

Integrated Joint Board

Date of Meeting: 29 January 2020

Title of Report: Budget consultation 2020/21

Presented by: Judy Orr, Head of Finance and Transformation

The Integrated Joint Board is asked to:

- Approve the proposed budget consultation for 2020/21

1. EXECUTIVE SUMMARY

- 1.1 The updated budget outlook being presented to the IJB at its meeting of 29 January identifies a budget gap in the mid-range scenario of £8.289m for 2020/21. The best case estimate is a reduced gap of £3.248m and the worst case estimate is a gap of £12.153m.
- 1.2 This paper presents a draft public consultation on the budget for 2020/21 seeking views of our stakeholders' priorities for our services and where they would prefer to see savings targeted. The intention is to seek responses by end of February so public views can influence the final savings proposals due to be considered by IJB on 25 March 2020.

2. INTRODUCTION

- 2.1 We had expected a draft Scottish budget announcement on 12 December but this was postponed to 6 February because of the UK general election and resultant delays in setting the UK budget. The Scottish Budget will now be announced on 6 February in advance of the UK budget on 11 March 2020. This will allow the IJB to set its budget at the meeting on 25 March 2020 as planned, but it is probable that the funding provided may be prudently estimated by the Scottish Government because they won't yet know what their devolved settlement will be. The current mid-range budget outlook scenario has been developed with a cautious outlook. Therefore we would expect that the budget when announced will include funding for the health and local authority sector that meets the mid-range scenario and will allow both NHS Highland and Argyll and Bute Council to provide the anticipated funding to the HSCP.
- 2.2 A more generous settlement by the UK government could potentially filter through to an improved situation later in the year, after the IJB needs to set

its budget. This can be accommodated through normal in-year processes and would be reported to the IJB at the appropriate time, and decisions would be taken then about how to utilise any additional funding.

- 2.3 This paper presents a draft public consultation on the budget for 2020/21 seeking views on our stakeholder priorities for our services and where they would prefer to see savings targeted. The intention is to seek responses by end of February so public views can influence the final savings proposals due to be considered by IJB on 25 March 2020.

3. DETAIL OF REPORT

3.1 Context

- 3.1.1 The financial position of the IJB has been difficult for a number of years. There was an overspend in 2017-18 of £2.528m, with £1.155m to be repaid to the Council. The IJB was unable to set a balanced budget for 2018/19 with £1.6m of savings still to be identified, in addition to further savings of £10.954m agreed. The outturn in 2018-19 was an overspend of £6.681m with a further £3.127m to be repaid to the Council. The current projected outturn for 2019-20 is an overspend of £1.3m.
- 3.1.2 The updated budget outlook being presented to the IJB at its meeting of 29 January identifies a budget gap in the mid-range scenario of £8.289m for 2020/21. The best case estimate is a reduced gap of £3.248m and the worst case estimate is a gap of £12.153m. Previously approved but as yet undelivered savings effectively add to the challenge for next financial year, increasing the mid-range gap to be met by new or amended savings from £8.289m to £12.130m.
- 3.1.3 The SLT has reviewed all the previously agreed savings and with the exception of one small one for £25k relating to ferry ticketing, we are confident that the already agreed savings will be achieved at some point. The Finance & Policy Committee is meeting monthly to review progress on these savings and is critically assessing the relevance and efficacy of actions being carried out. The appointment of the new Heads of Adult Services has added welcome direction and focus on these.

3.2 Project Management Office Approach

- 3.2.1 As previously reported, NHS Highland has created a Project Management Office (PMO) approach to deliver on its target of £39.5m savings for 2019/20. There are 15 cross cutting workstreams with a pipeline of £20.8m of savings across the whole of NHS Highland in addition to the area based ones which include our own local Health related savings agreed for 2019/20 as part of our budget setting in March. Of these, the full year effect of the 85 cross cutting schemes that have moved to delivery stage is estimated at £10.9m and should also provide benefit to our area. There are a further 174 schemes at earlier stages. As the PMO continues, more schemes will move to delivery and further increase savings available for 2020/21.

3.3 Transforming Together Workstreams

3.3.1 The Strategic Plan 2019/20 – 2021/22 set out 8 Transforming Together workstreams. Work has been ongoing on these but they have not yet delivered tangible savings. However, we should expect savings from these areas to be delivered in future. The IJB previously approved a saving of £99k from Care Homes and Housing workstream to be delivered in 2020/21. Currently this is the only additional saving directly attributed to the Transformation Workstreams, but much activity on previously agreed savings is being supported by them.

3.3.2 The Transformation Programme now reports formally to the Finance & Policy Committee so further detail of the current position for each workstream is available in those reports.

3.4 Savings proposals

3.4.1 The total savings requirement was estimated earlier in the year at £8.65m split £5.40m for Social Work and £3.25m for Health. Once you allow for those costs which we are unable to influence, this equates to c 3% for Health and 7.5% for Social Work and targets were given on this basis to the relevant heads of service. However, it should be noted that the IJB can choose to vary this split without restriction. The initial savings proposals were discussed at the IJB development session on 5 August 2019. These have now been reviewed by the new heads of service (who are responsible for the majority of the IJB budget) along with input from the full Senior Leadership Team.

3.4.2 Proposed savings have been categorised as Management/Operational or Policy. A Management/Operational saving would be one where the HSCP is currently underspending against budget and the saving right-sizes the budget. Similarly it includes where additional income is currently being generated which is not reflected in the budget. In addition, it includes ongoing grip and control of expenditure ensuring that only essential items are purchased, and close management of vacancies. Where savings will affect staff in post, or involve a change or potential cut in service, they are classed as Policy savings. Draft savings proposals are being reviewed by the Finance & Policy Committee and will come forward in March to the IJB for formal approval. The value of current proposals is analysed as follows:

Type of savings	£000s
Management/Operational	4,157
Policy	1,661
Total	5,793
Remaining gap	2,521
Savings target	8,314

3.4.3 Policy savings are now in the process of being worked up with PIDs (project initiation documents) being prepared which set out the saving objective, key milestones and responsibilities, risks and impacts. We also wish to seek input from our key stakeholders before firming up on any savings proposals through carrying out a budget consultation. This will allow the opportunity

to take these views into account. Equality and Socio-Economic Impact assessments will also require preparation before these can be brought back to the IJB for full consideration.

3.5 Budget Consultation

- 3.5.1 Attached at Appendix 2 is a draft budget consultation document for consideration. It is also being considered by the Finance & Policy Committee on 24 January 2020 and a verbal update on the views from that Committee will be given to the IJB. It gives considerable context to the financial challenges being faced by the IJB, and seeks comments on stakeholder priorities for the IJB, views on the policy savings currently being proposed and seeks additional suggestions for savings to bridge the budget gap.
- 3.5.2 Following input from and approval by the IJB, it will be uploaded onto the Council's website consultation pages as an online consultation and run for all of February. There will also be a link to it from the NHS Highland website and it will be promoted by Social media and through the Community Planning Partnership. It will also be available in hardcopy at council customer service points and suitable health locations. It seeks views for the public on where savings should be targeted, along with views on the proposed policy savings areas and further suggestions.
- 3.5.3 The IJB is asked to consider and comment on the draft consultation.

3.6 Summary

- 3.6.1 The IJB is asked to consider and comment on the draft budget consultation attached.

4. RELEVANT DATA AND INDICATORS

- 4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. Stakeholder views need to be considered when assessing possible budget savings options which are needed to deliver a balanced budget for 2020/21.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – The budget gap for 2020/21 on a mid-range scenario is estimated at £8.3m. This paper puts forward some proposals aimed at meeting that budget gap and through consultation seeks comments and views on these and on additional savings possibilities.
- 6.2 Staff Governance – It is probable that some of the savings will require

reductions in staffing. These have still to be fully identified along with assessments of whether these can be accommodated through vacancies and natural turnover, or would involve potential redeployments / redundancies. Any saving which would affect staff currently in post is classed as a policy saving.

- 6.3 Clinical Governance – Heads of Service have been asked to consider any potential impacts on clinical care and governance in putting forward savings proposals and ensure that proposals are acceptable. Equality and Socio-Economic Impact Assessments (EQIAs) are still to be produced for the Policy related savings.

7. PROFESSIONAL ADVISORY

- 7.1 Professional Leads have been involved in savings proposals and will assist in completion of the EQIAs.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 Proposals to address the estimated budget gap will need to consider equalities impacts. As yet, equality and socio economic impact assessments have still to be prepared. These will be prepared as savings proposals are more fully worked up.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

- 9.1 None directly from this report.

10. RISK ASSESSMENT

- 10.1 Operational and clinical risks will be taken into account as part of the implementation of the savings.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

- 11.1 Budget consultation is planned and proposals are attached. In addition, significant transformational savings will require local stakeholder and community engagement.

12. CONCLUSIONS

- 12.1 The budget gap for 2020/21 on a mid-range scenario is estimated at £8.3m. This paper puts forward a consultation seeking views aimed at meeting the budget gap. Responses will then be analysed so that IJB will be able to consider these in full as part of setting the budget in March 2020. The IJB is asked to comment on the attached budget consultation.

13. DIRECTIONS

Directions required to	Directions to:	tick
	No Directions required	√
	Argyll & Bute Council	

Council, NHS Board or both.	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

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Appendices:

1 Draft Budget Consultation

1a Draft Budget Consultation

1b Engagement specification for Budget Consultation

2 Draft schedule of Management and Operational savings (to follow following review by Finance & Policy Committee meeting of 24 January 2020)