

## NHS Borders Board



Meeting Date: 5 March 2020

<b>Approved by:</b>	Carol Gillie, Director of Finance, Procurement, Estates & Facilities
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<b>INDICATIVE BASELINE PROVISION OF 2020/21 RESOURCE TO THE HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD</b>	
<b>Purpose of Report:</b>	
<p>The purpose of this report is to ask the NHS Borders Board to approve the 2020/21 indicative baseline provision of resource to the Health and Social Care Integration Joint Board (IJB) for it to undertake the functions delegated to it by the Health Board. This is in line with the requirements of the Health and Social Care Integration Scheme for the Scottish Borders (the Integration Scheme). This is an indicative figure which will be considered by the IJB at its meeting on the 24<sup>th</sup> March 2020. The finalised level of resources to be provided will be agreed by NHS Borders Board when the 2020/21 financial plan is considered at the Board meeting on the 2<sup>nd</sup> April 2020.</p>	
<b>Recommendations:</b>	
<p>The Board is asked to:</p> <ul style="list-style-type: none"> <li>• <b>Note</b> that provision of resource to the IJB for delegated functions and budgets set aside for the large hospitals element have been set on a pragmatic roll forward of 2019/20 resources, rather than established on the basis as outlined in the Integration Scheme.</li> <li>• <b>Approve</b> the 2020/21 indicative provision of resource to IJB at £135.42m, including £24.48m of resource set aside for the large hospitals element, for it to undertake the functions delegated to it. This includes £7.62m for the recurring social care fund and £2.19m for the ring fenced fund (Integrated Care/Transformation Fund). The IJB is required to deliver £4.75m (delegated services) and £1.08m (set aside) of recurring savings in year to support the level of resources provided. The final amount of resources provided for 2020/21 will be agreed by the NHS Borders Board on the 2<sup>nd</sup> April 2020.</li> <li>• <b>Note</b> the amount to be provided is equitable with the resources to other NHS Borders business units. It reflects a 4.1% increase in the recurring level of resources provided in 2019/20 which is above the 3% requirement stated in the Scottish Government Budget 2020/21 Indicative Allocation letter.</li> <li>• <b>Note</b> that further resources will be provided to IJB when additional relevant allocations are received that relate to delegated services.</li> <li>• <b>Note</b> that when the NHS Borders Annual Operational Plan is agreed with Scottish</li> </ul>	

Government brokerage levels for 2020/21 will also be agreed. It is envisaged at that time the IJB will receive a non recurring provision of resources based on an appropriate share of brokerage funding

#### **Approval Pathways:**

The level of resources to be provided was considered by the Finance and Resources Committee on the 27<sup>th</sup> February 2020. The level of resources to be provided has been discussed with the IJB Chief Officer and Chief Financial Officer.

#### **Executive Summary:**

As a detailed Strategic Commissioning Plan with an associated financial plan have not been formally provided to the Health Board in 2019/20, a pragmatic approach to the provision of resources has been adopted.

The level of resources to be provided to the IJB was discussed at the Finance and Resources Committee on the 23<sup>rd</sup> January 2020 and an indicative baseline of resources for planning purposes recommended based on equity approach where the IJB delegated functions are funded on the same basis as the other business units within NHS Borders. On the 6<sup>th</sup> February 2020 the Budget 2020/21 indicative allocation letter was issued to NHS Borders Board which stated that the NHS must deliver “an uplift of at least 3% over 2019/20 agreed recurring budgets” for delegated functions. The equity model represents an uplift of 4.1% compared with 3% as advised by Scottish Government as a minimum requirement. In the interest of fairness, balance and partnership working the Finance and Resources Committee on the 27<sup>th</sup> February 2020 recommended the Board confirms to the IJB that level of funding provided will be based on an equitable share of resources.

Based on this recommendation the Health Board will in 2020/21 provide an indicative baseline resource of £135.42m to the IJB to undertake the functions delegated to it by the Health Board. This includes £24.48m of resources set aside for the large hospitals element. This represents the recurring revenue budget provided to the IJB in 2019/20 plus (as set out in the Board’s financial plan) funding for:

- Pay awards.
- Additional supplies costs due to demographic or inflationary pressures.
- The introduction of new drugs as well as volume or price increases.
- Agreed national, regional and local service developments.

This also includes the Social Care Fund at £7.62m and £2.19m ring-fenced funding which was previously known as the Integrated Care Fund.

The level of resources provided includes the delivery of recurring savings of £4.75m (delegated services) and £1.08m (set aside).

It is assumed that when the NHS Borders Annual Operational Plan is agreed with Scottish Government brokerage levels for 2020/21 will also be agreed. It is envisaged at that time the IJB will receive a non recurring provision of resources based on an appropriate share of brokerage funding. It is expected that the IJB will then be able to use these resources on a non-recurrent basis to support the delivery of its “in year” financial recovery plan.

#### **Impact of item/issues on:**

<b>Strategic Context</b>	In line with legislation resources are provided to the Integration Joint Board for delegated functions
<b>Patient Safety/Clinical Impact</b>	Not applicable
<b>Staffing/Workforce</b>	Included in the report
<b>Finance/Resources</b>	Included in the report
<b>Risk Implications</b>	Included in the report
<b>Equality and Diversity</b>	Complete
<b>Consultation</b>	Principles applied have been discussed with Chief Executive and Chief Officer for the IJB
<b>Glossary</b>	IJB – Integration Joint Board ICF – Integrated Care Fund CAMHS – Children & Adolescent Mental Health Services LAs – Local Authorities HAI – Healthcare Associated Infection

## Background

The Public Bodies (Joint Working) (Scotland) Act was granted royal assent on April 1, 2014. It requires each Local Authority and Health Board to integrate planning for, and delivery of, certain adult health and social care functions. The establishment of the IJB is based on the Integration Scheme prepared between the Health Board and the Scottish Borders Council.

The IJB is responsible for the strategic planning of the functions delegated to it, and for oversight of the delivery of those functions. The functions that are to be delegated by the Health Board to the IJB and the services to which these functions relate, which are provided currently by the Health Board, are set out in the Integration Scheme.

The Integration Scheme notes provision of resource for delegated functions will be determined by the agreed Strategic Commissioning Plan, and its associated financial plan, which will be presented to the Health Board and the Scottish Borders Council and considered as part of the annual budget setting process for respective organisations. This should demonstrate relevant performance, activity, cost, and service development issues, and take account of both Local Government and NHS Boards financial uplift or settlement, and efficiencies that may be required as a consequence. In the case of the set aside budget the provision of resources should be determined by the hospital capacity that is expected to be used by the population of the IJB using data from the latest Integrated Resource Framework.

As a detailed Strategic Commissioning Plan with an associated financial plan have not been formally provided to the Health Board in 2019/20, a pragmatic approach to the provision of resources has been adopted.

The level of resources to be provided to the IJB was discussed at the Finance and Resources Committee on the 23<sup>rd</sup> January 2020 and an indicative baseline of resources for planning purposes recommended based on an equitable approach where the IJB delegated functions are funded on the same basis as the other business units within NHS Borders which are summarised in the principles below:

- Recurring cost pressures as per NHS Borders process funded
- Non Recurring cost pressures as per NHS Borders process funded

- Share of savings challenge as per model agreed with business units over the next 3 financial years
- Ringfenced allocations for relevant functions passed to business units as appropriate

On the 6<sup>th</sup> February 2020 the budget 2020/21 indicative allocation letter was issued to NHS Borders Board which stated that:

- NHS must deliver “an uplift of at least 3% over 2019/20 agreed recurring budgets” for delegated functions
- Drugs & Alcohol 3% uplift expected above 2019/20 recurring budgets plus a share of additional national funding (£12.7m) issued as a ring fenced allocation
- An anticipated 5% reduction in ringfenced outcomes framework funding (maternal, dental, effective prevention, HAI) which has not yet been confirmed
- Additional £100m transferred from Health Vote to LAs for living wage (£25m), uprating of free personal care & nursing care payments (£2.2m), Carer’s Act in line with the financial memorandum of the Carer’s Bill (£11.6m) & support for school counselling (£4m) even if not part of IJB. This funding to be passed to IJBs should be additional & not substitutinal to LAs 2019/20 recurring budgets for social care

This identified an alternative to the approach to the provision of resources for the IJB for 2020/21. This has been discussed with the IJB Chief Officer and Chief Financial Officer over the last few weeks.

### Provision of 2020/21 Resource

The Finance and Resources Committee meeting on the 27<sup>th</sup> February 2020 considered the implications of the allocation letter on the level of resources to be provided to the IJB. A comparison between the previously agreed equity across business unit approach and the direction from the Scottish Government is summarised in the table below.

	Equity £m	SG Direction £m
Total Resources to be provided	135.42	133.95
Total Savings Target including any shortfall in funding for identified cost pressures	(5.83)	(7.49)

The equity model represents an uplift of 4.1% compared with 3% as advised by Scottish Government as a minimum requirement. In the interest of fairness, balance and partnership working the Finance and Resources Committee recommended the Board confirms to the IJB that level of funding provided will be based on an equitable share of resources.

Based on this recommendation Health Board will in 2020/21 provide an indicative baseline resource of £135.42m (as detailed in Appendix 1) to the IJB to undertake the functions delegated to it by the Health Board. This includes an estimate of a General Medical Services funding and Independent Contractor funding which although part of core services will be issued by the Scottish Government as ringfenced allocations later in the financial year. It is assumed these will be passed through to the IJB. This also includes £24.48m of

resources set aside for the large hospitals element. This represents the recurring revenue budget provided to the IJB in 2019/20 plus (as set out in the Board's financial plan) funding for:

- Pay awards
- Additional supplies costs due to demographic or inflationary pressures
- The introduction of new drugs as well as volume or price increases
- Agreed national, regional and local service developments

This also includes 3% inflation added to the Social Care Fund (at £7.62m) and £2.19m of ringfenced funding which was previously known as the Integrated Care Fund.

The total sum provided represents 51% of the Health Board's funding to cover functions as delegated and set out in the Integration Scheme.

The level of resources provided includes the delivery of recurring savings of £4.75m (delegated services) and £1.08m (set aside). This is based on the Board's financial plan as set out in the Annual Operational Plan and the following methodology for allocating savings targets across the business units:

- 50% of unachieved savings in 2019/20 will be carried forward as a savings requirement into 2020/21
- There will be a stretch target set for prescribing costs of £2.1m in total allocated pro rata across all NHS Borders prescribing budgets
- A pro rata share of the Board's efficiency savings requirement based on recurring budgets as at 1<sup>st</sup> April 2019

It is assumed that when the NHS Borders Annual Operational Plan is agreed with Scottish Government brokerage levels for 2020/21 will also be set. It is envisaged at that time the IJB will receive an appropriate share of brokerage funding

This resource level provided to the IJB is consistent with the normal budget setting process applied across the other business units within the organisation.

During the year, as additional funding becomes available through ringfenced allocations which relate to IJB delegated functions the Board will provide these to the IJB as has been the case in previous financial years. It is anticipated this will include among others the following:

- Investment in Adult Mental Health Services and CAMHS
- Primary Care investment funds
- Alcohol and Drug Partnership funding

While there is provision within the Integration Scheme to allow for the recovery of deficits from provision of resources in future years, despite a significant overspend and a failure to fully deliver efficiency plans during 2019/20 it is not planned at this stage to retrieve any overspend in relation to functions delegated to the IJB.

At this point the Health Board's assumption, as was the case in 2019/20, will be "business as usual" or "as you were" in respect of resource utilisation and therefore it is anticipated that the IJB will direct all of the resource delegated to it by the Health Board, back to the Health Board to provide necessary services, with the exception of the Social Care Fund

and the ringfenced fund. It is therefore anticipated that the IJB will provide direction to the Health Board and request that plans are developed on how efficiency savings will be met.

Work has already begun to identify how the estimated level of required savings will be delivered. This means that, similar to previous years, it is anticipated that an efficiency programme will underpin the overall financial plan for NHS Borders and this will have to include savings across all services, including within delegated functions. Within NHS Borders the Financial Turnaround Programme approach will assess all savings for delivery and where necessary request direction from the IJB. There is a clear requirement for a significant level of change in the year and years ahead.

The most significant risks for the Health Board and in turn the IJB are associated with the delivery of the required level of savings, and mitigating action to address anticipated and identified pressures within operational budgets. The effective management of savings and agreed transformational change within the Financial Turnaround Programme approach will be a priority activity given the size and the scale of the overall savings undelivered in previous years and the level of financial challenge.

The level of resources to be provided to the IJB is for 2020/21 only, however it should be noted that the amount is based on a three year financial plan which will support the Board to return to financial sustainability and address its historic financial gap. As part of the 2020/21 agreement commitment from the IJB and its functions to address the gap in future financial years is required.

The level of resources provided to the IJB does not include the impact of the costs associated with areas of investment in 2020/21 including Office 365, the upgrade of the patient administration system Trakcare, the winter plan and the Project Management Office. This is potentially unsustainable going forward and should be discussed with the IJB with a view to agreeing a way forward in future years.

# Equity Model – 2020/21 IJB Provision of Resources

	IJB Delegated Functions £m	Set Aside £m	TOTAL £m
Recurring Resource 2019/20	73.64	24.42	98.06
Social Care Fund	7.40	-	7.40
Integrated Care Fund	2.13	-	2.13
Recurring Savings	(5.14)	(1.07)	(6.21)
<b>Base budget</b>	<b>78.03</b>	<b>23.35</b>	<b>101.38</b>
2020/21 Uplift			
Recurring cost pressures	2.52	0.97	3.49
Non recurring cost pressures	0.47	0.17	0.64
Adjustment to Savings Target	0.39	(0.01)	0.38
<b>Total uplift provided</b>	<b>3.38</b>	<b>1.13</b>	<b>4.51</b>
<b>Sub total - Provision of Resources</b>	<b>81.41</b>	<b>24.48</b>	<b>105.89</b>
General Medical Services (estimate)	19.29	-	<b>19.29</b>
Independent Contractors (estimate)	10.24	-	<b>10.24</b>
<b>TOTAL 2020/21 Provision of Resources</b>	<b>110.94</b>	<b>24.48</b>	<b>135.42</b>