

Scottish Borders Health & Social Care
Integration Joint Board



Meeting Date: 19 June 2019

Report By	Mike Porteous, Chief Finance Officer
Contact	Mike Porteous, Chief Finance Officer
Telephone:	07973981394

INTEGRATION JOINT BOARD 2019/20 FINANCIAL PLAN

Purpose of Report:	The purpose of this paper is to present the budget allocations from the Partners for 2019/20 and highlight the financial implications for the IJB of accepting these allocations.
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Recommendations:	<p>The Health & Social Care Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> a) <u>Acknowledge</u> the budget allocations from Scottish Borders Council and NHS Borders. b) <u>Acknowledge</u> the forecast financial gap of (£10.2m) for 2019/20 c) <u>Direct</u> the IJB Officers to continue to work with NHS Borders and their Turnaround Programme to produce a financial recovery plan to address the financial gap and mitigate the risks relating to Health services d) <u>Direct</u> IJB Officers to bring a paper to a future IJB outlining progress towards delivering a balanced budget for 2019/20
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Personnel:	There are no resourcing implications beyond the financial resources identified within the report. Any significant resource impact beyond those identified in the report that may arise during 2019/20 will be reported to the Integration Joint Board.
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Carers:	N/A
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Equalities:	The equalities impact of the contents of this report are not known at this stage. As the detailed outcomes of the settlements become apparent equalities impact assessments will be carried out.
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Financial:	<p>No resourcing implications beyond the financial resources identified within the report.</p> <p>The report draws on information provided in the finance reports presented to NHS Borders and Scottish Borders Council. Both partner organisations' Finance functions have contributed to its development.</p>
Risk Implications:	<p>To be reviewed in line with agreed risk management strategy.</p> <p>The key risks outlined in the report form part of the draft financial risk register for the partnership.</p>

Background

2.1 The Scottish Government (SG) budget was approved by Parliament on 21st February 2019. The key aspects of the budget and their implications for NHS Borders (NHSB) and Scottish Borders Council (SBC) were highlighted in the paper presented to the IJB in February 2019. In summary they were

Health

- Uplift of 2.6% for NHS Borders
- Providing an additional £5.1m funding
- Requirement that the NHS payments to Integration Authorities for delegated functions must deliver a real terms uplift in baseline funding before the provision of funding for pay awards, over 18/19 cash levels.

Local Authority

- Overall a real terms reduction of 1.3% in the level of grant funding which equates to (£2.614m)
- Additional revenue funding totalling £148m nationally to fund the expansion of free personal and nursing care for under 65s, ongoing implementation of the Carers Act, and further investment in health and social care integration
- The ability for Local Authorities to offset their adult social care allocations to Integration Authorities in 2019/20 by up to 2.2% compared to 2018/19

2.3 The implications of these budget announcements for the IJB are detailed in the following sections of this report, which builds on the content of the previous Financial Plan paper taken to the May IJB.

Financial Position 2019/20

3.1 The Partner organisations have confirmed their 2019/20 resource allocations to the IJB for the delegated functions. A high level summary of baseline budget showing the key additional funding allocated by delegated function is provided below.

Total Funding Allocations 2019/20	NHSB			Total
	SBC	Core	Set Aside	
	£m	£m	£m	£m
2018/19 Recurring Budget	47.203	101.500	22.505	171.208
Uplift	1.055	2.639	0.585	4.279
Free Personal Care	0.577			0.577
Carers Act	0.243			0.243
Total Delegated Resources	49.078	104.139	23.090	176.307

- 3.2 The May Financial Plan paper set out the work undertaken to produce a forecast spend for the services delegated to the Health & Social Care Partnership, and the assumptions underpinning this work. The Table below sets out the outcomes of the modelling done.

Projected Expenditure	SBC	Core	Set Aside	Total
	£m	£m	£m	£m
Recurring Cost Base	47.203	101.500	22.505	171.208
Recurring historical pressures	0.000	0.700	0.800	1.500
Unmet Savings	0.201	4.959	3.680	8.840
2019/20 Pressures	3.270	3.961	0.963	8.194
Total Forecast Expenditure	50.674	111.120	27.948	189.742

- 3.3 A comparison of forecast spend against allocated resources indicates a significant gap of £13.435m before savings are factored in. This represents 7.6% of the IJBs baseline budget and presents a significant savings challenge.
- 3.4 The table below sets out the comparison by delegated function.

Financial Summary 2019/20	NHSB			Total
	SBC	Core	Set Aside	
	£m	£m	£m	£m
Resource Allocations	49.078	104.139	23.090	176.307
Forecast Expenditure	50.674	111.120	27.948	189.742
Projected Savings Requirement	(1.596)	(6.981)	(4.858)	(13.435)

Savings and Efficiencies

- 4.1 As part of their financial planning process both partner organisations are required to deliver savings in year and on a recurring basis to ensure a break even position is achieved at year end.
- 4.2 Within SBC savings totalling £1.319m have been identified to address the gap of £1.596m leaving an unmet gap of £0.277m. Further work is underway to identify additional schemes to close the gap to break even.

- 4.3 The gap within Health services totals £11.839m. This gap contributes to the overspend of £21.7m presented in NHSBs 2019/20 financial plan. The plan remains out of balance and the Health Board have been in discussions with Scottish Government around the provision of brokerage to address the forecast unmet gap of £9.3m.
- 4.4 In recognition of the financial challenges facing the Health Board a Turnaround Team are supporting the delivery of savings. A workstream approach has been implemented with savings targets being allocated on a Business Unit basis. The recurring target for the delegated services within the Health Business Units totals £7.3m, with an estimated £1.915m of savings identified to date.
- 4.5 The impact of these savings on the overall position for the IJB is set out below.

<u>Savings Requirement</u>	NHSB			
	SBC	Core	Set Aside	Total
	£m	£m	£m	£m
Projected Savings Requirement	(1.596)	(6.981)	(4.858)	(13.435)
Estimated Savings Plans	1.319	1.665	0.250	3.234
Resultant Savings Requirement	(0.277)	(5.316)	(4.608)	(10.201)

Delivering Financial Balance

- 6.1 It is clear from the above tables that the IJB is still forecasting a significant overspend after consideration of the estimated savings contribution.
- 6.2 Delivering financial balance will require the IJB to invoke the clause within the Scheme of Integration which enables it to request additional in year allocations from one or both Partner bodies to cover any overspend. NHSB has indicated that it will require brokerage to enable it to make any additional allocation and deliver a break even position. Discussions with the Scottish Government are at an advanced stage but no confirmation has been received that brokerage will be available or what requirements may be regarding repayment.
- 6.3 The work is continuing on a financial recovery plan which will identify further savings across delegated functions over a 3 to 5 year period, to bring these functions into future financial balance.

Risk

- 7.1 The key risk to the IJB is on their ability to deliver strategic change in the context of the forecast financial position.
- 7.2 There is also a risk that NHSB's requirement for brokerage increases, placing further pressure on services to cut costs. At this stage brokerage has not been

agreed with the Scottish Government and there is a risk that the full requirement cannot be met through negotiations with them.

- 7.3 In addition there is a risk that the identified savings schemes do not deliver to their planned level.
- 7.4 The position outlined in this paper assumes a number of pressures will be managed or will not emerge. Challenges exist however with regard to Learning Disability patients transitioning to adult services and in the cessation of staffing pressures within Set Aside services.

Conclusion

- 8.1 Whilst NHSB are awaiting a final decision from Scottish Government on whether they will receive brokerage, and a significant gap remains within the budget for Health Services in the Partnership it is not possible to present a balanced budget for 2019/20 at this point in time.