

**Integration Joint Board**

**Agenda item:**

**Date of Meeting: 25 March 2020**

**Title of Report: Budget Proposals 2020-21**

**Presented by: Judy Orr, Head of Finance & Transformation**

**The Integration Joint Board is asked to:**

- Note the management/operational savings amounting to £4.157m approved by the IJB on 29 January 2020 in 2020-21.
- Approve the changes to the Management & Operational savings set out at 3.2.4 to 3.2.5 amounting to £85k for 2020-21 and the revised list of savings now presented at Appendix 1 totalling £4.242m
- Approve the removal of previously agreed saving 1920-6 £25k relating to ferry ticketing as set out at 3.2.6
- Approve the policy savings at Appendix 2 amounting to £1.463m in 2020-21.
- Approve the proposed investment in financial sustainability totalling £318k in 2020/21 and 2021/22 set at 3.3.8
- Note that in endorsing the management/operational savings and approving the policy savings this will deliver a balanced budget in 2020-21.
- Instruct the Chief Officer to accept the funding from NHS Highland and Argyll and Bute Council and issue formal Directions (see drafts at Appendix 3) delegating resources back to the Partners.
- Note the high level timetable for the budget preparation 2021-22 set out at 3.5.1.

**1. EXECUTIVE SUMMARY**

- 1.1 This report presents savings proposals identified by the Strategic Leadership Team in order to deliver a balanced budget in 2020-21.
- 1.2 There is a separate report on the agenda that details the budget outlook over the period 2020-21 to 2022-23. The budget gap in 2020-21 amounts to £5.362m.

- 1.3 Savings proposals have been classified into management/operational savings and policy savings. Management/operational savings proposals totalling £4.157m were approved by the IJB on 29 January 2020. This report proposes some amendments to these (amounting to £55k) and the new total of £4.212m is presented along with £1.493m of policy savings. It should be noted that a budget consultation has been carried out in respect of Policy savings proposals and there is a separate report on the agenda with the results of this consultation. The results of this consultation should be taken into account when making decisions on the policy savings. Equality Impact assessments (EQIAs) have been carried out for all the policy savings and there is a summary of these presented in a separate report on the agenda. Wherever possible, negative impacts have been mitigated but there are still some negative impacts which need to be considered when making decisions on these savings proposals.
- 1.4 In addition a proposal is made for an investment in financial sustainability totalling £318k in 2020/21 and 2021/22.
- 1.5 There is still a significant estimated budget gap over the next two years and work will need to commence immediately on identifying savings proposals to balance the budget in 2021-22. A high level timetable for the budget process 2021-22 is noted in the report.

## 2. INTRODUCTION

- 2.1 This report presents savings proposals identified by the Strategic Leadership Team in order to deliver a balanced budget in 2020-21.

## 3. DETAIL OF REPORT

### 3.1 Budget Outlook 2020-21 to 2022-23

- 3.1.1 There is a separate report on the agenda that details the budget outlook over the period 2020-21 to 2022-23. The budget gap in 2020-21 amounts to £5.362m.
- 3.1.2 The budget outlook for future years, has been prepared using three different scenarios, best case, worst case and mid-range. The budget gap over 2021-22 and 2022-23 across each scenario is summarised in the table below.

<b>Budget Gap</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>	<b>Total £000</b>
Best Case	(361)	1,806	<b>1,445</b>
Mid-Range	5,136	5,282	<b>10,418</b>
Worst Case	11,139	9,550	<b>20,689</b>

### 3.2 Savings Proposals

- 3.2.1 The Senior Leadership Team have been working over the last few months to identify savings to deliver a balanced budget in 2020-21. The IJB on 29 January 2020 approved certain management / operational savings, and

agreed to consult on identified policy savings.

### **Management / operational savings**

3.2.3 Savings proposals have been classified into management/operational savings (where there are no policy implications and will not result in any redundancies) and policy savings, where there are either policy or staffing implications. Management and operational savings amounting to £4.157m were agreed by the IJB on 29 January 2020. Further work has been carried out reviewing these proposals and a number of changes are now proposed as described below.

3.2.4 There are 5 changed lines are highlighted in yellow in Appendix 1. They are as follows:

- 2021-24 Oban medical services underspending areas of admin and non-pay – reduced from £138k to £100k following further review
- 2021-58 Income from other health boards reduced from £300k to £200k – some of the long stay patients in 2019/20 have now come to an end and are unlikely to achieve such high income next year
- 2021-65 Review of support payments to GP practices – lead in time to deliver this saving is extensive so delivery now deferred to 2021/22
- 2021-67 Homecare pharmacy services – new saving of £75k to right size budget
- 2021-68 Forensic review of water billing – new saving of £30k following work commissioned from Schneider

3.2.5 3 savings totalling £168k have been re-categorised as management & operational following further review as follows (highlighted in Amber at Appendix 1):

- 2021-4b £45k right size admin budgets in Mid Argyll and LIH classed as management / operational with remaining £100k saving 2021-4a classed as policy
- 2021-11 £23k Fusions SLA now delivered in house – re-classed as management / operational as change has already occurred
- 2021-13 £100k Right size budget for services delivered under SLA by GG&C for those charges on a cost by case basis. It was originally thought that this would include savings from changed services now delivered locally which would have to be re-negotiated. These particular savings can be delivered from the services charged on a cost by case basis, so this is now classed as management / operational.

3.2.6 In addition, it is proposed to remove the previously agreed saving reference 1920-6 of £25k re ferry ticket costs for staff and patients. This had assumed erroneously that books of ferry tickets at a discount were available for most routes. This has been reported in the budget monitoring reports for some time.

3.2.7 A summary of the savings identified are noted in the table overleaf with further high level detail contained within Appendix 1.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Management/Operational Savings agreed on 29 Jan 2020	4,157	4,157	4,157
Savings reduced (2021-24 & 58)	-138	-138	-138
Savings deferred (2021-65)	-50	0	0
New savings (2021-67 & 68)	105	105	105
Savings re-categorised from Policy	168	168	168
<b>Revised Management/operational savings (Appendix 1)</b>	<b>4,242</b>	<b>4,292</b>	<b>4,292</b>

### Policy Savings

- 3.2.8 It should be noted that a budget consultation has been carried out in respect of Policy savings proposals and there is a separate report on the agenda with the results of this consultation. The results of this consultation should be taken into account when making decisions on the policy savings.
- 3.2.9 Officers have carried out Equality Impact Assessments (EQIAs) on the policy savings and have mitigated the negative impacts wherever possible. A summary of these is presented in a separate report on the agenda. Staffing impacts have also been identified and these are included in the summary EQIA. Wherever possible, negative impacts have been mitigated but there are still some negative impacts which need to be considered when making decisions on these savings proposals.
- 3.2.10 Saving reference 2021-16 Dunoon Medical Services has been reduced to £20k from £50k. This saving is on top of an as yet undelivered saving of £100k reference 1920-22, and the full amount of £150k was not felt achievable.

### Savings summary

- 3.2.11 A summary of all savings is presented below:

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Revised Management/operational savings (Appendix 1)	4,242	4,292	4,292
Previously agreed saving 1920-6 now removed (see 3.2.6)	-25	-25	-25
Policy Savings (Appendix 2)	1,463	1,463	1,463
<b>Total Savings</b>	<b>5,680</b>	<b>5,730</b>	<b>5,730</b>

- 3.2.12 The Board is asking to note and endorse the changes to management/operational savings at Appendix 1 and approve the policy savings at Appendix 2. The Board is asked to note that whilst there will be some service impact in delivering the policy savings proposals as well as a reduction of some posts (many of which are vacant), the Board has a responsibility to balance the budget.

### **3.3 Financial sustainability – proposed investment**

- 3.3.1 The IJB has failed to deliver a balanced budget for some time. In 2018/19 it overspent by £6.681m. The forecast for 2019/20 as at end of January is for a much smaller overspend of £1.165m, albeit this does not include provision for the on-going dispute with NHS GG&C amounting to c £1.5m.
- 3.3.2 Significant improvements have been made throughout 2019/20 including a regime of ongoing grip and control of all expenditure and close review of all vacancies since February 2019.
- 3.3.3 In addition, since early summer we have instigated a Project Management Office approach to the delivery of all Health savings in conjunction with NHS Highland. This has really improved the deliverability of the Health savings such that as at the end of January, the forecast unachieved savings for 2019/20 is reduced to £1.08m all of which is fully offset by non-recurring underspends. The success of this approach has been down to the rigour of the approach and the weekly reviews of progress. This has been supported locally by a full time project manager working in conjunction with the NHS Highland PMO. This approach has been embedded within NHS Highland and they are investing £2.2m in this work for 2020/21.
- 3.3.4 This approach has started to be extended to the delivery of the £4.99m of social work savings, but has struggled without any dedicated resource to support this approach. This is reflected in £2.974m of the social work savings still being forecast as undelivered as at end of January 2020. The only resource allocated to this work is a 0.5 FTE project manager since December who has been working on delivery of home care savings, and has made huge progress in standardising approaches across Resources Team Leads and review of blocked hours' contracts. This contract ends in April as it was funded by a vacancy in the Strategic Planning & performance Team.
- 3.3.5 Going forward, it would support our ability to deliver a balanced outturn to have 2 project managers in place, one to support the PMO, and one to focus on delivery of savings for home care and day services for older people.
- 3.3.6 At an operational level, additional homecare procurement officer (HCPO) resource is required in order to continue the model successfully in place in Bute & Cowal – one for Oban and one for MAKI. HCPOs work closely with Homecare Organisers and carry out monitoring visits to ensure appropriate levels of care packages are provided which match needs. Work in Bute & Cowal has shown that the extra resource improves flow of clients, reducing delayed discharges, and ensuring consistency of provision across the whole of the HSCP area. It is expected to reduce the level of hours provided in individual care packages in OLI and MAKI, freeing up resources to benefit those currently waiting for such packages.
- 3.3.7 A contract and demand officer is also required in order to carry out procurement and contract monitoring for all the Health contracts in place. No-one is currently carrying out any of this work and hence the required savings are not being made. Discussions are ongoing with NHS Highland and the Council in order to embed such resource within one of their teams.

- 3.3.8 A programme manager is required also in order to progress and embed transformational change across the HSCP. Whilst a transformation programme has been in place for some time, the pace of change is slow and limited savings can be directly attributed to this work at present. The key problem is that no resource has been allocated to the programme and people have struggled to make progress on top of the day jobs. A programme manager will bring much needed focus to this activity.
- 3.3.9 It is therefore proposed that investment is made in achieving financial sustainability as follows for a 2 year period covering 2020/21 and 2021/22:

	<b>£000s</b>
1 FTE Programme manager	78
2 FTE service improvement officers / project managers	120
2 FTE Homecare Procurement Officers	80
1 Contract & demand management officer	40
<b>Total</b>	<b>318</b>

- 3.3.10 The Council's partial deferral of repayments makes consideration of this investment possible. The Council has made it clear that their priority is for the HSCP to be able to deliver balanced outturns in the future with no requirement for further overspends to be funded by them.

### 3.4 Revised Budget Gap

- 3.4.1 If all the savings included within this report are accepted along with the investment proposed above, the estimated budget gap in future years, within the mid-range scenario, is summarised in the table below.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Estimated Budget Gap prior to savings	5,362	10,498	15,779
Savings Proposals	(5,680)	(5,730)	(5,730)
Investment proposed	318	318	0
<b>Revised Budget Gap (Cumulative)</b>	<b>0</b>	<b>5,086</b>	<b>10,049</b>
<b>Revised Budget Gap (In-Year)</b>	<b>0</b>	<b>5,086</b>	<b>4,963</b>

### 3.5 Budget Timetable for 2021-22 and Future Savings

- 3.5.1 The proposed high level timetable for the budget process in 2021-22 is noted below.

<b>Date</b>	<b>Event</b>	<b>Purpose/Agenda</b>
5 August 2020	IJB	Updated Budget Outlook report extended to 2023-24.
28 August 2020	Finance & Policy Committee	Early identification of possible future savings

		proposals for discussion.
16 September 2020	IJB	Updated Budget Outlook report.
25 September 2020	Finance & Policy Committee	Consideration of saving proposals for 2020-21 budget.
28 October 2020	IJB Development Session	Consideration of saving proposals for 2020-21 budget.
25 November 2020	IJB	Updated Budget Outlook report. Report on savings proposals being considered as part of 2021-22 budget. Budget Consultation approach agreed.
December/January	Budget Consultation	Seek views from the public on budget proposals.
w/c 14 December 2020 (estimated)	Scottish Budget Draft Announcement – NHS and Local Government Funding	Will inform budget outlook (but funding won't be confirmed until Feb/March)
27 January 2021	IJB	Updated Budget Outlook report (reflecting most up to date settlement positions)
26 February 2021	Finance & Policy Committee	Feedback on Budget Consultation Consideration of further savings proposals (if necessary) following latest budget outlook report and budget gap position.
18 February 2021	Argyll and Bute Council budget meeting	Will set the Council's contribution to the HSCP for 2021-22.
24 March 2021	IJB	Set Budget for 2021-22.

#### **4. RELEVANT DATA AND INDICATORS**

4.1 As noted within Section 3 and Appendices 1 and 2.

#### **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.

#### **6. GOVERNANCE IMPLICATIONS**

6.1 Financial Impact – The Board should seek to agree a balance budget and the proposals presented within this report balance the budget for 2020-21. There remains significant estimated budget gaps in future years that will require to be addressed.

6.2 Staff Governance – The appropriate HR processes of NHS Highland and Argyll and Bute Council will require to be followed where staff are impacted by any savings proposals.

6.3 Clinical Governance - None

## **7. PROFESSIONAL ADVISORY**

7.1 Professional Advisory leads have been consulted in the development of the savings proposals.

## **8. EQUALITY AND DIVERSITY IMPLICATIONS**

8.1 A summary of the Equality Impact Assessments is presented in a separate report on the agenda. Detailed EQIAs for each of the policy savings proposals are also available.

## **9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE**

9.1 None directly from this report.

## **10. RISK ASSESSMENT**

10.1 There is a risk that sufficient proposals are not approved in order to balance the budget in 2020-21. There is a separate report on the agenda in relation to financial risks.

## **11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

11.1 An extension consultation has been carried out on the budget savings proposals. A separate report is presented on the findings from the Budget Consultation.

## **10. CONCLUSIONS**

10.1 The budget gap in 2020-21 amounts to £5.362m for the Health and Social Care Partnership. The Senior Leadership Team have identified savings to deliver a balanced budget in 2020-21. There are management/operational savings of £4.242m and policy savings of £1.463m. An investment to achieve financial sustainability of £318k is set out for approval.

10.2 There is still a significant estimated budget gap over the next two years and work will need to commence immediately on identifying savings proposals to balance the budget in 2020-21. A high level timetable for the budget process 2021-22 is noted in the report.

## **11. DIRECTIONS**



Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	√

**APPENDICES:**

Appendix 1 – Efficiency Savings Proposals

Appendix 2 – Policy Savings Proposals

Appendix 3 – Draft Directions to Argyll and Bute Council and NHS Highland to be issued by Chief Officer (NHS Highland figures for other recurring funding are still to be finalised – these are matched by expenditure and do not affect the budget gap)