

# Scottish Borders Health and Social Care Partnership Integration Joint Board

24 January 2024

## 2024/25 INTEGRATION JOINT BOARD FINANCIAL PLANNING PROCESS

Report by Chris Myers, Chief Officer



Scottish Borders  
Health and Social Care  
PARTNERSHIP

### 1. PURPOSE AND SUMMARY

- 1.1. To appraise the Health and Social Care Integration Joint Board of the process being undertaken for the 2024/25 financial planning process.
- 1.2. The indicative budget settlements set out in the December Scottish Government represent a broadly flat cash settlement. The settlements do not cover pressures in inflation for 2024/25 and only include elements of the pay increase which were agreed with additional Scottish Government funding as part of the agreement.
- 1.3. In line with legislative process, a payment request letter has been submitted by the Health and Social Care Integration Joint Board to the Directors of Finance in NHS Borders and the Scottish Borders Council.
- 1.4. When the payment is received from NHS Borders and Scottish Borders Council, the IJB will then determine the allocation of budgets and savings plans across the Health and Social Care Partnership. This will inform the HSCP Delivery Plan and Financial Plan for 2024.25

### 2. RECOMMENDATION

- 2.1. **The Scottish Borders Health and Social Care Integration Joint Board (IJB) is asked to note the final letter sent to the Directors of Finance in NHS Borders and Scottish Borders Council for consideration by their members, and the next steps outlined in the paper.**

### 3. ALIGNMENT TO STRATEGIC OBJECTIVES AND WAYS OF WORKING

- 3.1. It is expected that the proposal will impact on the Health and Social Care Strategic Framework Objectives and Ways of Working below:

Alignment to our strategic objectives					
Rising to the workforce challenge	Improving access	Focusing on early intervention and prevention	Supporting unpaid carers	Improving our effectiveness and thinking differently to meet need with less	Reducing poverty and inequalities
X	X	X	X	X	X

Alignment to our ways of working					
People at the heart of everything we do	Good agile teamwork and ways of working – Team Borders approach	Delivering quality, sustainable, seamless services	Dignity and respect	Care and compassion	Inclusive co-productive and fair with openness, honesty and responsibility
X	X	X	X	X	X

#### 4. INTEGRATION JOINT BOARD DIRECTION

4.1. A Direction is not required at this stage, but will be required once the budget has been set.

#### 5. BACKGROUND

- 5.1. In line with Financial Statutory Guidance, the IJB is expected to request payment from the Local Authority and Health Board to allow the IJB to prepare its budget for the following financial year.
- 5.2. Under legislation, the budget payment for all delegated services is required to be transferred from the Local Authority and Health Board to the IJB. The IJB then determines the allocation of budgets and savings plans across the Health and Social Care Partnership.
- 5.3. To inform the payment request process, the views of Members expressed at previous IJB meetings, IJB Audit Committee meetings, and IJB Strategic Planning Group meetings during the current financial year have been taken into consideration. Senior Operational and Finance leads in the Health and Social Care Partnership were then consulted, and a letter was drafted which was sent to Members of the IJB Strategic Planning Group and Members of the IJB for consideration. Views expressed by these members were also incorporated into the final document, which was sent to the Directors of Finance on 22 December 2023 (Appendix A).
- 5.4. The letter recognises the challenging financial context that the Health and Social Care Integration Joint Board, along with its statutory partners who pay the Integration Joint Board, and broader partners are facing, and sets out the principles for the payment request and the approach to allocating resources to the Health and Social Care Partnership.

#### 6. NATIONAL INDICATIVE SETTLEMENTS TO NHS BOARDS AND LOCAL AUTHORITIES

- 6.1. For both NHS Borders and the Scottish Borders Council, the indicative settlements represent a broadly flat cash settlement. The settlements do not cover pressures in inflation for 2024/25 and only include elements of the pay increase which were agreed with additional Scottish Government funding as part of the agreement.
- 6.2. Compared to 2023-24 budgets, territorial 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 the baselining of £100 million sustainability and NRAC funding provided in 2023-24. The 4.3% uplift relates to 2023-24 non-recurring funding now being made on a recurring basis.
- 6.3. In terms of pay, funding arrangements for Boards will be revisited by the Scottish Government following the outcome of the pay negotiations in the new financial year. As part of Boards recurring adjustments for 2023-24, amounts have been included based on pay offers for Agenda for Change and Medical and Dental staffing in 2023- 24. Pay for NHS staff remains subject to

agreement for 2024-25, and the Scottish Government will work with Directors of Finance to finalise this position once the outcome is known. The Scottish Government will write to Boards in 2024 to confirm finalised baseline budgets following the conclusion of this work, but at this stage it should be assumed that additional funding will be allocated to support a deal.

- 6.4. The Scottish Government have committed the £100 million sustainability funding for non-pay costs, but beyond this and the NRAC funding provided in 2023-24, Boards will be expected to manage pressures within existing envelopes.
- 6.5. In addition to the baseline uplift outlined, funding aligned to policy commitments and recovery of health and social care services will be allocated to Boards and Integration Authorities in 2024-25.
- 6.6. Formal notification of the terms and approach to the Local Government funding settlement was provided in the Circular and Local Government Budget Letter. The Scottish Government Health and Social Care Portfolio will transfer net additional funding of £241.5 million to Local Government, £230 million of which is to deliver a £12 per hour minimum pay settlement for adult social care workers in the private and third sectors, in line with the Real Living Wage Foundation rate; and £11.5m is to support the inflationary uplift on Free Personal Nursing Care rates.
- 6.7. The funding allocated to Integration Authorities for Free Personal and Nursing Care and adult social care pay in third and private sectors should be additional and not substitutonal to each Council's 2023-24 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be at least £241.5 million greater than 2023-24 recurring budgets to ensure funding from Health and Social Care Portfolio contributes to meeting outcomes in this area.

## **7. RESPONSES RECEIVED**

- 7.1. Scottish Borders Council plan to set its budget on the 29th February 2024, at which point budgets delegated to the IJB will be confirmed for 2024/25 and indicative budgets will be provided for 2025/26 to 2028/29. Current financial planning assumptions reflect an intention to fully delegate the additional funds outlined in 6.6 of this report as per the Scottish Government guidance.
- 7.2. NHS Borders has not responded at the time of writing, however through close discussions with NHS Borders, we are aware that work is ongoing to develop the Financial Plan for 2024/25, and that there is dialogue with Scottish Government in setting a budget in line with the Medium Term Financial Plan agreed with the Scottish Government. As a result, it is expected that the NHS Borders budget will be set later than the Scottish Borders Council budget, and payment offer will be made later.

## **8. APPROACH TO BUDGET SETTING BY HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD**

- 8.1. The Deputy First Minister acknowledged significant challenges associated to current financial national financial positions associated to both the Autumn Statement and the Scottish Budget. Locally this results in a challenging financial environment.
- 8.2. The Strategic Framework for Health and Social Care will inform the Integration Joint Board's Financial Plan and HSCP Delivery Plan for the year ahead. This will include the setting of budgets and savings plans across delegated services, which will be cognisant of the financial operating

approaches of the statutory partner organisations. Spend will require to reduce in line with the budget available to deliver financial sustainability.

- 8.3. Financial planning will align with the HSCP Delivery Plan 2024/25, which in turn will also be compatible with the Scottish Borders Council Plan (and Departmental Delivery Plans), and the NHS Borders Annual Delivery Plan. The Delivery Plan will enable the work to appropriately and sustainably deliver services across the Health and Social Care Partnership for the people of the Scottish Borders during 2024/25, and into the longer term.
- 8.4. In line with Best Value Principles, the IJB will work to achieve the best balance of cost and quality in delivering delegated and set aside services (having regard to economy, efficiency, effectiveness and equalities). This will inform the approach we take to both budgeting and savings plans across integrated services.
- 8.5. The IJB will work to deliver against the savings plans for 2023/24, including any undelivered savings that are brought forward. This will also include work to identify new opportunities, to transform services, and to become more effective and efficient across our services. As noted above it will be for the IJB to determine the overall budgeting and savings approach for the Health and Social Care Partnership.
- 8.6. For health, the Integration Joint Board will work within the context of the NHS Borders Medium Term Financial Planning assumptions that have been agreed with Scottish Government to ensure financial sustainability. Unfortunately it is likely that the timescales for setting the NHS Borders budget will mean that the Integration Joint Board will have to agree two halves to its budget, as it did for this financial year, and set these on different dates.
- 8.7. Based on the current financial position for delegated and set aside services, and this year's national indicative settlement, substantial focus will be provided to ensuring financial sustainability on an ongoing basis, with an increased focus on financial sustainability within the HSCP Delivery Plan and Financial Plan for 2024/25 and future years.

## 9. IMPACTS

### Community Health and Wellbeing Outcomes

- 9.1. It is expected that the proposal will impact on the National Health and Wellbeing Outcomes below:

N	Outcome description	Increase / Decrease / No impact
1	People are able to look after and improve their own health and wellbeing and live in good health for longer.	Increase
2	People, including those with disabilities or long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.	Increase
3	People who use health and social care services have positive experiences of those services, and have their dignity respected.	Increase
4	Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	Increase
5	Health and social care services contribute to reducing health inequalities.	Increase
6	People who provide unpaid care are supported to look after their own health and	Increase

	wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	
7	People who use health and social care services are safe from harm.	Increase
8	People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	Increase
9	Resources are used effectively and efficiently in the provision of health and social care services.	Increase

### Financial impacts

- 9.2. There are no further financial considerations beyond those noted throughout the remainder of this paper.

### Equality, Human Rights and Fairer Scotland Duty

- 9.3. A Stage 1 assessment of “Proportionality and Relevance” has commenced, and as it is expected that the IJB 2024/25 budget will have impacts across the people with protected characteristics, and on health inequalities, a Stage 2 and 3 will be completed as part of the budget setting process. In addition, it is deemed that the proposal will be strategic and so the Fairer Scotland duty applies to ensure that the Integration Joint Board has actively considered how it can reduce socio-economic inequalities in the decisions that it makes.

### Legislative considerations

- 9.4. The Chief Finance Officer’s duties require a balanced budget to be set. This is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. As part of this, for delegated Health and Set Aside services, a Medium Term Financial Strategy is being undertaken to work towards a breakeven position. However, this places dependence on the use of non-recurrent reserves, and Scottish Government brokerage.

### Climate Change and Sustainability

- 9.5. At this early stage of the financial planning process, there are no relevant climate change and sustainability impacts.

### Risk and Mitigations

- 9.6. Due to the size of the financial challenge, there are significant financial risks noted in IJB strategic risk 002 (combined score of 25) associated to increasing demand and financial constraints: “If we fail to ensure the effective and efficient delivery of delegated services within available budgets, in the context of increasing demand and resource constraints, then it could lead to poorer Health & Wellbeing Outcomes for the population and result in an inability to support the achievement of the Objectives contained within the Strategic Framework.”

## 10. CONSULTATION

### Communities consulted

- 10.1. The following groups were consulted to develop the payment offer:
- IJB Strategic Planning Group
  - IJB Members – by correspondence

## **Integration Joint Board Officers consulted**

- 10.2. The IJB Board Secretary and the IJB Chief Officer have been consulted, and all comments received have been incorporated into the final report. In addition the IJB Equalities, Human Rights and Diversity Lead has been consulted.
- 10.3. In addition, consultation has occurred with our statutory operational partners via the Directors of Finance, Chief Executives, and Senior Finance and Operational Leads.

**Approved by:** Chris Myers, Chief Officer

**Author:** Chris Myers, Chief Officer

**Background Papers:** IJB Strategic Risk summary:

<https://scottishborders.moderngov.co.uk/documents/s79258/Item%20No.%206%20a%20i%20-%20IJB%20Strategic%20Risk%20Register%20Summary%20-%20November%202023%20-%20Final.pdf>

**Previous Minute Reference:** N/A

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