



## CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

### INTEGRATION JOINT BOARD – DRAFT BUDGET 2023/24 and 3 year plan

#### PURPOSE OF REPORT

1. To approve Draft IJB budget for the period 2023/24- and 3-year plan and note that a recovery plan will be taken to June 2023 IJB Board.

#### COMPETENCE

2. The Integration Joint Board (IJB) is required to agree a balanced budget on the basis of the funding delegated by NHS Western Isles and Comhairle nan Eilean Siar. If a balance budget cannot be submitted, then IJB must prepare a recovery plan to show how a balance position could be obtained. To note the level of reserves available to help underpin a break-even position will not be confirmed until June 2023 at the point of closure of 22/23 IJB accounts.

#### SUMMARY

3. In accordance with the Western Isles Integration Scheme, the IJB is required to approve a balanced budget on the basis of funding delegated by NHS Western Isles and Comhairle nan Eilean Siar (CnES). This has been a challenging process with both of the IJB's parent bodies experiencing significant financial pressure.
4. NHS Western Isles will receive a 2% increase in allocation against a background of, very high general inflation, an increase in high-cost Patient Access Scheme drugs and high levels of off-island mental health placements and changing health demographics. NHS Western Isles has been fully funded for the pay settled for NHS staff for 22/23 awarded in January 2023 and an agreement has been given that any pay award in 23/24 will be fully funded. The funding will be passed onto the IJB in full when received.
5. The Local Authority Settlement included part funding for the 22/23 pay settlement which the relevant amount has been passed down to IJB. This still left approximately £480k unfunded for 22/23 and beyond for that pay award. The pay settlement for 23/24 has been estimated and no assumption of increased funding has been made, this will be unfunded by approximately £700k. All other specific increase in funds have been passed to the IJB or are in the draft budget in the assumption they will be received in 23/24.



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- The budget has been prepared assuming that any delegated residual Covid costs will not be funded in 23/24 and will be managed in existing budget.
- The NHS partner pass on all relevant Revenue Resource Allocation uplifts, general 2% plus the fully funded pay award. The local Authority partner has passed on all relevant specific grant funds and IJB share of the partial funding of the pay award. However, due to challenging settlements over the last 5 years all other costs are at flat cash CnES strategic plan states there will be a 10-year period of flat cash.
- As of 16th March 2023, the gross budget gap for the IJB was, **£6.017m** excluding savings and any financial flexibilities and reserves.

### DUE DILIGENCE

- The Integrated Resources Advisory Group (IRAG) guidance sets out the process that should be followed by councils and NHS Boards in calculating the budget allocation for their IJB for the functions that have been delegated. This includes taking into account historical patterns of spend, likely cost pressures, demographic changes and agreed service development proposals.
- The budget setting process for the IJB is set out in the Integration Scheme. The financial processes of each partner organisation are governed by their own financial instructions and are subject to auditor scrutiny on an annual basis.

### 23/24 BUDGET PROPOSAL

#### Summary

- The 2023/24 budget initially required for the delegated and set aside functions is in excess of £78.727m, as shown in table below, which is resulting in an initial budget gap of **£6.017m**. This figure includes the full opening of the Goathill complex and excludes reserves. After earmarked reserves for the Goathill complex are included, anticipated Scottish Government Grants, unavoidable vacancies and NHS Financial Flexibility and an assumption around the full opening of Bremner Court (extra care housing) are applied, this



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brings the net 23/24 gap to **£1.629m**. This is a reduction of £1m after general reserves were also applied. Bremner Court - to note with recruitment processes pending conclusion, and all efforts being made to maximise occupancy of the tenancies on an incremental basis if not possible in full, the financial impact of not opening in full will vary depending on recruitment and occupancy achieved. An estimated figure has been used for avoidable cost (net of voids) within the table overleaf, but the opening of Bremner Court is not subject to achieving that avoidable cost.

23/24	NHS £'000	CnES £'000	Total £'000
Gross Cost of Services	48,771	29,957	78,727
Total Core Funding	46,907	25,803	72,710
<b>Intial Budget Gap</b>	<b>-1,864</b>	<b>-4,154</b>	<b>-6,017</b>
<b>Savings/Reserves</b>			
Vacancies - unavoidable	500	500	1,000
Goathill reserves	-	649	649
Goathill start up funds	-	600	600
Bremner Court	-	419	419
Financial Flexibility inc EM Reserves	520	200	720
General Reserves	340	660	1,000
<b>Net Gap</b>	<b>-504</b>	<b>-1,125</b>	<b>-1,629</b>

12. The Board has £1.948m reserves to use for the Goathill complex for 3 years and for this budget I have assumed equal division across the years for this reserve as shown in section 14.
13. The anticipated cost of service delivery includes inflation and quantifiable cost pressures, including increase in prescribing costs, any increased care packages, pay uplifts. The expenditure budget also assumes that the specific funds will be fully utilized i.e. Primary Care Investment Funds, Winter pressure monies etc. The above figures do not include any changes made to terms and conditions to staff above pay inflation.

### SAVINGS PROPOSALS

14. The gap after earmarked and general reserves, vacancy targets and any financial flexibility available is **£1.629m** an improvement of £1.0m. Reserves held and that can be utilized for 23/24 will depend on the year end position for 22/23. As per financial guidance a recovery



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plan to bring back the IJB to a break-even position for 23/24 will be brought back to the Board at the June meeting of the Board. There should be at that date more clarity around reserves held, recurring funding provided by the Scottish Government and the full Goathill Complex opening times.

### THREE YEAR PLAN

15. The draft 3-year budget plan is shown overleaf. If the IJB do not make a high level of recurring savings each year and that the level of funding available is not increased than by 25/26 the Board could be looking at a **£7.238m** gross initial budget gap and a net **£5.589m** gap.

	23/24	24/25	25/26
	Total	Total	Total
	£'000	£'000	£'000
<b>Expenditure</b>			
IJB Management	6,424	6,509	6,595
Alcohol and Drugs	601	601	601
Adult Social Services	29,063	29,644	30,237
Allied Health Professionals	2,970	3,029	3,090
Community Nursing	7,866	8,023	8,184
Dental Services	3,540	3,611	3,683
Mental Health Services	3,553	3,624	3,697
Associate Medical Director	16,902	17,240	18,274
Acute Set Aside	7,808	7,964	7,482
<b>Gross Total</b>	<b>78,727</b>	<b>80,246</b>	<b>81,843</b>
<b>Income</b>	63,146	64,179	65,238
<b>GROSS GAP</b>	<b>(6,017)</b>	<b>(6,598)</b>	<b>(7,238)</b>
<b>Savings/Financial Flexibility</b>			
Vacancies - unavoidable	1,000	1,000	1,000
Goathill reserves	649	649	649
Goathill start up funds	600	-	-
Bremner Court	419	-	-
Financial Flexibility inc EM Reserves	720	-	-
General Reserves	1,000	700	-
<b>NET GAP</b>	<b>(1,629)</b>	<b>(4,249)</b>	<b>(5,589)</b>



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## RECOMMENDATIONS

24. It is recommended that members of the IJB:
- a) Approve the draft 23/24 and note that a break-even recovery plan will be brought back to Board in June 23
  - b) Note the very difficult financial position the IJB is working to

**Debbie Bozkurt**  
**Chief Finance Officer**  
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**NHS**  
Eileanan Siar  
Western Isles



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