

Integration Joint Board

Agenda item:

Date of Meeting: 29 March 2023

**Title of Report: Value for Money Strategy and Savings Proposals
2023/24**

Presented by: James Gow, Head of Finance and Transformation

The Integration Joint Board is asked to:

- Approve the Value for Money Strategy and Savings proposals for 2023/24.
- Note that the HSCP budget is predicated on the delivery of the savings programme outlined in this report.
- Note that Equality Impact Assessments are attached as an appendix for relevant savings projects.
- Approve the implementation of recovery plan measures outlined in this report and note these are required as the HSCP budget is not yet in balance for 2023/24.

1. EXECUTIVE SUMMARY

1.1 The HSCP is entering 2023/24 in a healthy financial position. However, it has not been able to identify savings of the scale required to balance its budget. This is outlined in the Financial Plan and Budget. The budget is predicated on the delivery of a challenging saving programme being delivered during the year. Additionally, the HSCP will be required to minimise any request for additional financial support through the NHS brokerage mechanism. This document outlines additional value for money priorities.

1.2 The Value for Money Strategy supports the HSCP budget for 2023/24. It outlines:

- specific savings projects for approval by the IJB;
- longer term Value for Money priorities; and
- proposed recovery plan measures to minimise the requirement for brokerage support for NHS services;

2. INTRODUCTION

2.1 This document sets out the savings plan and value for money priorities for financial year 2023/24. Its effective implementation is critical to the HSCP operating within budget. It is recognised that that the budget, along with the measures outlined in this report may not enable the HSCP to operate within the resources available to it in 2023/24.

2.2 Service budgets will be reduced by the savings proposals outlined in this document, they will still exceed the resource available to the HSCP overall. This document focusses on outlining the measures required to manage the financial position through a series of specific savings and outlines additional Value for Money priorities.

3. DETAIL OF REPORT

3.1 Specific Savings Proposals 2023/24

The tables below provide a detailed listing of the savings proposals and budget adjustments incorporated in the budget for 2023/24. These indicate where an Equality Impact Assessment was identified as being required and these are attached as an appendix.

3.1.1 Social Work – new savings 2023/24 for approval

Social Work Savings 2023/24	£'000	EQIA	Head of Service	Description
Allocate centrally held 22/23 growth budget to cost pressures	1,300	N/A	Finance	Removal of unallocated budgets.
Allocate £500k of transformation budget to cost pressures	500	N/A	Finance	Reduce transformation budget from £900k to £400k.
Remove vacant Programme Manager / SIO role & travel	85	N/A	Finance	Post has not been filled.
Remove Contract & Demand Officer (non-recurring)	49	N/A	Finance	To be reconsidered if funding available, unable to fill at present.
Increase income budget - occupancy and fee increase	268	N/A	Finance	Budget adjustments and fees and charges increases already approved.
Vacancy Target uplift by inflation	200	N/A	Finance	Uplifts vacancy saving in proportion with pay inflation.
Care at Home inflation, service efficiencies and smarter commissioning	400	YES (a)	Health and Community Care	Efficiency improvement and / or management of inflation uplifts. Saving within context of investment in Smarter Commissioning.
Allocate remaining recurring unscheduled care funding to cost pressures	200	N/A	Health and Community Care	Budget adjustment, will be scope for non-recurring use of slippage.
Re-evaluation of spend on all unpaid carer services and respite/short breaks	320	YES (b)	Health and Community Care / AHP Assoc. Director	Proposal is to remove budget which is currently unallocated / uncommitted, reduces capacity for further service development.
LD Day Services Staffing	62	YES (c)	Acute & Complex Care	Proposal is to remove current vacant posts from staffing establishment.
Review of sleepovers and improved use of TEC	80	YES (d)	Acute & Complex Care	Plan in place to deliver minor service changes.
Additional Care Package reviews	100	YES (e)	Acute & Complex Care	Review of complex care packages - requires new approach due to difficulty in recruiting to post.
Community Change Living Fund Cont. to Project Management	30	N/A	Acute & Complex Care	Use of existing reserves to support service improvement work.

Reduce external placement budget by one (C&F)	160	N/A	Children, Families & Justice	Proposal aligns with policy direction.
Income for unaccompanied asylum seeker children (C&F)	250	N/A	Children, Families & Justice	Positive impact for unaccompanied asylum seekers - Home Office funded.
Interim care - remove spend to match reduced allocation	366	N/A	Health and Community Care	Interim care was a temporary SG measure and funding now ended. Sufficient non-recurring funds available to support existing placements, change is as a result of SG policy.
Non recurring C&F - whole family wellbeing growth	120	N/A	Children, Families & Justice	Non-recurring slippage on new investment.
End Guardian Service Contract for A&B Council Staff	25	N/A	Chief Officer / People Partner	End contract for LA staff from August 2023.
Total	4,515			

3.1.2 NHS Services – new savings for approval

NHS Savings 2023/24	£'000	EQIA	Head of Service	Description
National Insurance funding retained	888	N/A	Finance	Confirmed by SG in December 22
Budget Adjustments - prior year development budgets not required	200	N/A	Finance	Budget adjustment only
Vacant Project Manager Role (SIO Team)	60	N/A	Finance	Post vacant
Remove Depute Chief Officer role	105	N/A	Chief Officer	Post vacant
Energy efficiency measures	80	N/A	Finance/ Estates	Impact of BMS already installed
Staff accommodation income	25	N/A	Finance/ Estates	Increased availability and occupancy following investment in Lochgilphead
Remove Analyst role from budget	54	N/A	Strategy	Fixed term post to end
Review telecom lines and switchboard saving	32	N/A	Strategy	Project now progressing and savings target increased
Public Health - grants	16	N/A	Public Health	Minor reductions in Public Health Grants
Public Health - salary costs	20	N/A	Public Health	Budget adjustment to reflect current structure
Public Health	6	N/A	Public Health	Misc Public Health budget adjustments
Resuscitation Training Income	5	N/A	Assoc. Nurse Director	Additional income from delivery of training
Reduction in training SLA with UWS	15	N/A	Assoc. Nurse Director	Reflects expected utilisation of UWS contract and misc. budget adjustments
Mental Health Care Package Reviews - NHS	150	YES (e)	Acute & Complex Care	Reviews of complex care packages
Prescribing	150	N/A	Assoc. Director Pharmacy	New target is in addition to expected carry forward from 22/23
Patient Services Income	50	N/A	Health and Community Care	Budget adjustment to reflect income receipts
Childrens & Families Staffing and service re-modelling	250	N/A	Children, Families & Justice	Detail of proposed changes to be confirmed
Non-recurring reduction in AHP investment	150	N/A	Health and Community Care / Assoc. AHP Director	Non-recurring saving on investment as new structure established
Total	2,256			

3.1.3 The above tables summarise £6,771k of specific savings proposals and budget adjustments which are proposed in 2023/24. Collectively these reduce budget flexibility, capacity for service improvement and investment. Work on the development of additional proposals will continue throughout the year.

3.2 Value for Money Priorities

3.2.1 There are several key pieces of work which require to be progressed during 2023/24 to help manage longer term sustainability. These are in addition to considering how a revised approach to budgeting could be implemented to move away from the current incremental approach. It is likely that service reductions will be required in addition to delivering efficiencies. Disinvestment from activity or services is far more challenging to manage and has impacts upon service users and partners. The process of linking cost to impact and outcomes is also challenging, particularly in remote and rural communities where costs often appear disproportionately high relative to activity volumes.

3.2.2 NHS Formula Funding

NHS funding is allocated national based on the National Resource Allocation Formula (NRAC). The formula is intended to provide a fair basis for assessing healthcare need in each Health Board area and takes account of population, age profiles, rurality and deprivation indicators in each area. The model is highly complex and operated by Public Health Scotland (PHS).

NRAC provides an 'internal' proportion of the resources allocated to NHS Highland for the Argyll & Bute HSCP. The NHS Highland overall share of the national resource has been roughly static but the Argyll and Bute HSCP share of the NHS Highland allocation has reduced for 2 years in succession.

Year	NRAC Share of NHS Highland	Incremental Impact	Cumulative Annual Impact
2021/22	28.92%		
2022/23	28.77%	£1.0m	£1.0m
2023/24	28.60%	£1.0m	£2.0m
2024/25	28.35%*	£1.8m	£3.8m

* 2024/25 figure is provisional

The table demonstrates the risk to the sustainability of health services within Argyll & Bute. It also indicates that there are demographic reasons why health need is considered, by PHS, to be reducing in the area. While the percentage reductions appear small, the cumulative impact is circa 1.5% of the NHS budget by 2024/25. The nature of delivering small scale services make it particularly challenging to keep delivering incremental savings that keep up with the funding reductions driven by this formula. It is proposed that the HSCP:

- Engage with PHS to better understand the drivers for the reduction;
- Develop a case for review of the local application of the formula; and
- Engage with NHS Highland, Argyll and Bute Council and local politicians.

There are other issues associated with formula funding parity across Scotland and the impact of resources being held back to manage brokerage.

3.2.3 Greater Glasgow & Clyde SLA

The Greater Glasgow & Clyde SLA has not been reviewed for a number of years and is currently £66m or 25% of the NHS budget. The contract has been

protected from Argyll & Bute savings and uplifted by nationally agreed inflation rates (overall lower than the increases in NHS delivery costs). Priorities are to:

- Improve engagement with Greater Glasgow & Clyde at a senior level;
- Analyse contract utilisation data and value for money; and
- Participate in review of SLA funding model.

3.2.4 Agency, Locum & Supplementary Staffing

Agency, Locum and Supplementary Staffing spend is a further concern. National benchmarks suggest that spend is relatively high and has increased. Managing this back down whilst maintaining critical services is challenging. However, the HSCP is not funded to continue to pay very high rates for staff and some action is required to manage this and ensure that all staff are treated fairly. This remains a national priority and steps to address it are outlined in the Workforce Strategy. Additionally the HSCP will set up management reviews of all agency spend as part of its financial recovery measures.

3.2.5 Service Transformation

The Transformation Programme will be reviewed to re-focus attention on opportunities to change services and deliver savings. It is likely that the SG will require a detailed plan describing significant service change to bring the HSCP back into financial balance. A new Transformational programme will be required to achieve this.

3.3 Financial Recovery Measures

The tables above outline planned savings and priority value for money work. However, the HSPC expects to be operating at a deficit and is required to work towards managing within the resources available to it. This means additional measures are being put in place from the start of the financial year. These include:

Staffing and Resourcing Group	To review all vacancies prior to advert to consider opportunities for savings or delay.
Review of delegations	To ensure all spend above a reduced threshold, new high cost care packages, contract extensions or increases are approved by a Head of Service.
Business case submissions	To reflect removal of discretionary budgets and requirement for increased access to capital funding
Reserves	Utilise reserves and reconsider earmarking

It is not intended that reviews of posts will result in increased front line service pressures or delay progress in reducing reliance on supplementary staffing.

3.3 Summary

The elements of the Value for Money Strategy for 2023/24 are:

Workstream	Oversight & Reporting
Social Work and NHS Savings Plan £6.8m	SLT / Finance & Policy Committee
NHS Formula Funding	Chief Officer / Head of Finance
GG&C SLA	Chief Officer / Head of Strategy / Head of Finance
Agency Locum & Supplementary Staffing	Staffing & Resources Group
Service Transformation	Transformation Board
Financial Recovery Measures	SLT / Finance Teams / Finance & Policy Committee

The value for money and savings agenda for 2023/24 is challenging and it is intended that this will contribute to minimising the in-year requirement for brokerage and contribute to the longer term financial sustainability challenge.

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 Strategic Plan. It is also required to ensure that financial decisions are in line with Strategic Priorities and the delivery of high quality services. Implementing the savings programme will result in some increased risk to the ability of the HSCP to deliver on its strategic priorities.

6. GOVERNANCE IMPLICATIONS

6.1 Financial Impact – the savings plan has important governance implications and its successful implementation is a risk to the budget and the potential level of additional financial support required.

6.2 Staff Governance – None directly from this report but there is a strong link between HR management and elements of the savings plan.

6.3 Clinical Governance – None directly.

7. PROFESSIONAL ADVISORY

7.1 Professional Leads are fully engaged in financial planning and reporting.

8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 Equality impact assessments are provided where savings projects could potentially have implications for people with protected characteristics.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 None directly from this report.

10. RISK ASSESSMENT

- 10.1 The ability of the HSCP to implement the Value for Money Strategy effectively in 2023/24 is a risk. The budget report provides further detail on the financial risks associated with this report.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

- 11.1 The HSCP has sought to communicate and consult on its financial position within existing consultation processes including locality planning groups. Further targeted engagement will be required as some of the savings plans are implemented in the coming year.

12. CONCLUSIONS

- 12.1 The financial challenge facing the HSCP is severe in 2023/24. This report outlines a number of specific savings and value for money priorities which aim to manage the financial position within the framework outlined in the budget document. The IJB are requested to approve the measures outlined in this report alongside the approval of the budget for 2023/24.

13. DIRECTIONS

Directions in respect of the budget will incorporate the savings programme.

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 A-E – Equality Impact Assessments

AUTHOR NAME: James Gow, Head of Finance and Transformation

EMAIL: james.gow@argyll-bute.gov.uk