



PERTH & KINROSS INTEGRATION JOINT BOARD

1 DECEMBER 2021

2022/23: 2024/25 BUDGET UPDATE

Report by the Head of Finance & Corporate Services (Report No. G/21/150)

PURPOSE OF REPORT

The purpose of this report is to update the Perth & Kinross Integration Joint Board (IJB) on the development of the 2022/23: 2024/25 Budget.

1. RECOMMENDATIONS

1.1 It is recommended that the IJB:-

- (i) Note the progress made in the development of a 3 Year Budget for 2022/23: 2024/25 for Health Services and for Social Care Services linked to proposed strategic direction;

2. BACKGROUND

2.1 In March 2021 the IJB approved a 1 Year Budget only for 2021/22. This recognised the limited capacity of Heads of Service and their teams to develop long term proposals that considered the implications of Covid 19 and the opportunities to reshape services to lock in benefits achieved.

The IJB agreed that these needed to be properly considered in the context of the objectives of the Strategic Commissioning Plan as part of a wider strategic planning process. PKHSCP committed to bring forward such strategic plans to support the development of a fully refreshed 3 year Budget 2022:2025.

2.2 From June 2021, the Chief Officer and Heads of Service have led the development of Draft Strategic Delivery Plans for Older People and Learning Disabilities /Autism which consider the significant progress to date across these key programmes of care and set out proposed further service development over the next 3 years to deliver strategic objectives.

2.3 In addition, a Community Mental Health Strategy has been developed for approval by the IJB that similarly sets out proposed strategic direction over the medium term.

- 2.4 The development of clear strategic direction for Older People, Learning Disabilities/Autism and Community Mental Health has been pivotal in the development of a new Draft 3 Year Financial Plan 2022:2025. The investment and disinvestment proposals set out in the financial frameworks supporting these key strategic plans are a key component of the draft 3 year Budget and ensure a strong link between IJB Strategic Plans and the proposed IJB 3 Year Budget. The Financial Frameworks take account of additional funding anticipated from Scottish Government in 2022/23 for Health and Social Care. Consideration has been given also to the specific additional non-recurring and recurring costs arising from ongoing Covid 19 response. Finally consideration has been given to the delivery of savings approved by the IJB as part of its 3 Year Budget 2019/20: 2021/22 as they relate to each care programme.
- 2.5 For Prescribing, forward planning in relation to item and price growth is undertaken centrally by NHS Tayside Finance and therefore there is no inclusion of investment/disinvestment assumptions in the Draft Budget at this point.
- 2.6 For Primary Care, the Draft Budget set out assumes that the PKHSCP costs of implementing the GMS Contract will be met in full by the Scottish Government. Discussions in this regard are taking place at national level and a further update will be provided to the IJB in February 2022.
- 2.7 For Hosted Services, financial planning discussions have commenced however at this stage investment/disinvestment implications are not yet build into the proposed budget. These are not expected to be material aside for from Prison Healthcare where significant additional costs in relation to the new Bella Custody Unit in Dundee have been identified. These costs are anticipated to be met in full by the Scottish Government; In addition costs in relation to the introduction of Buvidal as a methadone substitute as part of national Covid response is currently exceeding the non-recurring budget being made available by the SG. Discussions are taking place nationally to ensure the recurring distribution of funding for Buvidal across Scotland for 2022/23 takes account of prison population in certain HSCP areas including services hosted in Perth & Kinross.
- 2.8 Over and above strategic investment and disinvestment, a full review has been undertaken of the expected unavoidable pay and price pressures that are anticipated for 2022:2025. These are now included in the Draft 3 Year Budget based on best intelligence currently available. In parallel, assumptions have been made around the likely level of Scottish Government Income that will be issued to HSCP's across Scotland to meet pay/price pressures.
- 2.9 A number of non-recurring costs have been identified that would be appropriately funded from reserves anticipated to be carried forward to 2022/23. These are set out in more detail below.
- 2.10 The 2022/23: 2024/25 Draft Budget proposals have been built based on fresh strategic thinking following a period of unprecedented change. Whilst the Draft

Proposals take account of savings approved as part of the previous 2019/20: 2021/22 3 Year plan, all other aspects of budget have been developed afresh and comparisons to the indicative budget developed for 2022/23 during 2018/19 are not considered appropriate.

- 2.11 Whilst ideally an Integrated Budget Proposition that does not distinguish between PKC and NHST devolved services would be presented, the financial risk sharing arrangements that remain in place deem it appropriate to present Social Care Budget proposals and Health Budget Proposals separately. We understand that even if revised risk sharing arrangements are agreed that see a move to proportionate share as a result of the review of the Integration Scheme currently underway, this would not be implemented until 2023/24 (Year 2).

3 PROGRESS TO DATE

- 3.1 Appendices 1 and 2 set out the Draft 2022/23 Budget Summary for Social Care and for Health Services.
- 3.2 The proposed investment, disinvestment and anticipated SG income is set out by programme along with the proposed use of IJB reserves. The initial indicative budget requisition from PKC and NHS Tayside arising is set out by programme and including unavoidable pay process pressures.
- 3.3 Appendix 3 sets out further detail of anticipated unavoidable pay/price pressures.
- 3.4 For Social Care, an indicative recurring investment of £1.115m will be central to initial budget negotiations with Perth & Kinross Council, being necessary net investment required into Learning Disabilities/Autism Services. A further contribution of £0.291m has been discussed towards unavoidable pay/price commitments although PKHSCP will make all efforts to identify further efficiency savings that may be able to offset this gap. These requisitions are being made after as full as possible consideration of possible efficiency and transformational opportunities at this stage. They are based on assumptions on levels of SG income that have not been confirmed and any movement up or down in levels of income received will have a direct impact of the budget requisition. The income assumptions have however been discussed with PKC colleagues are regarded to be prudent at this stage.
- 3.5 For Health, the overall affordability of the Older Peoples Strategic Delivery Plan relies on successful agreement with NHS Tayside to the transfer of £1m resources to reflect significant achievement in shifting the balance of care. This will be a key discussion in the coming weeks with NHS Tayside Executive Team and forms a core part of the draft budget requisition.
- 3.6 In addition, as with Social Care, an indicative recurring investment of £0.527m into Learning Disability Complex Care will form a key part of the budget requisition to NHS Tayside. This may require to be part of the wider discussion ongoing to support the development of the Financial Framework for Tayside Mental Health Services (including learning Disabilities) across Tayside to

support 'Living Life Well'. The potential to shift the balance of bed based resources to investment in community based services is already recognised as a key element of the financial framework discussions moving forward.

- 3.7 At this stage a £0.343m gap between funding uplift and pay price pressures has also been identified for health services and further work is being undertaken to identify potential additional efficiency savings.

3.8 Scottish Government Income

Significant additional Scottish Government recurring funding has been anticipated in the Draft 2022/23 Budget that following recent funding announcements and wider commitments:

- Winter Support Funding
 - MDT's (share of £40m)
 - Support Staff (share of £15m)
 - Care at Home (share of £124m)
- Mental Health Recovery & Renewal (share of £30m)
- NHS Pay Uplift (1.5%)
- Social Care Pay/Price Allocation (incl. Carers Act, National Care Home Contract Uplift, Living Wage and Free personal Care)
- Bella Female Custody Unit (£0.46m)
- Buvidal (£0.152m)

The budget also assumes that any non-recurring and direct recurring costs of Covid 19 will be funded in full by the Scottish Government. Further work is being undertaken in this regard with SG. At this stage recurring costs associated with vaccination support and enhanced care home support have been included in the draft budget for 2022/23.

3.9 IJB Reserves

The reserves strategy approved by the IJB sets out the need to retain 2% (£4m) unearmarked reserves. This recognised the importance for the long term financial stability of both the Integration Joint Board and of the parent bodies that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. At this stage unearmarked reserves of £3.754m are expected to be carried forward to 2022/23.

The Draft 2022/23 Budget considers maximum appropriate use of IJB Unearmarked reserves to manage non-recurring pressures across both health and social care budgets. At this point these amount to £1.576m. The Financial Plan does not however seek to use reserves to offset recurring pressures/essential service developments.

3.10 Review of Corporate Support and Service Management Capacity

The strategic direction set out represents a major programme of service transformation over the next 3 years. Key to delivery will be strong corporate

support including planning and improvement, data analysis and risk management.

The IJB Strategic Risk Register identifies lack of corporate support as a significant risk to delivery of IJB Strategic Objectives. Key recommendations have been made within the Joint Inspection and in the External Audit Annual Report 2019/20 and 2020/21 around the need for investment in capacity.

A review of corporate support has been undertaken and proposals developed to ensure a sustainable level of corporate support moving forward within available resources. Further details will be brought forward as part of next stage of the budget process.

In addition, a review of service management support to ensure capacity for operational management and the delivery of a significant programme of change over next 3 years is underway and will also have further budgetary implications. This will also be brought forward as part of the next stage of the budget process.

3.11 Inpatient Mental Health Services- Budgetary Implications 2022/23

During 2021/22 the IJB have been made aware of a potential financial risk in relation Inpatient Mental Health Services. This remains a significant risk that may impact on the 2022/23 IJB Budget and further briefing will be provided to the IJB at the earliest opportunity.

4 Working with NHS Tayside and Perth & Kinross Council

- 4.1 The Chief Officer and Head of Finance & Corporate Services are working collaboratively with Perth & Kinross Council to support respective budget setting processes. This work commenced in early November 2021 and the attached 2022/23 Indicative Budget for 2022/23 has been shared in full.
- 4.2 The Chief Officer, Head of Finance & Corporate Services and Head of Health will meet with the Director of Finance of NHS Tayside in November to set out strategic direction and the budgetary implications thereon.

5 Conclusion

- 5.1 Recognising the importance of medium term financial planning, PKHSCP committed in March 2021 to an accelerated strategic review to consider how the positive service changes made in response to Covid could support sustainable service delivery in line with strategic plan objectives moving forward. This essential work has now been undertaken and strongly supports the development of the Draft 3 Year Budget 2022/23:2024/25. There remain significant uncertainties across the planning landscape and plans will be under constant review however taking a longer term view will give PKHSCP the best chance of delivering sustainable services that are fit for the future.

5.2 This update provides detail in respect of the Draft 2022/23 Budget in particular. However, in March 2022 the IJB will be asked to consider the full 3 year Financial Plan.

Jane M Smith
Head of Finance & Corporate Services

Appendices

Appendix 1 Social Care 2022/23 Draft Budget Summary

Appendix 2 Health 2022/23 Draft Budget Summary

Appendix 3 Draft Unavoidable Pay/Prices Pressures 2022/23