

Integration Joint Board **Agenda item:**

Date of Meeting: **25 November 2020**

Title of Report: **Budget Savings 2021/22**

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

The Integration Joint Board is asked to:

- Approve the high level timetable for the budget process in 2021-22 set out at 3.5 and the process and approach proposed.
- Delegate approval of the format and content of the proposed Budget Consultation to the Finance and Policy Committee

1. EXECUTIVE SUMMARY

- 1.1 This report provides an overview of the approach being taken to the budget setting process for 2021-22. It should be noted that there is still considerable uncertainty around the financial impact of the Covid-19 pandemic at this point, whether this will extend into next financial year or not, and when funding announcements will be made by Scottish Government.
- 1.2 The Finance & Policy Committee considered the approach proposed at its meeting on 30 October. The approach is now presented to the IJB for approval.

2. INTRODUCTION

- 2.1 The timetable for the budget process for 2021/22 set out in the report to March 2020 IJB has slipped mainly due to the need to respond to the Covid-19 pandemic and the subsequent re-mobilisation effort. The whole of health & social care nationally remains on an emergency footing until at least end of March 2021.
- 2.2 The Programme for Government announced on 1 September 2020 made it clear that the priority till the end of the Parliament in May 2021 is to continue to respond to and deal with the pandemic. This is in the context of difficult economic conditions and restricted fiscal flexibilities and further uncertainties over EU exit at end of December. The commitments for health and social care include:
- Continue to develop a world class public health services that builds on our Covid-19 response
 - Continue to suppress - and preferably eliminate - Covid-19
 - Remobilise our NHS services

- Extend the seasonal flu vaccine
- Establish an independent review of adult social care, including consideration of a national care service
- Scale up access to digital care
- Develop network of community treatment centres
- Redesign accident and emergency services
- Expand mental health and wellbeing support for health and social care staff
- Implement workforce specialist service for mental ill health
- Establish community health and wellbeing services to support children, young people and their families
- Retain, develop and support Mental Health assessment centres.

2.3 The independent review of adult social care is due to report in January. It is likely that the recommendations from this review may affect the HSCP in the next financial year.

3. DETAIL OF REPORT

3.1 SLT Members who are key budget holders have been asked to develop savings proposals for consideration at the informal session of the IJB on 25 November 2020. They have been given savings targets for the areas within their remits. In setting these targets, we have taken into accounts key parts of the budget where we are not able to influence spend such as primary care, depreciation, and the main SLA with NHS GG&C (having just concluded our negotiation), and other areas of ring fenced funding.

3.2 A copy of the instructions issued and the template provided for completion is attached at Appendix 1.

3.3 Budget holders have been asked to do this in a consultative manner involving their teams, and with support from finance colleagues and our service improvement officers. There are a number of boards already set up to support the delivery of our existing savings programme (see separate report on agenda entitled Progress update – Transformation programme investment”) covering Older Adults; Children & families; Corporate services; and Mental Health & Learning Disability; and these boards are already starting to consider future ways of working and this work will feed into the savings proposals.

3.4 This work has been delayed by the Covid-19 pandemic and subsequent remobilisation activity, and by the delayed completion of the management restructuring. The new teams and structures came into effect at the start of October, albeit there are still a couple of vacancies being recruited to with interim arrangements in the meantime. It has to be noted that we are still on an emergency footing as we deal with increasing infection levels and continue to prepare for future waves of infection. In addition the independent review of adult social care chaired by Derek Feeley is under way, which includes consideration of a national model of care, and we should expect to have to respond to recommendations from this next year. We have to recognise that there are still great uncertainties around Covid funding for this year (with the next announcements for this not due till January) and this necessarily feeds into

national assessments of future year's funding. The date for the Scottish Budget has now been set at 28 January 2021 – this was announced on 11 November.

3.5 The updated budget timetable, taking these factors into account, is presented below for consideration:

Date	Event	Purpose/Agenda
25 November 2020	IJB Development Session	Consideration of initial saving proposals for 2020-21 budget.
25 November 2020	IJB	Updated Budget Outlook report. Budget Consultation approach agreed.
11 December 2020	Finance & Policy	Further consideration of draft savings and budget consultation
December/January	Budget Consultation	Seek views from the public on budget proposals.
22 January 2021	Finance & Policy (date tbc)	Consideration of draft management/operational savings and policy savings
27 January 2021	IJB	Updated Budget Outlook report (reflecting most up to date settlement positions) Consideration of management/operational savings
28 January 2021	Scottish Budget– NHS and Local Government Funding	Will further update Budget Outlook
26 February 2021	Finance & Policy Committee	Feedback on Budget Consultation Consideration of policy savings and any 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 Information is derived from the financial systems of Argyll and Bute Council and NHS Highland.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 The Integration 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. This needs to be considered when options are developed to balance the budget.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – This paper aims to assist the process of setting a balanced budget in March 2021 for 2021/22.

- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

- 6.3 Clinical Governance - None

7. PROFESSIONAL ADVISORY

- 7.1 Professional Leads will need to be consulted on implications of all savings.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 Any proposals to address the estimated budget gap will need to consider equalities and EQIAs should be completed.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

- 9.1 No issues arising directly from this report.

10. RISK ASSESSMENT

- 10.1 There are a number of financial risks which may affect the predicted budget gap and there are uncertainties over the level of funding which will be provided from Scottish Government for 2021/22. The level of savings proposed will need to flex to reflect any changes from these factors.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

- 11.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

12. CONCLUSIONS

- 12.1 This report provides a plan to develop savings proposals to facilitate the setting of a balanced budget for 2021/22 in March 2021. The IJB is asked to approve the approach set out.

13. DIRECTIONS

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

REPORT AUTHOR AND CONTACT

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APPENDICES:

Appendix 1 – Budget planning 2021/22 instructions to SLT budget holders

Appendix 1: Budget Planning 2021/22 – Instructions to SLT budget holders

Budget Planning 2021/22

The budget gap which we have to meet is £6.268m as per the budget outlook report to be submitted to IJB in September 2020 based on the mid-range scenario. Adding back the previously agreed new saving for prescribing of £500k increases this to £6.768m.

We have excluded areas on both sides where savings are not thought to be possible. After such exclusions and allowing a small amount for contingencies to provide a small degree of choice on savings to the IJB and allow for any existing savings which we may decide are not deliverable, the savings target is 4% for all budgets in scope. This compares with targets last year of 3% for Health and 7.5% for Social Work.

Excluded budgets for Social Work totalling £759k are as follows:

- Chief Officers costs and audit fees
- Vacancy savings
- Community Justice
- CareFirst maintenance budget, central repairs, recharges for leases and hires

Excluded budgets for Health of £101.260m are as follows:

- NHS GG&C main SLA (recently negotiated) £65.756m
- Family Health Services £28.005m
- Salaried dental services £2.988m
- Depreciation £2.301m
- A&B Addictions Team and other ADP budgets £1.394m

This year targets have been set on an overall basis in line with the objectives of full integration. Each Head of Service can determine where to take the savings across their full budget.

Savings targets have been set as follows:

Head of Service	In Scope budget £k	Savings target @ 4% £k
Patricia Renfrew – Children & Families & Justice	22,079	882
Caroline Cherry – Community & Hospital services	153,544	3,510
Julie Lusk – Mental Health, LD, PD	27,599	1,105
Stephen Whiston – Planning & Performance	2,147	85
Nicola Shinaia – Public Health	939	38
Rebecca Helliwell – Medical Director	386	16
Liz Higgins – Lead Nurse	1494	60
George Morrison – Estates & Finance	6159	247
Donald MacFarlane – Dental	863	35
Fiona Thomson - Prescribing	19,572	783
Jane Fowler – People & Change	627	25
Joanna MacDonald – Chief Officer	1,615	64
Total	170,187	6,850

Heads of Service are asked to complete savings templates to show how their savings target may be achieved.

The saving templates have to be **completed by Friday 13 November 2020** and sent to Judy Orr, copied to Morven Moir and to David Forshaw. It is up to you how you “chunk” your service and therefore how many templates you produce, but the chunks should be sensible in terms of value and proposals i.e. we don’t want lots of templates for low values. You probably want to ensure that you have one for each budget holder that you reports to you, but you have freedom to decide where you want your savings to fall, and you should not feel constrained that an equal share has to fall on each budget holder or service area. It is expected that you will discuss your savings plans within your service management teams, and you should feel free to take advice from your finance contacts. It would be helpful if you could distinguish whether the savings is related to a social work budget or a health budget.

Each template may include a number of different savings proposals or options which together make up the required level of savings. An example template attached has been partially completed to give you an idea of how to complete it. Savings templates will be discussed at the informal IJB on 25 November, so it is imperative that none are returned incomplete or late.

If you have any questions on any of the above instructions, please do not hesitate to contact me or David Forshaw (for Social Work) or Morven Moir (for Health).

Judy Orr
Head of Finance and Transformation
20 October 2020

Supplementary documents attached:

1. Savings Template
2. Summary of in-scope budgets

Appendix 1a: 2021-22 BUDGET PREPARATION – SAVINGS TEMPLATE

Head of [e.g. Strategic Planning and Performance]		Ref:			
Name of service delivery area		[e.g. Service Development Performance and Best Value]			
Responsible manager (Budget Holder)		[e.g. Douglas Hunter]			
2020-21 Approved Budget:		£			
Social Work Budget: Yes/No (please delete as appropriate)		Health Budget: Yes/No (please delete as appropriate)			
Savings Target:		4% and £			
<p>Summary of Savings Proposals for Consideration</p> <p>Summarise what the savings options are, how they will be delivered, any lead in time for savings and the impact of delivering the savings.</p>					
Option Number	Proposed Change	Impact	Lead Time	Saving 21/22 £k	Full year saving £k
1	Remove surplus from xxxx budget. <i>Achieved by removal of budget line.</i>	No significant operational risks	End March 2021	xxk	
2	The system will be decommissioned earlier than expected and replaced with xxxx. <i>Achieved by removal of budget line.</i>	We expected to continue to use legacy systems beyond the current year but further work will be undertaken to speed up the migration to xxxx	End March 2021	xxk	
3	Reduce staff overtime	No significant short term operational risks but this will introduce xxxx	End March 2021	xxk	
4					
5					
6					

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Profile of delivery of savings and impact on staff, taking into consideration any lead in time. The estimated reduction in FTE/Headcount should also be noted. The saving in 2021-22 may be for part year only where this is a lead in time to deliver the saving (for example, redundancies). The 2022-23 saving should be the cumulative full year amount.

	2021-22		2022-23	
	FTE	H/count	FTE	H/count
Sub saving description				
Sub saving description				
Sub saving description				
TOTAL				

Please confirm whether an Equality and Socio Economic Impact Assessment (EqSEIA) is (a) required and (b) if it has been completed in respect of this proposal – delete as appropriate

EqSEIA Required	Yes/No (please delete as appropriate)
EqSEIA complete	Yes/No (please delete as appropriate)
Sent to:	

Appendix 1b: Summary of in scope budgets £000s and savings @ 4%

Cost centre description		Budget total £k	Savings £k	Head of Service
Ab Children And Fams	A&b Chp Camhs	947	38	Patricia Renfrew
Ab Children And Fams	A&b Chp Child Health Services	329	13	Patricia Renfrew
Ab Children And Fams	Ab Care Packages Childrens	80	3	Patricia Renfrew
Ab Children And Fams	Ab Cfs Ggc Charges	562	22	Patricia Renfrew
Ab Children And Fams	Ab Cfs Other Comm	12	0	Patricia Renfrew
Ab Children And Fams	Ab Child Health Teams	2,832	113	Patricia Renfrew
Ab Children And Fams	Ab Maternity Services	2,144	86	Patricia Renfrew
Ab Children And Fams	Ab Paed Ahps	961	38	Patricia Renfrew
Ab Children And Fams	Mangt Children + Families	122	5	Patricia Renfrew
Ab Comm And Hosp Serv	A&b Commissioning Ser	3,805	152	Caroline Cherry
Ab Comm And Hosp Serv	A&b Cowal & Bute	12,827	513	Caroline Cherry
Ab Comm And Hosp Serv	A&b Hel & Lomond	3,711	148	Caroline Cherry
Ab Comm And Hosp Serv	A&b Maki	15,582	623	Caroline Cherry
Ab Comm And Hosp Serv	A&b Oli	21,542	862	Caroline Cherry
Ab Comm And Hosp Serv	Management	436	17	Caroline Cherry
Ab Comm And Sal Dental	A&b Cds & Sgdp Service	863	35	Donald MacFarlane
Ab Estates	Ab Estates	5,390	216	George Morrison
Ab Income	A&b Comm Income	(1,081)	0	n/a
Ab Lead Nurse	Lead Nurse	1,494	60	Liz Higgins
Ab Management Services	Ab People And Change	627	25	Jane Fowler
Ab Management Services	Finance	769	31	George Morrison
Ab Management Services	General Manager	805	32	Joanna MacDonald
Ab Management Services	Medical Director	147	6	Rebecca Helliwell
Ab Management Services	Practitioner Services	239	10	Rebecca Helliwell
Ab Mental Hlth And Ld	A&b Mental Health	8,588	344	Julie Lusk
Ab Mental Hlth And Ld	Ab Mh Ggc Charges	2,414	97	Julie Lusk
Ab Mental Hlth And Ld	Ab Mh Other Comm	219	9	Julie Lusk
Ab Mental Hlth And Ld	Mh Care Packages	2,306	92	Julie Lusk
Ab Planning And Perf	A&b Chp Facilities	351	14	Stephen Whiston
Ab Planning And Perf	E Health	1,119	45	Stephen Whiston
Ab Planning And Perf	Planning & Performance	87	3	Stephen Whiston
Ab Planning And Perf	Technology Enabled Care (tec)	155	6	Stephen Whiston
Ab Prescribing	A&b Prescribing	317	13	Fiona Thomson
Ab Prescribing	A+b Pharmacy Management	755	30	Fiona Thomson
Ab Prescribing	A+b Prescribing (east)	10,195	408	Fiona Thomson
Ab Prescribing	A+b Prescribing (west)	8,305	332	Fiona Thomson
Ab Public Health	Comms And Engagement	15	1	Nicola Schinaia
Ab Public Health	Public Health	924	37	Nicola Schinaia
ABC Social Work	Chief Officer	810	32	Joanna MacDonald
ABC Social Work	Adult - Older People	29,885	1,195	Caroline Cherry
ABC Social Work	Adult - LD, MH and PD	14,072	563	Julie Lusk
ABC Social Work	Children and Families	14,090	564	Patricia Renfrew
ABC Social Work	Planning & Performance	435	17	Stephen Whiston
	Totals	170,187	6,850	