



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Integration Joint Board
<b>Held on</b>	25 November 2020
<b>Agenda Item</b>	12
<b>Title</b>	Revenue Budget 2021/22
<p><b>Summary</b></p> <p>To provide the Integration Joint Board with an overview of preparation for the 2021/22 budget setting process, as part of our financial governance arrangements.</p>	
<b>Presented by</b>	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)
<p><b>Action Required</b></p> <p>The Integration Joint Board is asked to note the position set out in this report.</p>	
<p><b>Directions</b></p> <p><input type="checkbox"/> No Directions Required</p> <p><input type="checkbox"/> Directions to East Renfrewshire Council (ERC)</p> <p><input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC)</p> <p><input checked="" type="checkbox"/> Directions to both ERC and NHSGGC</p>	<p><b>Implications</b></p> <p><input checked="" type="checkbox"/> Finance</p> <p><input type="checkbox"/> Policy</p> <p><input type="checkbox"/> Workforce</p> <p><input type="checkbox"/> Equalities</p> <p><input checked="" type="checkbox"/> Risk</p> <p><input type="checkbox"/> Legal</p> <p><input type="checkbox"/> Infrastructure</p> <p><input type="checkbox"/> Fairer Scotland Duty</p>

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**EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

**25 November 2020**

**Report by Chief Financial Officer**

**REVENUE BUDGET 2021/22**

**PURPOSE OF REPORT**

1. To advise the Integration Joint Board of the position and preparation for the 2021/22 budget setting process and review of our Medium Term Financial Plan to cover the period 2021/22 to 2025/26.

**RECOMMENDATIONS**

2. The Integration Joint Board is asked to note the position set out in this report.

**BACKGROUND**

3. This report forms part of the regular financial reporting to the IJB ensuring that the HSCP financial governance arrangements are maintained. This report sets the scene for the 2021/22 budget work over the coming months and the IJB is reminded of the obligation to set our annual budget by 31 March 2021.
4. The work undertaken to support setting a budget for 2020/21 will also inform the review of our current Medium Term Financial Plan and this will be refreshed to cover the five year period to 2025/26.
5. The Medium Term Financial Plan is informed by and supports our Strategic Plan and provides a financial framework to support the delivery of our outcomes.
6. This IJB is used to the cycle of revenue monitoring during the year which informs the implications for the coming year; however here are many more unknowns than usual at this stage in the cycle as a result of Covid-19 and these are discussed below.

**REPORT**

7. The IJB should take some assurance that the usual financial planning work is being undertaken to inform and prepare for the budget discussions and associated process with our partners for the coming financial year. This includes identifying and quantifying our expected cost pressures, using known costs, our performance intelligence, benchmarking and professional judgement to best estimate cost implications such as:
  - Pay and inflation
  - Demographic pressures
  - Specific cost increases
  - Policy decisions
  - Efficiencies and other savings
8. Where we have identified an early estimation of costs we often use a range of scenarios to identify “what if” implications and we regularly refine these assumptions as each becomes clearer or is agreed with many set nationally.

9. The planning and preparation for the coming year has been difficult given the current year cost implications from Covid-19; we are still working through this and need to determine:
  - What is time limited and what the recurring implications will be?
  - What our year end position will be for funded / unfunded Covid-19 costs
  - How this will impact on our current year outturn
  - How this will impact on our reserves strategy
10. Our recovery work should help inform this, but realistically we are still in response mode. It is too early to be able to accurately quantify the impact and implications on the services we deliver. We will continue to monitor and assess the impact on funding through our regular revenue monitoring reporting and mobilisation cost tracker.
11. The recommendations from the national review of social care may have implications for the budget and forward financial planning.
12. The Scottish Government has announced that it plans to publish its budget on 28 January 2021 and this will clarify the level of funding we can expect along with any settlement conditions and policy directives.
13. Initial work with one of our partners illustrates that should there be a difficult settlement for local authorities would result in a significant new savings challenge for the HSCP. T
14. The IJB will recall our current year budget fell within the “poor” range of funding scenarios in our current Medium Term Financial Plan.
15. The IJB will also recall we have current year savings to achieve to ensure we start 2021/22 in a balanced position. As part of our recovery work our Change Programme was reinstated and work started to support the redesign of overnight support and review the individual budget calculator; however given our capacity restrictions from the Covid-19 response we are unlikely to achieve the required savings by 31 March 2021. The maximum legacy saving we may have to take forward is £1.8 million.
16. The impact from Brexit is still an unknown and activity on local and national working groups is increasing to plan and mitigate as best we can for known and likely scenarios.

## IMPLICATIONS OF THE PROPOSALS

### Finance

17. Work will continue to progress the 2021/22 budget proposals and reports will be brought to the February and March meetings of the IJB.
18. A seminar session/s will be arranged during December and January and information will be provided as required to ensure IJB members have a clearer picture of our financial planning position as issues are clarified.

### Risk

19. In line with the national position our financial sustainability remains a significant risk to the IJB. This risk was identified by Audit Scotland in our action plan from the 2019/20 accounts “**The IJB may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery**”.

20. There are several further risks which could impact on the current and future budget position; including:
- Achieving all existing savings on a recurring basis and sufficient budget in 2021/22 to maintain capacity to deliver our services
  - Maintaining our reserves strategy in line with our policy
  - The impact of COVID-19 on the HSCP and on our partner providers and the care service market
  - Prescribing cost volatility
  - Observation and Out of Area costs within Specialist Learning Disability Services
  - Brexit implications
  - Economic outlook

## **DIRECTIONS**

21. The directions for 2021/22 will be issued upon agreement of that budget.

## **CONSULTATION AND PARTNERSHIP WORKING**

22. The Chief Financial Officer will continue to work closely with our partners throughout the budget setting process.

## **CONCLUSIONS**

23. The IJB may face a real challenge in setting the budget for 2021/22 given the number of unknowns at this stage. However we will continue to build on our solid record of financial performance and address issues as they emerge, are clarified and implications and impacts become clearer.

## **RECOMMENDATIONS**

24. The Integration Joint Board is asked to note the position set out in this report.

## **REPORT AUTHOR**

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12 November 2020

Chief Officer, IJB: Julie Murray

## **BACKGROUND PAPERS**

None

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