



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
15 DECEMBER 2020

REPORT ON: DELEGATED BUDGET DEVELOPMENT 2021/22

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB52-2020

1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to provide the Integration Joint Board (IJB) with an update in relation the development of the IJB's delegated budget 2021/22. This paper forms phase one of a series of budget development reports to be presented to each IJB meeting leading up to the IJB meeting in March 2021 when the delegated budget will be laid before the IJB for approval.

2.0 RECOMMENDATIONS

It is recommended that the IJB:

- 2.1 Notes the content of this report including the range of potential budget pressures which will need to be addressed through the budget development process.
- 2.2 Remits to the Chief Finance Officer to bring updated reports to each of the remaining IJB meetings to the end of this financial year culminating in the presentation of a proposed budget for 2021/22 for consideration by the IJB at special budget meeting in March 2021.

3.0 FINANCIAL IMPLICATIONS

3.1 At this stage of the budget process work is being carried out to estimate the potential cost of a range of budget pressures which may impact on the IJB's delegated budget in 2021/22 and beyond. These will continue to be developed, refined and shared with the IJB throughout the remaining months of 2020/21. An updated position will be presented to each IJB meeting until the end of this financial year as further clarity is available in relation to the various factors impacting on the budget with the final budget proposal to be considered by the IJB at a special budget' meeting in March 2021.

4.0 MAIN TEXT

- 4.1 Discussions are underway between officers of the Health and Social Care Partnership and Dundee City Council in relation to the shape of the delegated budget for 2021/22 with early dialogue with NHS Tayside around the likely financial framework within which the NHS Tayside financial proposition will be based. The required response to and uncertainty caused by the Covid pandemic has delayed the early stages of development of the IJB's delegated budget however progress is now being made to estimate the range of potential cost pressures the IJB is likely to face in 20221/22 and beyond.
- 4.2 As a result of delays in the publication of the UK Government's Budget, the Scottish Government's Finance Settlement has been delayed until the end of January 2021. This has implications for the IJB in that Dundee City Council is likely to delay setting its budget until March 2021 therefore the IJB will not have confirmation of the financial settlement it will receive from Dundee City Council until then. NHS Tayside may also delay finalising setting its budget given the later timetable for national funding announcements.

4.3 While there are no indications from the Scottish Government at this stage as to what the level of local government and NHS Boards funding will be for 2020/21, given the current economic conditions which have been exacerbated by the Covid-19 pandemic, it would be reasonable to expect that any national budget announcements will involve a number of fiscal challenges and resultant restrictions in available funding. Dundee City Council's medium-term financial strategy states that *"the reduction of grant that the Council receives after providing for new responsibilities will be shared by all directly provided and commissioned services, including Health and Social Care, Leisure & Culture Dundee and the Third Sector"*. From an IJB perspective, when set against the range of anticipated cost pressures, the overall budget settlement is likely to result in funding shortfalls and consideration of a range of options to achieve a balanced budget.

4.4 Dundee Health and Social Care Partnership is at the centre of the Covid19 response and the legacy of Covid19 will continue throughout 2021/22 with increasing demand for post covid rehabilitation services and increasing mental health presentations and substance misuse issues. The impact on population health is anticipated to be significant due to delays in treatments for some conditions and impact of increasing poverty and health inequalities within the city. At this stage it is not known if the Scottish Government will provide additional funding to support IJB's to respond to the Covid-19 pandemic as they have done in 2020/21.

4.4 Achieving financial sustainability for the IJB's delegated budget is crucial if the IJB is to meet its strategic priorities. Audit Scotland's commentary in the 2019/20 annual audit report notes concerns over the ongoing financial sustainability of the IJB as follows:

"The low level of reserves, combined with a trend of overspends and the uncertainty over funding Covid-19 costs represents a significant financial sustainability risk for the IJB. The lack of sustainability undermines how the IJB will be able to improve and deliver vital health and social care services."

The 2020/21 delegated budget will therefore be required to demonstrate a financially sustainable position.

4.5 The challenges as a result of the Covid19 pandemic are in addition to the anticipated cost pressures to be faced over 2021/22 which are noted as follows:

- Underlying demographic growth to reflect an increasingly frail population
- Continued underlying growth reflecting the increased prevalence in the city of people with mental health and substance misuse issues and a learning disability.
- General inflationary cost pressures e.g. staff pay awards
- Anticipated cost increases in the National Care Home Contract
- Continued pressures around ensuring fair work practices and payment of the living wage in contracted social care services in addition to ensuring sufficient funding provided to contracted services to ensure financial viability
- Uncertainty of future levels of prescribing costs and demand
- Uncertainty caused by the implications of the UK's withdrawal from the European Union
- Provision to meet current cost pressures (e.g. care at home services)
- Provision to re-instate non-recurring savings (e.g. Carers Strategy funding)
- Provision for Scottish Government policy implementation.

4.6 Work has commenced to calculate the estimated impact of all of these pressures and this will be reported to the IJB as part of the budget development process which will consist of a range of IJB development sessions and reports to formal IJB meetings over the coming months.

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 2020.

7.0 CONSULTATION

7.1 The Chief Officer and the Clerk have been consulted on the content of this paper.

8.0 BACKGROUND PAPERS

8.1 None.

Dave Berry
Chief Finance Officer

DATE: 19 November
2020

