

Scottish Borders Health and Social Care Partnership Integration Joint Board



Scottish Borders
Health and Social Care
PARTNERSHIP

20 March 2024

2024/25 IJB Financial Plan and Initial Budget

Report by Lizzie Turner, Chief Financial Officer (Interim)

1. PURPOSE AND SUMMARY

- 1.1. The paper sets out the Scottish Borders Council 2024/25 payment offer to the Integration Joint Board for consideration and approval, sets out financial planning assumptions, and sets out a proposed outline budget for local authority delegated services, which will be confirmed when we have received both payment offers, considered the impacts and aligned this to the priorities of the Strategic Framework.
- 1.2. The figures within this paper are solely based on the funding available by Scottish Borders Council as we have not received a payment offer for NHS Borders. A further update confirming the NHS Borders payment offer will be brought to the IJB once it has been made available to Officers.
- 1.3. The financial challenges facing the wider public sector are well documented and it is expected that the IJB will face increasing financial pressures during 2024/25 and beyond, the initial value of which will be quantified once the full funding position is known and available.

2. RECOMMENDATIONS

- 2.1. **The Scottish Borders Health and Social Care Integration Joint Board (IJB) is asked:-**
 - a) To approve the Payment Offer from the Scottish Borders Council;
 - b) To note that the Payment Offer from NHS Borders is outstanding at this time and is required before the IJB budget can be finalised;
 - c) To request a full initial budget be brought to the IJB in April for approval upon receipt of the outstanding offer; and,
 - d) To note the risks described 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. The annual budget direction will be issued once both payment offers have been received, agreed and the final budget has been set. The budget direction will work to set a budget in line with the priorities of the Strategic Framework.

5. BACKGROUND

- 5.1. There is a requirement for the IJB to set their budget by 31st March each year. To this end the Chief Officer IJB wrote to Scottish Borders Council and NHS Borders on 22 December 2023 on behalf of the IJB detailing the ask of the IJB.
- 5.2. Scottish Borders Council have made their payment offer, following approval of their budget in Council on 29th February.
- 5.3. The IJB has not yet received its annual payment offer from NHS Borders as they are still agreeing their draft Financial Plan with the Scottish Government. We are working closely with finance colleagues to understand when the information is likely to become available and this will be brought to the Board as soon as practicable. In the meantime, the IJB is able to review the payment offer from Scottish Borders Council, and work to set a budget in line with the Strategic Framework, and this forms the basis of the paper.
- 5.4. The HSCP Delivery Plan for 2024/25 is being drafted but cannot be complete before the full funding position is known, and before the Health Board sign off their Annual Delivery Plan. This delay, and potentially the value of the NHS offer, may impact on the IJBs ability to deliver against the Strategic Framework 2023-26. The 2024/25 IJB budgets will be brought to the Board for approval as soon as we receive the payment offer, and the setting of the budget will inform the HSCP Delivery Plan for 2024/25.
- 5.5. It is our intention to bring a three to five year financial plan to the IJB in the summer, to provide a direction of travel and indicative figures for future years. This is an essential process to continuing to work to improve local outcomes, and ensuring financial sustainability. However this process will rely on the required information being available from our funding partners. A letter will be sent by the IJB Chief Finance Officer (Interim) to the Directors of Finance in NHS Borders and the Scottish Borders Council to seek their support.
- 5.6. The financial challenges facing NHS Scotland and the wider public sector are well documented and Caroline Lamb, Director General Health and Social Care and Chief Executive of NHS Scotland wrote to Board Chairs and Chief Executives during 2023/24 requesting that NHS Boards take action to reduce their forecast overspends. Similar action has been taken within Scottish Borders Council and in the current economic climate the financial position is not expected to improve in the short to medium term.

- 5.7. It is therefore expected the IJB will face similar financial pressures during 2024/25 and beyond, the initial value of which will be quantified initially once the full budget is available.
- 5.8. Regular financial reporting throughout the year will ensure the IJB is kept informed of any changes affecting the assumptions made in the budget and how forecast spend compares to the budgets agreed.
- 5.9. Audit Scotland published their Financial Analysis of Integration Joint Boards in April 2023 and reported that “IJBs face considerable financial uncertainties and workforce challenges. – Efficiency and transformational savings alone may be insufficient to meet future financial challenges. Significant transformation is needed to ensure financial sustainability and service improvements. – The social care sector cannot wait for a NCS to deal with financial, workforce and service demand challenges– action is needed now if we are to improve the outcomes for people who rely on health and social care services.”
- 5.10. This acts as a reminder of the scale of challenge that the IJB will face over the coming years however with this is an opportunity to drive efficiency and improvement throughout the system.

6. GENERAL PRINCIPLES

- 6.1. The Scheme of Integration (SOI) for Scottish Borders Integrated Joint Board requires that the IJB agree its budget annually with Scottish Borders Council and NHS Borders in line with joint financial planning arrangements.
- 6.2. Resources available to the IJB are based on historic agreed budgets amended for items agreed through the financial plans of partner organisations, including a share of local government financial settlement and the uplift to the NHS Board Revenue Resource Limit, as well as any further items directed as a result of national policy or otherwise agreed by partner bodies.
- 6.3. Savings targets are determined based on any shortfall against the level of resources available to the IJB and its agreed investments.
- 6.4. The IJB is expected to deliver the outcomes identified within its strategic framework from within the totality of resources available. In some cases additional resources may be made available during the year to meet strategic priorities not included within the original plan. This includes allocation of additional resources by Scottish Government through partner bodies. Where resources are directed at functions delegated to the IJB. Partners are expected to pass on these resources in full.
- 6.5. The IJB has the ability to hold ring-fenced reserves to retain planned underspends.
- 6.6. The IJB has a requirement to meet financial balance and this cannot be achieved until the NHS offer is received and approved. The HSCP Delivery plan is being drafted and will be completed upon agreement on the NHS Borders Payment Offer at which point there will be clarity over the 2024/25 funding position and associated savings requirements. Once approved, budgets and plans for delivering savings can be confirmed with Scottish Borders Council and NHS Borders.

- 6.7. Where there is a forecast overspend across the budgets set for delegated functions “the Chief Officer and the Chief Finance Officer of the Integration Joint Board must agree a recovery plan to balance the overspending budget” (Scottish Borders Scheme of Integration, Section 8.6).
- 6.8. The Scheme of Integration (SOI) makes provision for partner organisations to provide additional resources to the IJB where its recovery plan has been unsuccessful in a given year. Under the terms of the SOI amounts provided to meet this gap are repayable to the partners in future periods.
- 6.9. Delivering a balanced financial plan requires a number of assumptions to be made in relation to the level of resource provided, notably in relation to public sector pay policy and inflationary pressures. In both cases the assumptions made are based on partner bodies planning assumptions and consistent with Scottish Government advice, however economic forces at a national and international continue to present challenge to these planning assumptions.

7. ASSUMPTIONS

- 7.1. The impact of known and expected costs and pressures has been modelled across the partner’s services to identify the level of funding the IJB requires for 2024/25 to fully fund commissioned services.
 - a) Pay pressures have been calculated on the basis of a 3% increase but there is no confirmation yet as to what pay inflation may be agreed nationally.
 - b) Non pay inflation has been estimated in line with Scottish Borders Council non pay assumptions. The impact of macro-economic factors on general inflation will remain a risk to partner organisations and will be considered further via quarterly reviews.

8. NHS FUNDING POSITION

- 8.1. In October 2023 Richard McCallum, Director of Health Finance and Governance wrote to all NHS Boards asking that for 2024/25 NHS Boards provide a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets; and an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.
- 8.2. Since then, NHS Borders has undertaken this programme of work and submitted its first draft Financial Plan to Scottish Government w/c 11th March 2024. This programme of work has focused on identifying options for delivering a minimum of 3% recurring savings in 2024/25 as part of a wider medium-term target of 10% over the three financial years 2024/25 to 2026/27. As a result of the plans in place, the overall Financial Plan gap has reduced considerably but at the current time of writing is still in excess of brokerage requirement expected by the Scottish Government. Work will continue developing and refining the plan over the next month or two and discussions remain ongoing with the Scottish Government over the level of support that will be available next financial year. The draft Financial Plan will form the basis of the opening Provision of 2024/25 Resources to the IJB and this will be further developed following discussions between NHS Borders and the IJB.
- 8.3. A 15 Box Grid has been approved by Board Chief Executives which sets out 15 areas of focus for Boards to progress. The Financial Delivery Unit is available to support this work. These 15 themes form part of the medium-term savings programme that is

being developed by NHS Borders covering a range of strategic themes such as Medicines and Prescribing, Workforce and Productivity. One of the key challenges underpinning the affordability of the Financial Plan is that whilst strenuous efforts are being made to put plans in place to deliver savings, costs continue to increase at unprecedented levels due to a combination of increased activity, further demand and directed outcomes and escalating inflationary pressures. Such increased costs are simply not matched by increases in central government funding levels. The costs of medicines prescribed for example has increased by 15% during 2023/24, only part of which has been able to have been mitigated by savings implemented.

- 8.4. The letter of 19th December confirmed that the confirmed that Health consequentials from the UK Government had been lower than anticipated putting further financial pressure on NHS Scotland. Territorial boards received an 4.3% increase on 2023/24 funding, including recurring funding for the 2023/24 pay award, the 2023/24 NRAC funding being allocated recurrently and the £100m Financial Sustainability funding provided in 2023/24 being baselined. As a result, no boards are now no further than 0.6% from NRAC parity. Scottish Government has indicated that the 2024/25 pay award will also be fully funded but otherwise pressures should be managed within Boards.
- 8.5. It was noted that although COVID 19 costs have reduced significantly in 2023/24 some additional allocations will be made in 24/25 to cover Vaccinations, Test & Protect activities including Regional Testing facilities, Additional PPE requirements and some specific Public Health measures. Some delegated and set-aside functions continue to bear now-unfunded or only partially-funded financial cost pressures as a legacy of Covid 19 in areas such as Care Home Nursing Leadership, Infection Control, Vaccination and the Emergency Department.
- 8.6. Scottish Government have also confirmed that Capital funding will reduce in 2024/25 with no new projects being commissioned for at least 2 years.
- 8.7. Although an indicative payment offer is not yet available from NHS Borders, based on the information available we understand that the situation is likely to be very challenging.

9. SBC PAYMENT OFFER AND FINANCIAL CONTEXT

- 9.1. Scottish Borders Council received confirmation of its funding from Scottish Government in December 2023 and set its 2024/25 budget on 29 February 2024.
- 9.2. Scottish Borders Council approve a 5 year Financial Plan each year which confirms Year 1 budgets and provides provisional funding and budgets for Years 2-5 based on a range of assumptions around funding and costs.
- 9.3. Over the 5 years of the plan to 2028/29 £18.1m of recurring savings are required and Scottish Borders Council is working to create a new long term plan to deliver Transformational change over the next 10 years. Whilst efficiency will remain a key focus of the Council it is anticipated that permanent budget reductions will be made to services as well.
- 9.4. Due to the financial challenges facing Scottish Borders Council c£10m of Reserves are being used in 2024/25 to balance the financial position in addition to a £4.4m savings target.

- 9.5. Although a full funding package of £13.6 billion was available to Local Authorities nationally, this presented a real-terms cut in both revenue and capital funding to the Council with the freeze on Council Tax reducing the ability of the Council to generate additional income.
- 9.6. Within the £13.6 billion Scottish Government confirmed a number of additional funding allocations for social care, including £230m in order to deliver a minimum £12 hourly rate for all adult care workers in commissioned services, £11.5m to provide an inflationary uplift to Personal and Nursing Care rates and £0.176m for Self-Directed Support. No additional funding was provided to support increased demographics.
- 9.7. The Scottish Borders IJB share of the funding described in 7.6 includes:
- Self-directed Support £0.005m
 - Personal & Nursing Care for Elderly £0.434m
 - Real Living Wage £5.272m
- 9.8. Whilst the Scottish Government have provided clarity on the funding package that they expect to be delegated to the IJB for 2024/25, it has not yet been confirmed what expenditure is assumed to be covered by this funding. This means further work is required, once this clarification is received from Scottish Government, to confirm detailed budget allocations.
- 9.9. The payment offer from SBC is £81.551m, a £7.9m increase on last year. This includes £1.9m of additional funding support increased workforce costs following the 2023/24 pay agreement and the additional funding provided by Scottish Government. It should be noted that whilst the increased funding is welcome, the funding is very much directed to supporting inflationary increases such as salary increases including Real Living Wage and payments to external partners to increase pay to a minimum of £12 per hour. It is therefore not available for increased demand pressures within the system.
- 9.10. As part of the Payment request made to both Scottish Borders Council and NHS Borders in December 2023 the IJB requested a number of terms including:
- Pay and non pay uplifts to be included within the offer,
 - An assumption for demographic growth
 - National funding allocations to be delegated to IJB at the point of receipt,
 - All delegated budget areas to be included, and
 - Support for the highest risk areas be provided.
- 9.11. It is considered that these terms have largely been met within the payment offer made by the Scottish Borders Council, but it should be noted that work to estimate future demographic growth requirements and the intended use of Scottish Government funding is ongoing. Should unfunded demand pressures arise during the year they will be raised through normal financial monitoring processes.

10. OUTLINE IJB BUDGET (LOCAL AUTHORITY DELEGATED SERVICES)

- 10.1. The table below aligns the SBC £81.551m to service areas based on the strategic priorities of the IJB, and information to date. The table also includes details about outstanding brought forward savings.

Table 1 : Initial IJB budget by Service £000s

Service	2023/24 Budget	Inflationary increases	Workforce increases	New SG funding*	2024/25 Savings required	2024/25 Budget	Savings B/F
Generic Services	8,430	2	326	5	0	8,763	(98)
Joint Learning Disability	21,081	1	88	0	(200)	20,970	(246)
Joint Mental Health	2,267	0	71	0	0	2,338	
Older People	23,431	0	76	6,156	(4)	29,659	(275)
People with Physical Disabilities	2,801	0	0	0	0	2,801	
Adult Social Care	15,661	4	1,356	0	0	17,021	(505)
Total	73,670	7	1,917	6,161	(204)	81,551	(1,124)

*funding will be allocated across services reflecting the anticipated increase per service provider once confirmed

- 10.2. Within the funding received from Scottish Borders Council there is a requirement to deliver £1.328m savings during 2024/25. £1.124m of this are brought forward savings not yet delivered recurrently with a requirement of £0.204m in new savings to be delivered in 2024/25.

Table 2: Detail of delegated local authority service saving requirements

Description	£000s
Shared Lives	200
Additional fees & charges income	4
Bordercare Alarms	75
Reablement of Homecare	285
Better use of Fleet Vehicles	45
Residential Care Re-tendering	100
Reablement savings via commissioning	619
Total	1,328

- 10.3. It should be noted that during Financial Year 2023/24 significant pressures in Adult Social Care were experienced and funded from elsewhere within the IJB and the pressures in this area are anticipated to remain over the coming years in line with increased demand and therefore need to be managed alongside delivering savings.
- 10.4. Prior to agreement of the IJB's 2024/25 Financial Plan, once the payment offer from NHS Borders has been received, and the budget is being set for health delegated functions, the IJB will have to be cognisant of the Health Board's proposed savings plans which are in development. It is unlikely that any undelivered savings in prior financial years will be brought forward and the new plans will reflect only the measures identified to deliver 3% minimum recurring and 1% minimum non-recurring savings in 2024/25 as part of the wider 10% medium-term target.
- 10.5. To ensure the IJB has time to implement and benefit from savings delivery in 2024/25 it is important that creating full delivery plans is prioritised as we begin the new financial year.

10.6. In addition to identifying savings plans there will be a need to use the Best Value for Every Pound approach to ensure that we invest in services that have greatest impact relative to the amount invested.

11. IMPACTS

Community Health and Wellbeing Outcomes

11.1. The intention of this report is to provide a focus for improvement of health services therefore should indirectly 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 wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	Increase
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

11.2. The SBC payment offer is £81.551m. Further detail on financial impacts are noted throughout the paper.

Equality, Human Rights and Fairer Scotland Duty

11.3. As part of the 2024/25 Financial Planning process initial impact analyses on proposals brought forward to members for local authority services have been undertaken by the relevant Lead Officer in order to inform the planning and decision making of Senior Officers, the Council Management Team and Council and IJB Members where these services are delegated. This seeks to ensure that any potential impacts form part of the evaluation criteria when considering budget proposals alongside financial benefit, potential impact on performance and outcomes, deliverability and the views of stakeholders. For the Financial Planning proposals a relevant officer undertook an initial evaluation of equality impact and impact on socio- economic groups.

- 11.4. Those proposals which have been assessed may potentially impact on one or more of the Equality Characteristic Groups or Socio – Economic Groups in a positive or negative way. Any potential negative impact would require ongoing management through each proposal's implementation stage, in terms of mitigating and alleviating these impacts. Any positive impact identified should be maximised during the planning and implementation stage of the proposals. While some of the assessed proposals indicate no impact, it is recommended that any potential impact continues to be monitored, given the nature of the proposals.
- 11.5. A stage 1 assessment for the budget has been completed and was considered in the last IJB, and this is accompanied by the stage 1 assessment for local authority delegated services. Both impact assessments are enclosed in the background papers section.
- 11.6. The proposals will continue to be assessed and managed through evidence gathering and mitigation and alleviation in accordance with the IIA process. There will be particular focus on those proposals for in which a potential negative impact has been identified.

Legislative considerations

- 11.7. Public Bodies (Joint Working) (Scotland) Act 2014 and associated Health and Social Care Integration Finance Guidance.
- 11.8. The legislation requires that the Integration Joint Board is subject to the audit and accounts regulations and legislation of a body under Section 106 of the Local Government (Scotland) Act 1973.

Climate Change and Sustainability

- 11.9. Climate change and sustainability considerations will be considered as part of each proposal coming to the IJB.

Risk and Mitigations

- 11.10. Until the IJB receives its Payment Offer from NHS Borders the ability to deliver the services and improvements in line with the Strategic Framework is not confirmed, and this leads to a delay in setting the budgets and plans for both statutory partners.
- 11.11. There is a high degree of uncertainty within the current operating environment across Health and Social Care delegated functions, with significant volatility in relation to financial planning assumptions.
- 11.12. The impact of global events on macro-economic factors has introduced rapid inflationary pressures on fuel, utilities and general costs of living. Variation from planning assumptions will be closely monitored during the year.
- 11.13. As noted in other IJB papers, we have seen a rising level of need and demand for a range of services. This has a financial and workforce impact, and increases the need for transformation and investment into priority areas.
- 11.14. In terms of mitigation, effective forward financial planning in line with the Strategic Framework is key. This requires the support of the statutory partners in NHS Borders and Scottish Borders Council, along with wider partners.

12. CONSULTATION

Communities consulted

- 12.1. The finance teams in NHS Borders and the Scottish Borders Council have been consulted and inputted into this document.
- 12.2. Further consultation will commence as noted in the impact assessment above.

Integration Joint Board Officers consulted

- 12.3. The IJB Chief Officer was consulted, and all comments received have been incorporated into the final report.

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Background Papers:

- Payment request letter to NHS Borders and the Scottish Borders Council. Available from: <https://scottishborders.moderngov.co.uk/documents/s80435/Appendix-2024-5%20Attach%201%20Request%20for%20payment.pdf>
- Integration Joint Board Financial Planning process. Available from: <https://scottishborders.moderngov.co.uk/documents/s80437/Appendix-2024-5%20Financial%20Planning%20Process.pdf>
- IJB budget stage 1 Integrated Impact Assessment. Available from: <https://scottishborders.moderngov.co.uk/documents/s80436/Appendix-2024-5%20Financial%20planning%20process%20stage-1-proportionality-and-relevance.pdf>
- Scottish Borders Council budget stage 1 Integrated Impact Assessment. Available from: <https://scottishborders.moderngov.co.uk/documents/s81142/Item%20No.%2011%20-%20Appendix%202%20-%20IIAs%20for%20Financial%20Plan%20Proposals%202024-25%20-%20Council%20-%2029%20February%202024.pdf>
- Health and Social Care Integration Finance Guidance. Available from: <https://www.gov.scot/publications/finance-guidance-health-social-care-integration/>

Previous Minute Reference: Not applicable

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