
Report To: Inverclyde Integration Joint Board **Date:** 7 November 2022

Report By: Kate Rocks
Chief Officer
Inverclyde Health & Social Care Partnership **Report No:** IJB/50/2022/CG

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Subject: Proposed Approach - 2023/24 IJB Budget

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

- 1.2 The purpose of this report is to advise the Inverclyde Integration Joint Board (IJB) of the proposed approach to approving the 2023/24 Revenue Budget and provide updates in respect of the current overall position, the proposed process/timelines and the current position of savings proposals and cost pressures.
- 1.3 The IJB requires to approve its approach to the 2023/24 Budget and identify the key assumptions for funding from both the Health Board and the Council. The IJB expect the Health Board funding to be based on 2022/23 funding plus any proposed pay award at this present time. The IJB expect the Council funding to be based on 2022/23 funding plus any pass ported funding directly from Scottish Government. Both the Council and the Health Board do not fund any pressures currently within the IJB.
- 1.4 The current timeline for the IJB budget is described in section 6 with the main driver being the Scottish Government funding announcement in Mid December 2022. The budget requires to be set in March 2023.
- 1.5 The key budget announcement will be the Scottish Government funding announcement. The Scottish Government have stated that they will not fund any ongoing Covid 19 costs from 2023/24 onwards. The IJB expect our main pressure here to be within the Children & Families budget which we have commenced work around with the expectation of reducing this pressure. These include detailed work plans, a spend to save plan and the use of the Children & Families smoothing reserve if necessary.
- 1.6 The IJB will continue to work to identify potential savings to help reduce the projected funding gap in 2023/24. Officers have already started this process by identifying a number of potential

recurring savings / budget adjustments for consideration by the IJB. This will be further developed over the coming months through our IJB Budget working group.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Integration Joint Board:

1. notes the proposed approach to the 2023/24 Budget;
2. notes the key timelines and Budget Announcements to the preparation of the 2023/24 Budget; and
3. notes the Funding pressures identified and that officers have developed initial savings proposals which will be reported to a future meeting of the IJB and IJB Audit Committee.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

- 3.1 From 1 April 2016 the Health Board and Council delegated functions and are making allocations to the IJB in respect of those functions as set out in the integration scheme. The Health Board also “set aside” an amount in respect of large hospital functions covered by the integration scheme.
- 3.2 The IJB makes decisions on integrated services based on the strategic plan and the budget delegated to it. The 2022/23 Budget was agreed in March 2022 and the IJB issued relevant directions to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan.
- 3.3 The IJB are expecting to set a 1 year budget in line with the Scottish Government funding settlement.
- 3.4 Inverclyde Council will set their 2023/24 budget in March 2023 and then confirm a proposed funding allocation for the IJB for the year. Greater Glasgow & Clyde Health Board will also confirm an indicative funding allocation for 2023/24 in March 2023. An indicative budget will be kept under review until such time as the final budget pressures and non-recurring settlements are formalised

4.0 PROPOSALS

4.1 PROPOSED BUDGET APPROACH

The IJB currently receives a resource allocation from both Inverclyde Council and Greater, Glasgow and Clyde. At present we expect to receive a similar Resource Allocation from the Health Board as the IJB did for 2022/23. The IJB expect the Health Board to continue to fund the 2023/24 pay award. At present the IJB have had no indication or discussion around a potential reduction in funding allocation from the Health Board.

- 4.2 The IJB in line with the recent Council Policy & Resources report in September is now operating with more financial independence of the Council. The IJB approach to the Social Care element of the budget is as follows:
 - The start point for the 2023/24 Council contribution to the IJB is the 2022/23 current approved contribution.
 - No new pressures funding to be allocated.
 - We anticipate that the Council will allocate an element of the recurring 2022/23 pay settlement to the IJB. At the time of writing this amount has not been confirmed.
 - The Social Care savings proposals continue to be included in the overall savings review with the IJB Budget Working group.
 - Any new 2023/24 Scottish Government funding for Social Care be pass-ported to the IJB

5.0 CURRENT TIMELINES

- 5.1 Both Inverclyde Council and Greater Glasgow & Clyde Health Board will produce a 1 year budget in line with the Scottish Government settlement.
- 5.2 Inverclyde IJB will review estimated 2023/24 cost pressures and anticipated savings required during October 2022 – December 2022. Officers will work with The IJB Budget Working Group during this time period on potential savings options which will be considered by the IJB at a

development session early January. Once agreed by the IJB any potential savings requiring public consultation will go to consultation late January/ Early February.

- 5.3 The Scottish Government will set its proposed budget Mid December 2022.
- 5.4 The IJB expect both Inverclyde Council and Greater Glasgow & Clyde Health Board to confirm indicative funding in March 2022.
- 5.5 The IJB 2022/23 Budget will be set Mid / Late March with approval from both IJB and IJB audit committee.

6.0 KEY BUDGET ANNOUNCEMENTS

- 6.1 The main budget announcement from the Scottish Government is due Mid December 2022. This will highlight the core funding available for both NHS and Council in determining the IJB’s core Resource Allocation. The IJB assume that any pay award in 2023/24 continue to be fully funded by the Health Board. The IJB expect to have to pay for the Social Care element of the 2023/24 pay award via any new passported funding or from a savings exercise.
- 6.2 At this point the IJB are not aware of any new funding streams identified by the Scottish Government to be pass ported to the IJB.
- 6.3 All Covid 19 funding is expected to conclude in 2022/23 and the IJB don’t expect any new funding in 2023/24. Officers have worked to reduce the impact of any Covid legacy costs by maximising the use of other funding streams such as the Winter planning fund to secure permanent funding to replace these costs. One area of Covid pressure is the £1.5m worth of Children and Family external and in-house placements which were commenced at the start of Covid. These placements remain within the overall costs however the service plan to further review these costs with the view of identifying measures to reduce these whilst ameliorating risk for children. This includes an overall redesign of the Children and Families service that will commence once the appointment to the Head of Service post is made. In the meanwhile the spend to save plan will recruit a further 5 additional Social Work assistant posts on a temporary basis to contain the current recruitment and retention risks and the use of our Children and Families smoothing reserve.

7.0 CURRENT EXPECTED BUDGET GAP

7.1 The Below table shows the anticipated budget funding gap over the next 2 financial years based on current estimates of costs on the Social Care side:

	2023/24	2024/25	2 year total
	£000s	£000s	£000s
Indicative funding from SG (via Council)	(2,080)	(1,480)	(3,560)
Anticipated recurring pressures			
Payroll uplifts (9% over 3 years) - 21/22 recurring element included in 23/24	1,826	670	2,496
Inflationary/contractual uplifts - 4% (including National Care Home Contract of 6%)	2,393	2,393	4,786

<i>New pressures</i>	147	0	147
<i>Total assumed pressures</i>	4,366	3,063	7,429
Remaining budget gap	2,286	1,583	3,868

- 7.2 At present the Officers working towards a £3.868m budget gap over the next 2 financial years and working towards savings to fund this. As a minimum the IJB need to agree proposals to produce a budgeted break even position for 2023/24.
- 7.3 The IJB have made the assumption that there will be a minimum £1.48m increase in Scottish Government funding over the next 2 years as part of our plans. This relates to indications from Scottish Government during their pre-budget scrutiny process and in line with general expected inflationary increases. The IJB have also made an assumption of an additional £0.6m from Inverclyde Council. This is the estimated recurring contribution towards the 2022/23 pay award.
- 7.4 A number of pressures are expected in the next 2 years. Firstly the IJB is assuming a further 2% pay uplift each year along with the recurring balance to be implemented from the 2022/23 pay award. The IJB will note that Inverclyde Council transferred a non-recurring payment of £0.55m to assist with the 2022/23 pay award shortfall. As this was non-recurring it needs to be added to the overall shortfall. Each 1% increase in pay uplift costs an estimated £0.335m. As part of the expected pressures it is also anticipated that there will be further recurring pressures in inflationary and contractual uplifts. This budget assumes 4% increases in inflationary and contractual uplifts and 6% for the National Care Home contract. This increases expected yearly costs by an estimated £2.393m each year. At present no additional income has been assumed for this. A further £0.147m has been assumed for additional pressures. These include increases in Utilities and fuel costs.

8.0 POTENTIAL SAVINGS /ADJUSTMENTS

- 8.1 To address the anticipated 2 year funding gap a detailed savings exercise will need to take place. The IJB has commenced this process via the IJB Budget Group and have started to review areas for potential savings. At this point the aim of this is to close the funding gap without the requirement for compulsory redundancies. This exercise may result in the redeployment of staff or targeted voluntary redundancies where required. All relevant staff and Trade Unions will be involved in all aspects of this process.
- 8.2 The IJB will aim to close the majority of the funding gap with the use of budget adjustments, increase in turnover targets, increase in charges, deletion of long term vacancies and reduction of minimal use services with the view of protecting all front line and essential services. The impact of the savings may also be delayed with the use of one off reserves.
- 8.3 Any potential voluntary redundancies will be carried out in discussions with staff and relevant trade unions. Any decision on the release of employees will go through a value for money exercise with a minimum cost payback of 3 years in line with Inverclyde Council current process. All relevant redundancy costs will be paid out of IJB reserves.
- 8.4 At present no budget savings are being considered on the Health side of the Budget until the IJB know the likely funding settlement from the Health board.

9.0 IMPLICATIONS

9.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO	N/A
Financial	x		
Legal/Risk		x	
Human Resources		x	
Strategic Plan Priorities		x	
Equalities		x	
Clinical or Care Governance		x	
National Wellbeing Outcomes		x	
Children & Young People's Rights & Wellbeing			x
Environmental & Sustainability			x
Data Protection			x

9.2 Finance

All financial implications are discussed in detail within the report above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

9.3 Legal/Risk

There are no specific legal implications arising from this report.

9.4 Human Resources

There are no specific human resources implications arising from this report.

9.5 Strategic Plan Priorities

This ties in with the requirement to set a balanced budget.

9.6 Equalities

There are no equality issues within this report.

(a) Equalities

Equality Impact Assessments will be progressed as necessary as part of the development of the initial savings proposals.

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

	YES – Assessed as relevant and an EqIA is required.
✓	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement.

(b) Equality Outcomes

How does this report address our Equality Outcomes?

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

9.7 **Clinical or Care Governance**

There are no clinical or care governance issues within this report.

9.8 **National Wellbeing Outcomes**

How does this report support delivery of the National Wellbeing Outcomes?

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None

People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	Effective financial monitoring processes ensure resources are used in line with the Strategic Plan to deliver services efficiently

10.0 DIRECTIONS

10.1	Direction Required to Council, Health Board or Both	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

11.0 CONSULTATION

11.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer, the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

12.0 BACKGROUND PAPERS

12.1 None