

Agenda Item 7

Budget Report 2021-2022



Falkirk Integration Joint Board

19 March 2021

Budget Report 2021-2022

For Decision

1. Executive Summary

- 1.1 This report provides an update to the 2021/22 Business Case previously approved by the IJB in November, together with indicative budgets for the forthcoming financial year.

2. Recommendations

The Integration Joint Board is asked to:

- 2.1 note the revised projection and associated risks
- 2.2 approve the indicative budgets for 2021/22 on an interim basis.

3. 2021/22 revenue financial projection

- 3.1 The 2021/22 revenue projection has been updated to reflect all known/confirmed financial planning assumptions and national policy commitments. Note that considerable uncertainty remains at this stage and as such the projection is subject to change.
- 3.2 A total funding gap of £6.091m is currently forecast for 2021/22, this represents a net improvement of £0.306m compared to the position reported in the business case presented to the IJB in November. A high-level summary is provided in table 1 below.

TABLE 1 2021/22 Revenue Projection	Forecast Budget £m	Forecast Expenditure £m	Underspend/ (Overspend) £m
Large Hospital Services	28.967	30.402	(1.435)
Primary Healthcare Services	76.548	79.264	(2.716)
Social Care Services	94.403	97.216	(2.813)
Community Healthcare Services	38.200	37.327	0.873
Total	238.118	244.209	(6.091)
Set Aside	28.967	30.402	(1.435)
Integrated Budget	209.151	213.807	(4.656)
Total	238.118	244.209	(6.091)

- 3.3 The improvement compared to the business case reflects a £0.457m favourable movement within set aside due to reductions in the inflationary uplifts applied to hospital drugs and pay awards, together with national elective centre funding. This is offset by a £0.151m adverse movement within primary care due to the recurring impact of flu vaccine costs in the prescribing position. There are no material changes within the Community Healthcare or Social Care forecasts at this stage.
- 3.4 The overall financial impact by Partner is summarised in table 2 below:

TABLE 2 2021/22 Revenue Projection by Partner	Falkirk Council £m	NHS Forth Valley £m	Total £m
Anticipated funding	72.296	165.822	238.118
Projected expenditure	75.386	168.823	244.209
Shortfall	(3.090)	(3.001)	(6.091)

- 3.5 Due to ongoing public sector funding constraints, both Falkirk Council and NHS Forth Valley are not in a position to provide additional recurring funding to address the shortfall. As a result, efficiency savings of £6.090m (equivalent to 2.6% of the total IJB budget) will require to be delivered in order to achieve financial balance.

4. 2021/22 Efficiency savings

- 4.1 As previously reported, a £0.500m non-recurring “invest to save” fund has been made available to enable locality teams and Partners to support continuous improvement and innovation through access to dedicated resources to incentivise and implement new ways of working to deliver cash releasing efficiency savings.
- 4.2 To date savings proposals totalling £5.279m have been identified in relation to the integrated budget, as summarised in table 3 overleaf. Key themes relate to residential care services, community hospitals and prescribing.
- 4.3 Savings in respect of residential services and community hospitals reflect the output of recent community bed base modelling work which demonstrates that there is sufficient scope within the system to reduce the community bed base, enabling redesign and transformation of residential care services and community hospitals towards more care at home.
- 4.4 With respect to Prescribing savings, local strategies are currently being developed to reduce waste and extend the prescribing improvement initiative in conjunction with GP Practices.

TABLE 3: 2021/22 Initial Savings Proposals	£m	RAG Status
<u>Adult Social Care</u>		
Ongoing social work review & assessment	0.250	Green
Residential Care Services (community bed base capacity modelling)	2.325	Amber
Review of day services	0.150	Green
Review of charging arrangements	0.100	Amber
Review of home care contractual arrangements & rates	0.600	Amber
	3.425	
<u>Community Healthcare</u>		
Falkirk & Boness Community Hospitals (community bed base capacity modelling)	0.500	Amber
Locality planning	0.010	Green
Community Residential Resources	0.011	Green
	0.521	
<u>Primary Care Prescribing</u>		
Prescribing Improvement Initiative - phase 2	0.168	Green
Medicines Waste Project	1.165	Red
	1.333	
<u>Set Aside (large hospital services)</u>		
To be confirmed	TBC	Red
Total	5.279	

5. 2021/22 indicative budget

- 5.1 The total 2021/22 budget is currently estimated at £238.118m (comprised of £209.151m in respect of the integrated budget and £28.967m in respect of set aside).

- 5.2 The budget is considered as indicative at this stage pending confirmation of a number of outstanding financial planning assumptions (e.g. pay awards, Scottish Living Wage, National Care Home Contract uplifts etc). In addition, at the time of writing, both Partners have still to formally agree their respective budgets for 2021/22.
- 5.3 In light of the above, combined with the fact that further work is required to identify additional efficiency savings in order to achieve a balanced position, it is recommended that the IJB approve the 2021/22 budget on an interim basis.

6. Covid-19

- 6.1 Note that the ongoing financial impact of the pandemic is not included in the current 2021/22 projections. This will continue to be will be dealt with separately in line with Scottish Government guidance.
- 6.2 Initial cost estimates for 2021/22 were submitted to the Scottish Government in late February, reflecting anticipated ongoing expenditure in relation to PPE, financial sustainability support for external Social Care Providers and independent Primary Care Contractors, infection prevention and control and increased staffing costs to cover absence due to sickness, shielding or self-isolation. Total costs are currently estimated £6.750m (this compares to £13.660m in 20/21 including the impact of unachieved savings).
- 6.3 Further consideration of the impact of long Covid is likely to be required as part of revised remobilisation and recovery plans (including development of new services and enhanced support for existing services such as Mental Health and various community initiatives). Updates and proposals will be brought to future IJB meetings as appropriate.

7. Conclusion

- 7.1 Based on current financial planning assumptions, an overall funding shortfall of £6.090m (equivalent to 2.6% of the total IJB budget) is forecast for financial year 2021/22.
- 7.2 To date, efficiency savings totalling £5.279m have been identified in relation to the integrated budget in line with the IJB's strategic priorities and delivery plan. Further work is required in relation to savings development within set aside services.
- 7.3 It is acknowledged that a number of uncertainties remain in terms of the overall 2021/22 funding settlement and identification of further savings. As a result, it is recommended that the indicative budget is approved on an interim basis at this stage.

Resource Implications

Resource implications are considered in the main body of the report.

Impact on IJB Outcomes and Priorities

The report presents the total projected integrated budget available to deliver the IJB's strategic priorities and delivery plan outcomes during 2021/22. It is vital that priorities and outcomes are delivered on sustainable financial basis.

Directions

New Directions are currently being prepared in line with statutory guidance (pending approval of the Directions policy with effect from 1st April 2021).

Legal & Risk Implications

There are no legal implications arising from the report recommendations. The scale of the potential funding gap and uncertainty in relation to the ongoing impact of Covid-19 represent the key risks at this stage.

Consultation

This report has been drafted through engagement and information sharing with colleagues in Falkirk Council and NHS Forth Valley. Consultation in respect of the proposed new savings schemes is likely to be required.

Equalities Assessment

There are no equality implications as a direct result of the report recommendations. However there may be a requirement for an equalities assessment to be performed in relation to the proposed savings schemes.

8. Report Author

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9. List of Background Papers

N/A

10. Appendices

N/A