



## CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

### INTEGRATION JOINT BOARD

#### Intermediate Budget 2024/25 and 3 year plan

#### PURPOSE OF REPORT

1. To note the Intermediate IJB budget for the period 2024/25 and 3 year plan and approve that an in-depth savings and choices plan will be presented to members to enable a break-even position to be achieved, by end of June.

#### 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.

#### 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 an extremely challenging process with both of the IJB's parent bodies experiencing significant financial pressure.
4. NHS Western Isles will receive zero 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 have been advised not to budget yet for pay award. Any pay award and or any funding to cover this award from the Scottish Government in the future will be passed onto the IJB in full. The Scottish Government are also calculating the effect of 23/24 pay settlement including shorter working week, movement of Band 5 to Band 6 and protected learning time. As of 20<sup>th</sup> March 2024, NHS Western Isles does not know the cost of this settlement but any potential costs and or potential funding received towards this part of the pay settlement will be passed on to the IJB in full.





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5. The Local Authority Settlement included previous year's part funding pay settlement which the relevant amount has been passed down to IJB. There is an assumption of a pay award for Local Authority Staff but there is no uplift to the budget. However the IJB have kept the benefit of the 1.5% reduction in LA pension contributions. The £12 Living Wage payment due to Local Authorities is assumed within the budget. All other costs are at flat cash as they have been since 2016 except for specific grants received and passed to IJB in full.

### Health and Social Care Covid Funding 2024/25

6. The budget has been prepared assuming that any delegated residue Covid costs will not be funded in 2024/25 and will be managed in existing budget.
7. As of 8<sup>th</sup> March 2024, the gross budget gap for the IJB was £6.261m excluding savings and any financial flexibilities and reserves.

### **DUE DILIGENCE**

8. 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.
9. 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.

### **24/25 BUDGET PROPOSAL**

#### Summary

10. The 2024/25 budget initially required for the delegated and set aside functions is £83.263m, as shown in table below, which is resulting in an initial budget gap of £6.261m. This figure includes the full staffing complement of both Seaforth House and Bremner Court 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



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full opening of Bremner Court (extra care housing, care home beds and respite beds) are applied, this brings the net 2024/25 gap to £2.462m.

11. To note the gap is closing within Social Care due to the high level of vacancies in Care at Home, Reablement/ Start Service and Bremner Court. These vacancies are shown in the table below under unavoidable vacancies and is the line Bremner Court shown net of void cost. These figures are assumed for a full year effect, but work is still underway to refine the vacancy figures in all areas. If we are confident of filling a proportion of these posts and therefore reduce the unavoidable vacancies this will increase the budget gap. The increase in vacancy target on the Adult Social Care is recognizing there is still going to be a level of vacancies not just in care at home but in the new reablement project amongst other services. This will be reviewed for plan that will be taken to the June Board.

24/25	NHS £'000	CnES £'000	Total £'000
Gross Cost of Services	51,816	31,448	83,263
Total Core Funding	49,774	27,228	77,002
<b>Intial Budget Gap</b>	<b>-2,042</b>	<b>-4,220</b>	<b>-6,261</b>
<b>Savings/Reserves</b>			
Vacancies - unavoidable	500	900	1,400
Goathill reserves	-	649	649
Other Savings	250	-	250
Prescribing Target	100	-	100
Bremner Court Vacant rooms net Void	-	500	500
Financial Flexibility inc EM Reserves	400	500	900
<b>Net Gap</b>	<b>-792</b>	<b>-1,670</b>	<b>-2,462</b>
<b>Gross Gap</b>	<b>4.1%</b>	<b>15.5%</b>	<b>8.1%</b>
<b>Net Gap</b>	<b>1.6%</b>	<b>6.1%</b>	<b>3.2%</b>

12. The Board has £1.948m reserves to use for the Goathill complex for 3 years and for this budget, as agreed in previous years, I have assumed equal division across the years for this reserve as shown in section 17. This will be further discussed when the saving/choices plan is brought back in June. If the full reserves are put against Social Care gap in year then the following years gap increases.



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13. The anticipated cost of service delivery includes inflation and quantifiable cost pressures, including increase in prescribing costs, general supplies inflation any increased care packages, pay uplifts. The expenditure budget also assumes that the specific funds will be fully utilized i.e. Primary Care Improvement Fund. The above figures do not include any changes made to staff terms and conditions i.e. the changes agreed in the 2023/24 Agenda for Change settled as described in paragraph 4.

### SAVINGS PROPOSALS

14. The gap after earmarked reserves, vacancy targets and any financial flexibility available is £2.462m. Work is underway to close that gap looking at other non-recurring and recurring efficiencies, other financial flexibilities. To note due to the cyber-attack on Comhairle nan Eilean Siar there have been no monitoring figures available since month 6. It is anticipated that the IJB will break-even using most of the general reserves available for 2023/24.

At present there is not a full understanding of the level of reserves available to go towards the gap in 2024/25. The saving/choices plan due brought back in June 2023 will include an update on the IJB financial position but it is unlikely that there will be an update on the level of reserves available until the 1<sup>st</sup> quarter of the new financial year at the earliest.

15. Each partner will make efficiencies through grip and control measures. NHS Western Isles has been issued with a self-assessment financial efficiency checklist, and the Chief Finance officer will be looking to use an amended version for the IJB Partners during 2024/25 and beyond. An example of grip and control measure are below:

- Suspending and reviewing recruitment for non-patient or client facing vacancies;
- Essential travel only to be submitted for consideration and approval;
- All services to review maximum use of Teams, Near Me, Attend Anywhere;
- Teams/hybrid approach the default for meetings, off island(s);
- Comprehensive review of National Distribution Centre and Excel usage;
- Review all fixed term contracts;



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- Reduce or end all supplementary staff where possible and employ through direct engagement models.

16. Each partner will need to look at the difficult choices around workforce, services, charging, policies that may have to be made to:

- a) breakeven; and
- b) to reduce the likelihood of overspend during the year.

To reiterate, if settlements for the next 3 years are at flat cash for both partners and pay awards and other inflationary uplifts have to be paid then there is no choice but to look at service changes.

### THREE YEAR PLAN

17. The draft 3-year budget plan is shown below. If the IJB do not make a high level of recurring savings each year and if the level of funding available is not increased than by 2026/27 the Board could be looking at a £10.725m gross initial budget gap and a net £8.975m gap. With that level of gap then changes in service will need to be made over and above some of the choices that will have to be made to allow the Board to break-even in 2024/25. Work linking in financial savings and long-term strategies for Health and Social Care need to start immediately, specifically as many will need to be consulted on and would possibly trigger change management processes in both partners



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	24/25	25/26	26/27
	Total	Total	Total
	£'000	£'000	£'000
<b>Expenditure</b>			
IJB Management	6,604	6,736	6,872
Alcohol and Drugs	713	713	713
Adult Social Services	30,500	31,415	32,357
Allied Health Professionals	3,133	3,227	3,324
Community Nursing	8,270	8,518	8,774
Dental Services	3,639	3,749	3,861
Mental Health Services	3,500	3,605	3,713
Associate Medical Director	18,224	18,957	19,724
Acute Set Aside	8,680	8,854	8,389
<b>Gross Total</b>	<b>83,263</b>	<b>85,774</b>	<b>87,727</b>
<b>Income</b>	77,002	77,002	77,002
<b>GROSS GAP</b>	<b>(6,261)</b>	<b>(8,771)</b>	<b>(10,725)</b>
<b>Savings/Financial Flexibility</b>			
Vacancies - unavoidable	1,400	1,000	1,000
Goathill reserves	649	649	649
Other Savings	350	100	100
Bremner Court, vacancies net of Void	500	-	-
Financial Flexibility inc EM Reserves	900	-	-
<b>NET GAP</b>	<b>(2,462)</b>	<b>(7,022)</b>	<b>(8,975)</b>

### RISKS

18. The below are general financial risks, risk associated with savings plan which will include the risk of non-achievement regardless of financial risk, service risk or political risk.
19. Difficult to recruit to posts in Social Care due to poor workforce demographics on the island. This is resulting in ongoing high levels of delayed discharges and unmet need which require the continuous staffing of contingency beds. **The risk is £500k.**



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20. The continuous and increasing risk of not being able to recruit to key medical posts and GPs in the new 2C practices will result in the use of agency or locum staff with a possibility of no agreed national framework and hourly demand rates increasing. **The risk is £1,500k.**
21. The risk of new packages of care including transfers from Children Services and breakdown of existing care arrangements the risk is **£400k.**
22. Reduction in population, increasing health needs, reducing workforce population are all contributing to increase requirement for resources both finance and staffing. The finance risk in any year could be between **£1m to £2m.**

In 11 years, the cost attributed to the aging population, excluding inflation, shows an increase for NHS (in total) of **£5.3m** and for Adult Social Care **£3.1m.**

### RECOMMENDATIONS

23. It is recommended that members of the IJB:
- Note the Gap for 2024/25 that will need to be closed to break-even;
  - Note that the IJB 2024/25 budget with a savings/choices plan will come to the IJB in June for approval;
  - Note the 3-year Gross Gaps of £6.261m, £8.771m and £10.725m respectively.

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**Chief Finance Officer**  
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