

Integration Joint Board

Date of Meeting: 31 March 2021

Title of Report: Budget Proposals 2021-22

Presented by: Judy Orr, Head of Finance & Transformation

The Integration Joint Board is asked to:

- Approve the management/operational savings at Appendix 1 amounting to £3.658m in 2021-22 and £2.688m in 2022-23.
- Approve the policy savings at Appendix 2 amounting to £561k in 2021-22 and £1.263m in 2022-23.
- Approve the removal of £85k previously agreed savings – reference 1920-32 £44.5k and 1920-33 £40.7k both relating to the management restructure as set out at 3.2.6
- Approve the proposed investment in financial sustainability totalling £517k in 2021/22 and 2022/23 set at 3.3.6 and the proposed extension of the existing investment of £330k for a further year in 2022-23 as set out at 3.3.7
- Note that in approving the above savings and financial investment this will deliver a balanced budget in 2021-22.
- Note the financial consequences of the actions set out at paragraph 3.14 in the Care Homes and Housing paper for 2022-23 and beyond.
- 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 2022-23 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 2021-22.

- 1.2 There is a separate report on the agenda that details the budget outlook over the period 2021-22 to 2023-24. The budget gap in 2021-22 amounts to £4.134m.
- 1.3 Savings proposals have been classified into management/operational savings and policy savings. These have previously been discussed at the IJB development sessions and at Finance & Policy Committee meetings. The revised total of £4.219m for 2021-22 is presented of which £657k is classed as policy savings and £3.562m is classed as management/operational.
- 1.4 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.
- 1.5 In addition a proposal is made for an investment in financial sustainability totalling £517k in 2021/22 and 2022/23, and to continue the existing investment of £318k for a further year into 2022/23, uplifted to £330k.
- 1.6 There is a significant estimated budget gap over the next two years in the mid-range scenario and work will need to commence shortly on identifying savings proposals to balance the budget in 2022-23. A high level timetable for the budget process 2022-23 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 2021-22.

3. DETAIL OF REPORT

3.1 Budget Outlook 2021-22 to 2023-24

- 3.1.1 There is a separate report on the agenda that details the budget outlook over the period 2021-22 to 2023-24. The budget gap in 2021-22 amounts to £4.134m.
- 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.

Budget Gap	2022-23 £000	2023-24 £000	Total £000
Best Case	(8,632)	(1,116)	(9,748)
Mid-Range	2,093	3,219	5,312
Worst Case	15,574	10,863	26,437

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 2021-22.

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. Many of the actions required to achieve the management and operational savings have already been completed. More details about each saving is given at Appendix 1 in the column "Risk and impact on service". These savings have been reviewed at the IJB development sessions and at Finance and Policy Committee.

3.2.4 Since the budget consultation was launched, 3 savings totalling £156k have been re-categorised as management & operational following further review as follows (highlighted in Amber at Appendix 1):

- 2021-1 £100k Align business model for staffing for the 3 children's homes - this involves reducing use of bank staff and having a similar operational model in all homes
- 2021-2 £44k Carry out hostel review to achieve best value in admin and catering – utilising already identified underspends
- 2021-16 £12k Reduce befriender service following review of clients – which has already been completed.

3.2.5 Saving 2122-26 £60K Remove advanced nurse vulnerable groups post has been reclassified as Policy as this post is not currently vacant.

3.2.6 In addition, it is proposed to remove part of the previously agreed saving reference 1920-32 of £45k and 1920-33 of £41k. These are the balance of the outstanding savings following the management restructure completed last year for adult services. This has been reviewed as all bar one post has been filled and the final savings have now been calculated

3.2.7 Saving reference 2122-68 of £5.5k re car lease costs has been used to meet current year shortfall for dental services and so is removed from the future savings list.

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

	2021-22 £000	2022-23 £000	2023-24 £000
Management/Operational Savings proposed on 27 Jan 2021	3,568	2,598	2,598
Savings accelerated into current year (2122-68)	-6	-6	-6
Savings re-categorised from Policy	156	156	156
Saving now classed as Policy	-60	-60	-60
Revised Management/operational savings (Appendix 1)	3,658	2,688	2,688

Policy Savings

- 3.2.9 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.
- 3.2.10 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.
- 3.2.11 Since the budget consultation was carried out, 3 savings were re-categorised as operational – see 3.2.4 above. In addition 2 savings have been removed from the budget proposals as they are now considered separately on the agenda in the Care Homes and Housing paper. A further saving, ref 2122-13, to review learning disability day services and replace with alternative provision, has been deferred fully into 2122/23 as it needs a longer period to work up and prepare for implementation.
- 3.2.12 A summary of the savings identified are noted in the table below with further high level detail contained within Appendix 1.

	2021-22 £000	2022-23 £000	2023-24 £000
Policy Savings proposed on 27 Jan 2021	1,059	2,111	2,111
Saving ref 2122-13 deferred to 2022/23	-220	0	0
Dental savings ref 2122-18 amended	8	8	8
Care Home Savings removed and being considered separately	-190	-760	-760
Savings re-categorised as operational	-156	-156	-156
Saving re-categorised as policy	60	60	60
Revised Policy savings (Appendix 1)	561	1,263	1,263

Savings summary

- 3.2.13 A summary of all savings is presented below:

	2020-21 £000	2021-22 £000	2022-23 £000
Revised Management/operational savings (Appendix 1)	3,658	2,688	2,688
Management restructure savings now removed	-85	-85	-85
Policy Savings (Appendix 2)	561	1,263	1,263
Total Savings	4,134	3,866	3,866

3.2.14 The Board is asked to now approve the management/operational savings at Appendix 1 and 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 a small number of posts, 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. In 2019/20 it overspent by £2.446m, which was a big improvement. In 2020/21 we are currently projecting an underspend but that is mainly due to Scottish Government support for Covid-19 which has included £2.728m for undelivered savings.

3.3.2 Significant improvements have been made throughout 2019/20 and 2020/21 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 2019 we instigated a Project Management Office approach to the delivery of all Health savings in conjunction with NHS Highland. The IJB approved an additional investment in March 2020 which allowed us to extend this to social work. Despite the difficulty of having to onboard people remotely, we have successfully employed 3 additional service improvement officers (one on older people, one for learning disability and mental health, and for corporate/ children's services) and a contract & demand management officer for health contracts, in addition to homecare procurement officer resource. We have not yet filled the transformation programme manager post as all transformation work was paused as a result of the pandemic. The transformation board restarted on 9 February and it is now intended to move to recruitment.

3.3.4 Going forward, it would support our ability to deliver future transformation to have 2 additional Service Improvement Officers (SIO) employed by Health, and a business analyst to support them based in the Planning & Performance Team. One SIO would support the Community Hospitals transformation theme (as yet not started due to lack of resource) and one would support Children's Service transformation work to shift the balance of care from residential to fostering and adoption.

3.3.5 Recruiting to the previously agreed programme manager post 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.

3.3.6 It is therefore proposed that investment is made in achieving financial sustainability as follows for a 2 year period covering 2021/22 and 2022/23. The effectiveness of this investment will be monitored by the Finance & Policy Committee through reviewing quarterly reports from the SIO team. In addition a sum is requested to be set aside to support transformation, with

use of this to be approved as required by the Finance & Policy Committee. This creates a total one-off investment in 2021/22 of £517k, part of which will need to be carried forward for this purpose into 2022/23. It is then envisaged that the ongoing resource required to support transformation and operational delivery of savings could be reduced.

	£000s
1 FTE business analyst	50
2 FTE service improvement officers	120
Sub-total	170
Cost for 2 years	340
Additional unallocated resource to support transformation	178
Total	517

- 3.3.7 In addition, as much of this year's SIO activity was diverted to supporting Covid-19 pandemic, the IJB is requested to extend the earlier investment of £318k in transformation activity for a further year into 2022/23. Recognising the impact of pay awards, a sum of £330k is requested for that year.

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.

	2020-21 £000	2021-22 £000	2022-23 £000
Initial Budget Gap	3,617	5,380	9,446
New Investment proposals	517	0	0
Extension of existing investment	0	330	0
Estimated Budget Gap prior to savings	4,134	5,710	9,446
Savings Proposals	(4,134)	(3,866)	(3,866)
Revised Budget Gap / (Cumulative)	0	1,843	5,579
Revised Budget Gap (In-Year)	0	1,843	3,736

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.

Date	Event	Purpose/Agenda
16 June 2021	IJB	Updated Budget Outlook report extended to 2024-25.
6 August 2021	Finance & Policy Committee	Early identification of possible future savings proposals for discussion.
15 September 2021	IJB	Updated Budget Outlook report.

24 September 2021	Finance & Policy Committee	Consideration of saving proposals for 2022-23 budget.
27 October 2021	IJB Development Session	Consideration of saving proposals for 2022-23 budget.
24 November 2021	IJB	Updated Budget Outlook report. Report on savings proposals being considered as part of 2022-22 budget. Budget Consultation approach agreed.
December/January	Budget Consultation	Seek views from the public on budget proposals.
w/c 14 December 2021 (estimated)	Scottish Budget Draft Announcement – NHS and Local Government Funding	Will inform budget outlook (but funding won't be confirmed until Feb/March)
26 January 2022	IJB	Updated Budget Outlook report (reflecting most up to date settlement positions)
25 February 2022	Finance & Policy Committee	Feedback on Budget Consultation Consideration of further savings proposals (if necessary) following latest budget outlook report and budget gap position.
24 February 2022	Argyll and Bute Council budget meeting	Will set the Council's contribution to the HSCP for 2022-23.
30 March 2022	IJB	Set Budget for 2022-23.

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 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.

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 on Council and NHS Highland websites.

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 2021-22 amounts to £4.134m for the Health and Social Care Partnership. The Senior Leadership Team have identified savings to deliver a balanced budget. There are new management/operational savings of £3.658m and policy savings of £561k and a recommendation to cancel existing savings of £85k. A one-off investment to achieve financial sustainability of £517k 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 shortly on identifying savings proposals to balance the budget in 2022-23. A high level timetable for the budget process in 2021/22 is noted in the report.

11. 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	√

APPENDICES:

Appendix 1 – Management/ Operational 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)