

Borders NHS Board



Meeting Date: 1 April 2021

Approved by:	Andrew Bone, Director of Finance
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BASELINE PROVISION OF 2021/22 RESOURCE TO THE HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD	
Purpose of Report:	
The purpose of this report is to seek approval from the Board to the provision of resources to the IJB for financial year 2021/22.	
Recommendations:	
Board members are asked to:-	
<ul style="list-style-type: none"> • <u>Consider</u> the issues as described in the paper. • <u>Approve</u> the provision of resources to the IJB as outlined in section 3.5. 	
Approval Pathways:	
<p>The principles underpinning the provision of resources to the IJB were approved by the Resources & Performance Committee on 4th March 2021 along with the board's draft financial plan which provides the basis for the IJB budget (NHS functions). The IJB budget offer was discussed with the IJB Chief Officer on 11th March and the IJBs joint budget was presented to its Board on 24th March 2021.</p> <p>This paper was presented to BET on 30th March 2021.</p>	
Executive Summary:	
<p>SECTION 3.1 presents the strategic context to the IJB budget setting process.</p> <p>SECTION 3.2 describes the resources made available by Scottish Government and the conditions attached to these resources, including direction to NHS Boards for the allocation of resources to the IJB.</p> <p>SECTION 3.3 describes the principles applicable to the IJB budget offer. These principles were agreed by the Resources & Performance committee at its meeting on 4th March 2021.</p> <p>SECTION 3.4 provides summary of the actions required to mitigate financial pressures arising from the NHS Borders financial plan. This section is provided as context to the IJB budget offer, and to the actions required to support delivery of a balanced financial position for the IJB in 2021/22 in relation to delegated health budgets (section 3.6).</p>	

SECTION 3.5 outlines the resources delegated to the IJB in 2021/22. Appendix 1 to the report provides further detail of these resources.

SECTION 3.6 outlines the actions required to manage the IJB savings target in 2021/22. Management of this savings target in 2021/22 will determine the delivery of a breakeven financial position for the IJB (and by extension the NHS board). The delivery of these actions will be a joint responsibility of the board and the IJB (via the HSCP).

SECTION 4 describes the risks attendant on the IJB budget for NHS delegated functions. This section is provided as supplementary information to the risks described in more detail within the NHS Borders financial plan.

Impact of item/issues on:

Strategic Context	Impact on statutory financial targets.
Patient Safety/Clinical Impact	No issues identified within the report.
Staffing/Workforce	As described in the paper.
Finance/Resources	As described in the paper.
Risk Implications	Risks are covered in the report.
Equality and Diversity	Compliant with Board policy requirements.
Consultation	N/A
Glossary	<ul style="list-style-type: none"> • Acute Services includes General Surgery, Orthopaedics, Theatres And Critical Care, Obstetrics and Gynaecology, Paediatrics, Outpatients, Cancer Services, Diagnostics, BGH Pharmacy, Community Nursing, Planned Care • Set Aside includes General Medicine, Medicine for the Elderly, Accident and Emergency • IJB Directed Services includes Mental Health, Learning Disability, Allied Health Professionals, Family Health Services, External Providers, Social Care Fund, Integrated Care Fund • Corporate Directorates includes Executive Directorates, Estates and Facilities • External Healthcare providers includes Other NHS Scottish Boards, OATS, Private ECRs & Grants <p>SGHSCD - Scottish Government Health and Social Care Department</p> <p>IJB - Integration Joint Board</p> <p>RRL - Revenue Resource Limit</p> <p>CRL - Capital Resource Limit</p> <p>AOP - Annual Operational Plan</p> <p>UNPACS - Unplanned Activity</p> <p>SLA - Service Level Agreement</p> <p>ECR - Extra Contractual Referrals</p> <p>OATS - Out of Area Treatments</p> <p>CCG - Clinical Commissioning Group</p> <p>DME - Department of Medicine for the Elderly</p> <p>ASDU - Area Sterilisation and Disinfection Unit</p> <p>PCIP - Primary Care Improvement Plan</p>

BASELINE PROVISION OF 2021/22 RESOURCE TO THE HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD

1 Purpose of Report

- 1.1 The purpose of this report is to seek approval from the board to the provision of resources to the IJB for financial year 2021/22.

2 Recommendations

- 2.1 Board Members are asked to:

- 2.1.1 **Consider** the issues as described in the paper.

- 2.1.2 **Approve** the provision of resources to the IJB as outlined in section 3.5.

3 Discussion of Key Issues

3.1 Strategic Context

- 3.1.1 The Public Bodies (Joint Working) (Scotland) Act (2014) requires each Local Authority and Health Board to integrate the planning and delivery of adult health and social care functions delegated to the Integrated Joint Board (IJB).

- 3.1.2 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.

- 3.1.3 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 cost of services provided for delegated functions within a large hospital setting.

- 3.1.4 NHS Borders and Scottish Borders Council have established a collaborative approach to financial planning for the IJB which includes agreement of joint planning assumptions and a common approach to the presentation of financial information.

- 3.1.5 NHS Borders Resources & Performance Committee approved the principles to be used in preparation of the IJB budget offer at its meeting on 4th March 2021. These

principles have been discussed with the IJB Chief Officer and form the basis of the figures presented within this paper. Detail of these principles is included in section 5, below.

3.1.6 The level of resources to be made available to the IJB is consistent with NHS Borders' financial plan. Actions to deliver a balanced financial position in year have been outlined in the budget offer made to the IJB and are reflected in the IJB financial plan presented to its board on 24th March 2021.

3.2 Available Resources

3.2.1 On the 28th January 2021 the Scottish Government issued its indicative budget allocation letter to NHS Borders Board which stated that:

"In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.

"In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22. The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million).

"The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated".

3.2.2 In addition, the allocation letter confirmed further resource allocations will be made available nationally in 2021/22 in relation to a number of strategic priorities including Drug deaths (£50m), Primary Care (£45m), and Mental Health and CAMHS (£22.1m). Further detail is awaited in relation to the IJBs share of these resources. This paper excludes consideration of these allocations at this stage.

3.3 Budget Setting Principles

3.3.1 The Resources & Performance Committee agreed the principles to be applied to the board's budget offer to the IJB at its meeting on 4th March. These principles are as follows:

Equity	The 'equity' model agreed in 2020/21 should be retained, i.e. resources to the IJB should be issued in line with the board's financial plan, including cost pressures where agreed through the NHSB process.
RMP3	Remobilisation costs will be based on forecast at end February however assumption is that these will be fully funded in line with existing LMP process. This will be predicated on continuation of national & regional benchmarking and SG confirmation of available resources.
Uplift to IJB resources	NHS resources allocated via the IJB to Social Care will be transferred inclusive of a share of the board's general uplift (1.5%). This includes the Social Care Fund and Resource Transfer. In addition, this uplift will be applied to the Transformation fund (previously ICF).

Savings Targets	In line with the proposal outlined in the board's plan, the previously agreed increase to savings targets for 2021/22 will be deferred. This will be managed through the use of board financial flexibility. This position will be reviewed following preparation of a three year financial plan for NHS Borders, and with cognisance of the IJBs own financial planning process.
Non Pay Supplies Inflation	Modelled at 2% in plan but requires further discussion prior to allocation – RPI will apply unless cost growth demonstrated to be in excess of this.
IJB Reserves	The IJB holds ring-fenced reserves in relation to commitments against NHS non-recurrent allocations. It is anticipated that these reserves will increase significantly at March 2021. Deferral of the savings target noted above is contingent upon agreement that the balances held in reserves will be reviewed jointly between NHS Director of Finance and the Chief Finance Officer and that any flexibility identified in relation to NHS commitments will be redirected at bridging slippage against the IJB savings target in 2021/22.

3.4 NHS Borders Financial Plan 2021/22

3.4.1 This section provides context to the IJB budget outlined in section 7, below.

3.4.2 Table 1 provides summary overview of the NHS Borders financial plan.

Table 1 – Summary NHSB Financial Plan 2021/22

	R £m	NR £m	Total £m
NHSB RRL gap before actions	(18.730)	(2.870)	(21.600)
Slippage on Core performance		3.000	3.000
Net NHSB Gap	(18.730)	0.130	-18.600
Actions required			
Delivery of Savings	2.500	4.700	7.200
Additional Board Flexibility		5.000	5.000
Net Outturn	(16.230)	9.830	(6.400)

3.4.3 The NHS Borders financial plan outlines a projected in year deficit of £21.6m before delivery of savings and additional in year flexibility.

3.4.4 This position is mitigated by a projected under-spend of £3.0m against core operational budgets.

3.4.5 Savings delivery is estimated at £7.2m, of which £2.5m is expected to be recurring. Delivery of non-recurrent savings is underpinned by a number of corporate actions which are considered low/medium risk, however further work is required to evaluate plans for the delivery of recurring savings and these remain high risk.

3.4.6 Further in year flexibility of £5m is identified through corporate actions including release of reserves and slippage on prior year investments.

3.4.7 This leaves a residual gap of £6.4m. The financing of this gap is subject to further discussion with Scottish Government.

3.5 Delegated Resources 2021/22

3.5.1 The following table summarises the allocations proposed by NHS Borders for the functions delegated to the IJB for 2021/22. The table below shows the additional recurring and non recurring funding available to the IJB, as outlined in the board's financial plan.

Table 2 – IJB Delegated Resources 2021/22

	IJB Delegated £m	Set Aside £m	TOTAL £m
Recurring Baseline	115.093	25.092	140.185
Recurring Savings Targets	(4.740)	(1.090)	(5.830)
<i>Net Baseline</i>	<i>110.353</i>	<i>24.002</i>	<i>134.355</i>
Additional Recurring Resources	2.384	0.923	3.307
Additional Non-Recurring Resources	1.070	1.500	2.570
Total Resources	113.807	26.425	140.232
Uplift	3.1%	10.1%	4.4%

3.5.2 The level of delegated resources is set based on those elements of the NHS Borders financial plan which relate to functions delegated to the IJB and is in line with the principle of the 'equity' model, i.e. that the IJB shall be funded in line with the approach taken within the board's own financial plan. This includes commitment to fund statutory commitments, cost pressures and service developments impacting on delegated functions in 2021/22.

3.5.3 Included within the budget is uplift to the Social Care Fund, the Transformation Fund and Resource Transfer in line with the board's uplift (i.e. 1.5%).

3.5.4 Pay pressures have been calculated on the basis of SG pay policy guidelines for 2021/22 although it should be noted that pay negotiations are not expected to conclude until summer 2021. Scottish government have given assurance that any increase above public sector pay policy will be financed through additional allocation.

3.5.5 Non pay inflation is estimated at 2% in line with SG advice, however allocation of resources to operational budgets will be subject to further review. This reflects the principle that budgets will be set at Retail Price Index (RPI) except where there is a demonstrated increase above this level.

3.5.6 Prescribing growth is assumed in line with local horizon scanning, with further work underway to determine the actual impact on primary care and hospital prescribing in 2021/22.

3.5.7 The budget includes investment in recurring and non-recurring cost pressures highlighted through the board's cost pressures process.

3.5.8 The budget includes further investment in resources to support Primary Care, increase to high cost packages of care, and changes arising from workforce planning, including the introduction of safe staffing legislation.

3.5.9 Appendix 1 provides a breakdown of additional resources and how these are distributed across HSCP and Set Aside functions.

3.6 IJB Financial Gap

- 3.6.1 The scheme of integration requires any expenditure in excess of delegated budgets is funded by additional contributions from the partners (i.e. NHS Borders and Scottish Borders Council).
- 3.6.2 As reported in section 3.3, it has been agreed that any increase to savings targets will be deferred in 2021/22 pending development of a revised three year financial plan. Delivery of a breakeven position for the IJB will therefore require identification of actions to meet the IJBs savings target of £5.83m.
- 3.6.3 Underpinning the IJB budget offer is the assumption that relevant actions described in the board's financial plan will be enacted through the HSCP.
- 3.6.4 Table 3 provides a summary of how the IJB savings target is expected to be addressed in 2021/22, including the allocation of additional non-recurring flexibility to bridge non-delivery of savings targets in year.

Table 3 – Addressing the IJB Savings Target 2021/22

	IJB Delegated £m	Set Aside £m	TOTAL £m
Savings Target	(4.740)	(1.090)	(5.830)
Actions required			
Slippage on Core performance	0.876	0.000	0.876
Delivery of Savings	1.411	0.324	1.735
Additional Non-Recurring Support	2.450	0.766	3.216
Net Outturn	(0.003)	0.000	(0.003)

- 3.6.5 The IJB delegated functions are projected to under-spend by £1.8m at March 2021. Slippage on core performance is estimated based on a reducing level of under-spend over the first six months of 2021/22, reflecting remobilisation of services during the first part of the year.
- 3.6.6 The board's plan is predicated on delivery of £2.5m of recurring savings in 2021/22. The IJB share of savings described above reflects a pro-rata share of this £2.5m based on the total savings targets carried forward across operational business units. It is expected that the turnaround programme will be remobilised over the first half of the year and that service plans will be developed to deliver savings effective from October 2021. At this stage no detailed plans are in place for this saving and as such it presents a high risk to delivery of the plan.
- 3.6.7 As noted, the board's financial plan includes non-recurring flexibility to support delivery of the outturn position. The additional non-recurrent support to the IJB described in Table 3 is contingent upon agreement of additional resources with Scottish Government that will support delivery of the board's overall financial plan. Should this funding not be available then the board would not be in a position to provide resources at this level. An update on this position will be provided through the board's routine financial monitoring and quarterly review process.
- 3.6.8 Mitigation against the required level of savings and/or non-recurrent support is the potential identification of flexibility within the IJB reserves. IJB reserves are held on the basis of commitments against ring-fenced allocations and no flexibility would

ordinarily be expected against these funds. The level of resources held in reserves is expected to increase substantially at March 2021 as a result of in year slippage against expenditure programmes as a result of the pandemic, and it is a principle of the IJB budget offer that the IJB undertake to review its reserves in partnership with the NHS Borders Director of Finance to consider any opportunities for release on a non-recurring basis in 2021/22. At this stage the plan does not assume any release pending further review.

4 Risks

- 4.1 The risks attendant on the IJB budget offer are aligned to the board's financial plan. As such, these are detailed in the board's financial plan paper. These are described in summary below.
- 4.2 There is a high degree of uncertainty within the current operating environment across Health & Social Care delegated functions, with significant volatility in relation to financial planning assumptions. In particular the pace and success of COVID19 vaccine rollout is likely to be a material determinant in the extent to which forecast expenditure relating to remobilisation of Health services in particular, is incurred. The financial risk arising from this volatility is mitigated in part by confirmation that the NHSS Local Mobilisation Plan (LMP) financial allocation mechanism will continue in 2021/22, with boards and local authorities being reimbursed for costs agreed through LMP (now RMP) approval.
- 4.3 The board's turnaround programme was paused in March 2020 and is expected to be remobilised by quarter two of the next financial year. At this stage limited progress has been made to identify savings plans for delivery in 2021/22 and there remains a significant risk that the level of savings delivery required in the plan is not achievable.
- 4.4 The financial plan which underpins the level of resources provided by NHSB to the IJB still requires SG approval as part of the Remobilisation Plan process. There is a risk that the additional support required to meet the residual gap outlined in the board's financial plan is not made available and that this will impact on the ability to meet the level of projected support required by the IJB.
- 4.5 There is a risk that new pressures arise and are not managed resulting in a year end forecast overspend. Mitigating actions will be required by all partners to reduce risk levels where possible, or to manage risks where required.
- 4.6 The assumptions underpinning delivery of financial balance relate to 2021/22 only and there is a further risk that recurring solutions cannot be found, placing additional financial pressures on the NHSB and IJB's financial position in future years.
- 4.7 The potential financial and economic impact of COVID19 continues to represent a significant risk to the IJB and the wider public services.

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Appendices

Appendix 1: Additional Resources to the IJB 2021/22

Additional Resources to the IJB 2021/22

	IJB Delegated			Set Aside			TOTAL		
	R £m	NR £m	Total £m	R £m	NR £m	Total £m	R £m	NR £m	Total £m
Pay Uplift	0.625		0.625	0.265		0.265	0.890	0.000	0.890
Payscale Incremental Progression	0.185		0.185	0.090		0.090	0.275	0.000	0.275
Non Pay Uplift	0.073		0.073	0.022		0.022	0.095	0.000	0.095
Prescribing Growth (estimated)	1.000		1.000	0.348		0.348	1.348	0.000	1.348
Local Priorities & Cost Pressures									
Respiratory Medicine			0.000	0.100		0.100	0.100	0.000	0.100
Investment in Primary Care	0.200		0.200			0.000	0.200	0.000	0.200
LD Commissioning		0.500	0.500			0.000	0.000	0.500	0.500
Cost Pressures		0.570	0.570		1.500	1.500	0.000	2.070	2.070
Legislative & Policy Commitments									
Safe Staffing Nursing	0.074		0.074	0.046		0.046	0.120	0.000	0.120
Medical Training	0.040		0.040	0.052		0.052	0.092	0.000	0.092
Uplift on Directed Resources*	0.187		0.187	0.000		0.000	0.187	0.000	0.187
Total Investments	2.384	1.070	3.454	0.923	1.500	2.423	3.307	2.570	5.877