



PERTH & KINROSS INTEGRATION JOINT BOARD

22 March 2019

CORE HEALTH & SOCIAL CARE BUDGET 2019/20, 2020/21 & 2021/22

Report by Chief Financial Officer (Report No. G/19/54)

PURPOSE OF REPORT

This report recommends setting the recurring budget for Core Health & Social Care Services for 2019/20 and the provisional budgets for 2020/21 and 2021/22. The report also sets out the next steps required to ensure delivery of financial balance in 2019/20.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):-

- 1.1 Note that following a formal budget offer from Perth & Kinross Council (PKC) and an indicative offer from NHS Tayside (NHST), a £2.842m gap for Core Health & Social Care Services is reported in the 2019/20 Financial Plan.
- 1.2 Request that the Chief Officer bring forward further proposals to the IJB that will support delivery of break-even in 2019/20.
- 1.3 Approve the 2019/20 Financial Plan and the associated 2019/20 Transformation and Efficiency Proposals.
- 1.4 Note the update on progress in developing the 2019/20 Financial Plans for Prescribing and Hosted Services.
- 1.5 Approve the indicative 2020/21 and 2021/22 Financial Plan and the associated Transformation and Efficiency Proposals.
- 1.6 Ask the Chief Officer to issue the necessary Directions to NHS Tayside and Perth & Kinross Council to implement the service changes contained within the 3 Year Financial Plan.

2. BACKGROUND

- 2.1 On 15 February 2019, the Integration Joint Board (IJB) considered the 2019/20 Budget Requisition to be made to PKC and NHST to deliver a balanced budget that supports delivery of strategic plan priorities. This is summarised at Table 1 below

Table 1: 2019/20 Budget Requisition Core Health & Social Care Services

	Hospital & Community Health	Adult Social Care	Total
	£m	£m	£m
Recurring Budget 2018/19	46.706	47.087	93.793
Financial Plan			
Pressures Appendix 1	2.041	9.260	11.301
Savings Appendix 2	(0.823)	(1.807)	(2.630)
Net Gap	1.218	7.453	8.671
Ring fence for wider health budgets	0.457		0.457
Requisition 2019/20 Core Services	48.381	54.540	102.921

- 2.2 A summary of pressures and essential service investments was set out with further estimates for 2020/21 and 2021/22. Appendix 1 provides further detail of the pressures/investments identified.
- 2.3 The report provided an outline of transformation and efficiency savings plans identified for 2019/20, 2020/21 and 2021/22. Appendix 2 provides further detail of this programme of transformation, building on successful delivery of a very significant savings programme across core services over the last 3 years.
- 2.4 The report described the robust review and scrutiny provided by the IJB Budget Review Group (BRG), which, after a number of adjustments was able to agree that all pressures and savings set out in Appendix 1 and Appendix 2 be recommended for IJB approval.
- 2.5 The overall gap between pressures and savings of £8.671m for 2019/20 was noted as the increase in budget required from both Partner Organisations to deliver and sustain services in line with strategic objectives. On this basis, the IJB approved issue of a budget requisition for 2019/20 to Perth & Kinross Council and NHS Tayside for this sum.
- 2.6 As a distinct legal entity, the IJB has a duty to consider the resources required to deliver on its Strategic Plan. The scheme of Integration sets out a process by which the IJB makes a budget requisition to the Partner organisations for a sum it believes to be required to fulfil its strategic planning obligations. The Partner organisations will consider the requisition as part of their budget setting process and allocate a budget to the IJB that reflects the resources available to both Partners and their wider obligations.

- 2.7 This report provides an update on the budget being made available by both Partner Organisations through their respective budget setting processes and the overall implications for Perth & Kinross IJB's 2019/20 Budget, its wider 3 Year Financial Plan and the next steps required to support future financial sustainability of Perth & Kinross IJB.

3. 2019/20 BUDGET SETTLEMENT FROM PERTH & KINROSS COUNCIL

- 3.1 For 2019/20, Perth & Kinross Council received a 2.1% cash reduction on its core budget. In parallel, significant ear-marked funding was received for Early Learning and Childcare and for provision of Social Care.
- 3.2 Overall, the Scottish Government has provided an additional £160m of earmarked funding for Social Care in 2019/20. Funding of £40m is provided to extend Free Personal and Nursing Care to under 65's and for continued implementation of the Carers Act (2016). Cost pressures associated with both developments are included in the Core Health & Social Care Financial Plan. A further £120m is to be transferred from the Health portfolio to Local Authorities for investment in integration (including £12m for school counselling services).
- 3.3 Table 2 summarises the proposed recurring budget offer from Perth & Kinross Council for 2019/20. Overall Perth & Kinross Council's share of Scottish Government funding for Adult Social Care is £4.293m and this is being passed on in full to Perth & Kinross IJB. The £0.800m for Free Personal Care is not yet formally included in the provisional settlement to Perth & Kinross Council and is therefore not part of the formal budget offer at this stage. However separate confirmation has been received from the PKC Head of Finance that this is to be passed on in full.

Table 2: Perth & Kinross Council Budget Offer 2019/20

	IJB Recurring Budget Requisition from PKC	PKC Recurring Budget Offer	Difference
	£m	£m	£m
Recurring Budget 2018/19	47.087	47.087	0
SG Funding (£120m)	3.215	3.243	(0.028)
SG Funding (Carers)	0.250	0.250	0
Additional PKC Budget	3.188	0.989	2.199
Sub Total	53.740	51.569	2.171
SG FPC Under 65	0.800	0.800	0
Total Budget Requisition	54.540	52.369	2.171
Annual Capital to Revenue Transfer	0.196	0	0.196
Total Budget Required	54.736	52.369	2.367

- 3.4 In recognising the pressure on Local Authority Expenditure, Local Authorities across Scotland were expected to pass through the earmarked Scottish Government Funding for Social Care but were then permitted to reduce budget contributions to IJB's by up to 2.2% in 2019/20. Had this entitlement been applied by PKC, this would have amounted to a £1m recurring budget reduction. However over and above the £4.293m pass through of Scottish Government Funding, £0.989m of additional recurring budget is included in the Perth & Kinross Council Budget Offer

for 2019/20. Overall, taking the additional Scottish Government Funding and this additional budget from PKC, this has provided the IJB with a total increase to its recurring budget of 11%. This therefore represents a very favourable settlement.

- 3.5 The 2019/20 Budget Requisition to Perth & Kinross Council excluded £0.196m to be passed through by PKC from Capital Funding to meet specific pressures. This funding is no longer available increasing the Financial Plan gap to £2.367m.
- 3.6 PKC has earmarked £0.250m of non-recurring funding to develop robust intelligence to inform service transformation and better outcomes for our citizens. This funding is subject to receipt of matched funding from NHST.

4. 2019/20 BUDGET SETTLEMENT FROM NHS TAYSIDE

- 4.1 For 2019/20, NHS Tayside received a 2.6% uplift on its base budget. In addition it received £2.2m further NHS Scotland Resource Allocation Committee (NRAC) funding as part of the Scottish Government's commitment to move all NHS Boards towards NRAC parity. An indicative offer has been received at this point with a formal offer expected by 31st March 2019. . Table 3 below summarises anticipated recurring implications for PKIJB.

Table 3: NHS Tayside Anticipated Funding Position 2019/20

	IJB Recurring Budget Requisition from NHST	NHST Indicative Recurring Budget Offer	Difference
	£m	£m	£m
Recurring Budget 2018/19	46.706	46.706	0.000
Share of National Uplift	1.200	1.200	0.000
Complex Care Funding	0.475	TBC	TBC
2019/20 NRAC Funding	TBC	TBC	TBC
Total Budget Requisition	48.381	TBC	TBC

- 4.2 NHST will pass through a full share of the 2.6% NHST baseline funding uplift from the Scottish Government. This equates to £1.2m and is in line with our planning assumptions.
- 4.3 NHST are also looking to address funding pressures across the whole system through the additional 19/20 NRAC funding and confirmation is expected shortly of the agreed priorities across the Operating Division and the 3 IJB's.
- 4.4 Discussions are ongoing around £0.475m funding for complex care packages. Pressures of £0.475m are included in the Financial Plan and budget to match this pressure formed part of the budget requisition to NHST. This funding is part of a wider complex care budget review being undertaken by NHST across the 3 IJB's.

5. IMPLICATIONS FOR 2019/20 BUDGET

- 5.1 The 2019/20 Financial Plan for Core Health & Social Care Services has been adjusted to reflect the implications of the 2019/20 budget offer from both parent bodies and the £2.842m gap is summarised in Table 4 below.

Table 4: Overall Gap in 2019/20 Financial Plan for Core Services

	PKC	NHST	Total
	£m	£m	£m
Budget Required	54.736	48.381	103.117
Budget Proposed by Parent Body	52.369	47.906	100.275
Difference	2.367	0.475	2.842

- 5.2 The wider review of complex care funding being taken forward by NHST will provide a route for resolution of the £475k complex care budget issue for which funding cannot be assumed at this stage. Aside from this issue NHST are fully funding core services in 2019/20.
- 5.3 Whilst the settlement from Perth & Kinross Council was very favourable it is not sufficient to enable a balanced Financial Plan to be set at this stage. The PKC 2019/20 Budget Paper set out that 'The Chief Executive and the Executive Officer Team have undertaken to work with the incoming Health & Social Care Chief Officer in supporting the development of a range of transformational approaches to service provision aimed at building on best practice in health and social care provision'. Given that the new Chief Officer does not take up post until April 2019, it is not possible at this stage, to assure the IJB that the IJB's 2019/20 strategic objectives can be delivered within the available resources.
- 5.4 It is therefore proposed that the Chief Officer bring forward further proposals to the IJB that will support delivery of break-even in 2019/20.

6. PROVISIONAL BUDGETS FOR 2020/21 & 2021/22

- 6.1 The Partnership is committed to developing a medium term financial plan for all delegated services. For Core Services, this is set out in detail at Appendix 3. Similar rigour and scrutiny has been applied across the 3 year planning period and the investment/ pressures and disinvestment/savings have been robustly scrutinised through the IJB BRG process.

Table 5: High Level Summary of the 3 Year Financial Plan.

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Pressures	11.497	5.426	4.903	21.826
Savings	2.630	2.414	2.096	7.140
Gap	8.867	3.012	2.807	14.686
Ringfence for GP Prescribing/Other	0.457	0.464	1.078	1.999
Budget Requisition	9.324	3.476	3.885	16.685
Proposed Partner Budget Increase	6.482	2.422	1.856	10.760
Recurring Shortfall	2.842	1.054	2.029	5.925

- 6.2 For PKC, the Health & Social Care budget assumed to be available for 2020/21 and 2021/22 is based on PKC's Revenue Budget 2019/20; 2021/22 & 2021/22 . PKC's revenue budget sets out an indicative £0.195m recurring budget cut in 2020/21 and a £0.792m budget cut in 2021/22. Over and above this, it is assumed that £1.873m of additional Scottish Government Income for Social Care each year is passed on in full to PKIJB. The £1.873m Scottish Government additional income assumption is based on further Social Care Allocation funding (£1.700m), further Free Personal Care Funding for over and under 65s (£0.173m).
- 6.3 For NHST, the Health & Social Care budget available for 2020/21 and 2021/22 for Health & Social Care is based on the assumption that PKIJB will continue to receive a fair share of SG national uplift. For 2020/21 this is expected to be 1.5% resulting in a £0.744m budget increase and in 2021/22 this is expected to be 1.5% resulting in a £0.766m budget increase.
- 6.4 The 3 Year Financial Plan has been prepared on the basis of information currently available in terms of budget to be made available and projections for service pressures that might realistically be expected.
- 6.5 Analysis reflects the judgement of PKHSCP Officers. It has been reviewed by the HSCP Executive Management Team and the IJB BRG. Assumptions will require to be revised in due course, as part of ongoing monitoring and as activity information becomes available.
- 6.6 Appendix 1 and Appendix 2 provide full details of the pressures/investment proposed and the savings/disinvestment plans.
- 6.7 The IJB are asked to approve the provisional budget for 2020/21 and 2021/22. Approval at this stage will facilitate implementation of complex transformation proposals can begin now to maximise savings delivery over the 3 Year planning period.

7. LARGE HOSPITAL SET ASIDE BUDGET

- 7.1 The Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care Final Report (February 2019) recommended that each Health Board, in partnership with the Local Authority and IJB, must fully implement the delegated hospital budget and set aside budget requirements of the Integration legislation. It proposed that arrangement be in place in time for Integration Authorities to plan their use of their budgets in 2019/20. The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to sustain improvement. However this was very much indicative and nationally it has been recognised that the scope of opportunity will require to be determined locally.
- 7.2 Over the last 12 months the Older People and Unscheduled Care Board within Perth & Kinross HSCP has worked in partnership with the Perth Clinical Forum to take forward the development of Strategic Delivery Plan for Older People and Unscheduled Care. A fundamental aim of this collaborative is to move support from acute hospital wards to support in the community as part of a wider redesign of patient flow and pathways of care. The 3 Year Financial Plan sets out the expectation that the significant investment in Enhanced Community Support in 2019/20, will reduce admissions and length of stay, ultimately enabling a stepped disinvestment from the large hospital set aside budget in Year 3.

8. UPDATE ON FINANCIAL PLAN FOR OTHER HEALTH BUDGETS

- 8.1 As part of the Financial Planning process, 3 Year Financial Plans are being developed for GP Prescribing, Inpatient Mental Health and Other Hosted Services in Perth & Kinross. Plans for these services are still at in development. The IJB Budget Review Group will meet over April and May to scrutinise pressures, transformation plans and efficiency proposals.

9. CONCLUSION

- 9.1 PKHSCP is committed to medium term financial planning and as such, has prepared a Budget for 2019/20 and indicative Budgets for 2020/21 and 2021/22.
- 9.2 For 2019/20, the Financial Plan supported development of a detailed budget requisition that was issued to both Perth & Kinross Council and NHS Tayside at a level of additional funding required to deliver and sustain services in line with strategic objectives.
- 9.3 When combined, the most recent budget offers received from the Partner Organisations are insufficient to meet the gap in the financial plan. As a result, a shortfall of £2.842m is reported. Of this, £0.475m can be expected to be resolved through the formal budget offer from NHST.
- 9.4 This leaves a gap of £2.367m between projected spend and budget available in 2019/20. Whilst every effort will be made by PKHSCP to identify further efficiency savings, it is not possible to deliver proposed services within the resources being made available.
- 9.5 The Chief Officer bring forward further proposals to the IJB that will support delivery of break-even in 2019/20.
- 9.6 Consideration will require be given to the pace and scale of strategic change and therefore the timescales for delivery of strategic plan objectives.
- 9.7 The overall 2019/20 Financial Plan for PKIJB including GP Prescribing and Hosted Services will be brought forward to IJB Meeting in June 2019. It is hoped that risk sharing arrangements will have been agreed by NHST and PKC by this stage.

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NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
HSCP Strategic Commissioning Plan	Yes
Transformation Programme	None
Resource Implications	
Financial	Yes
Workforce	Yes
Assessments	
Equality Impact Assessment	Yes
Risk	None
Other assessments (enter here from para 3.3)	None
Consultation	
External	None
Internal	Yes
Legal & Governance	
Directions	Yes
Communication	
Communications Plan	None

1. Strategic Implications

1.1 Strategic Commissioning Plan

1.1.1 The IJBs Strategic Commissioning Plan has five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- 1 prevention and early intervention;
- 2 person centred health, care and support;
- 3 work together with communities;
- 4 inequality, inequity and healthy living; and
- 5 best use of facilities, people and resources.

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1 Financial

2.1.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2 Workforce

2.2.1 There are no direct workforce implications arising from this report other than those reported within the body of the main report.

3. Assessments

3.1 Equality Impact Assessment

- 3.1.1 Under the Equality Act 2010, PKC and NHS Tayside is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the HSCP to demonstrate that it is meeting these duties.
- 3.1.2 The Revenue Budget Executive Summaries have been subject to an equalities assessment where appropriate.

4. Consultation

4.1 Internal

- 4.1.1 The Chief Officer and Executive Management Team along with Senior Medical and Clinical Leaders have been consulted in the preparation of the Provisional Revenue Budget for 2019/20, 2020/21 and 2021/22.

5. Legal and Governance

5.1 Directions

- 5.1.1 There will be a legal requirement on the IJB to issue Directions to both NHST and PKC in relation to the contents of this paper.

6. BACKGROUND PAPERS/REFERENCES

- 6.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

7. APPENDICES

- 1. 3 Year Executive Summary: Pressures
- 2. 3 Year Executive Summary: Savings
- 3. Updated 3 Year Financial Plan