures		4,454
<i>National Policy / Legislative Costs:</i>		
Carers Act Implementation - Year 3		794
Free Personal & Nursing Care Rate Increases		154
Primary Care Improvement Plan		1,333
Mental Health Action 15		237
Total National Policy / Legislative Costs		2,518
Total Anticipated Cost Pressures 2021/22		8,520
Anticipated Net Funding Increase:		

Dundee City Council (passing on of additional SG Funding)	1,956
Dundee City Council	557
NHS Tayside	1,779
Scottish Government Funding - Primary Care / Mental Health	1,570
Total Anticipated Additional Funding	5,862
Net Anticipated Residual Funding Shortfall	2,658

Revenue Budget 2021/22 - Proposed Budget Savings Programme

		Estimated Saving 2021/22	Estimated Saving 2022/23	Comments
		£000	£000	
(A)	Full Year Effect of 2020/21 Savings			
1)	New Meals Contract Price from Tayside Contracts under new CPU arrangements	93	93	Reflects projected price reduction based on Tayside Contracts Business Case for development of Central Processing Unit.
	Total Base Budget Adjustments	93	93	
(B)	Non Recurring Savings 2021/22			
1)	Reduction in GP Prescribing Budget	500	Non-recurring	Reflects continued reduction in prescribing expenditure experienced in 2020/21. In addition to a recurring saving of £352k made in the base budget in 2020/21.
2)	Reduction in Discretionary Spend (eg supplies & services, transport costs)	300	Non-recurring	Assumes continued working from home arrangements for most office based staff for at least the first 4 months of 2021/22 and effect of gradual opening of services under the remobilisation plan
3)	Anticipated Increased Staff turnover	700	Non-recurring	Vacancies in some areas of service are likely to be more difficult to fill due to particular skilled workers being reprioritised for covid pandemic response (eg for vaccination programme)
4)	Review Anticipated Additional Carers Funding for 2021/22	397	Non-recurring	Additional Carers Act funding as per the Financial Memorandum supporting the legislation has been provided in 2021/22 by the Scottish Govt, with the Dundee allocation being approximately £800k. While there will be additional demand for Carers services under the Act, it is unlikely that a full range of services will be able to be developed, approved and implemented during 2021/22. It is reasonable to expect 50% slippage in this programme.
5)	Delayed Utilisation of Reinvestment funding	500	Non-recurring	Delayed utilisation of reinvestment funding from the Reshaping Non-Acute Care programme until the post Covid response period.
	Total Non-Recurring Savings	2,397	0	
(C)	Recurring Savings			
1)	Impact of DCC Review of Charges	168	168	As per DCC Review of Charges Decisions
	Total Recurring Savings	168	168	
	Total Savings Identified	2,658	261	
	Savings Target	2,658		

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