

Midlothian Integration Joint Board



Thursday, 21st March 2024, 14:00-15:00

2024/25 Budget Offers from Midlothian IJB's Funding Partners

Item number: 4.3

Agenda number

Executive summary

Midlothian IJB receives its funding from its statutory partners - Midlothian Council and NHS Lothian. The partners have made offers to the IJB for 2024/25 and Midlothian IJB must now consider these offers prior to setting its own 2024/25 budget.

The offer from Midlothian Council is final in that Midlothian Council has now set its own 2024/25 budget. NHS Lothian will set a budget for 2024/25 at its April Board meeting but it has provided the IJB with an indicative offer.

The IJB applies two tests to the partners offers, these being that the offer complies with the Scottish Government's guidance, and that the partner is offering the IJB what it has available. It should be noted that Midlothian Council's offer considerably exceeds the first test.

Members are asked to:

- Note the budget offers and the details behind them.
 - Accept Midlothian Council's formal budget offer for 2024/25
 - Accept NHS Lothian's Budget indicative budget offer for 2024/25.
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2024/25 Budget Offers from Midlothian IJB's funding Partners

1 Purpose

- 1.1 This report sets out the 2024/25 budget offers from Midlothian IJB's funding partners - Midlothian Council and NHS Lothian.

2 Recommendations

- 2.1 As a result of this report, Members are asked to:
- Note the detail behind the partner's budget offers for 2024/25
 - Accept Midlothian Council's 2024/25 formal budget offer
 - Accept NHS Lothian's indicative 2024/25 budget offer

3 Background and main report

- 3.1 Midlothian IJB has been delegated a range of health and social care functions from its partners NHS Lothian and Midlothian Council. In order to plan for the delivery of these functions the IJB receives funding from both of these bodies. Midlothian Council have now made a formal budget offer to the IJB having set their own budget for 2024/25. NHS Lothian have provided an indicative offer for 2024/25. NHS Lothian will set a budget for 2024/25 at their April Board meeting.
- 3.2 The IJB applies two tests to the partners' budget offers, these being compliance with the Scottish Government's own budget settlement letters to the NHS, and a more subjective test of 'fairness'. The latter test is a mechanism to reflect that the funding partner can only pass on what they themselves have been given through the Scottish Government's budget settlement.
- 3.3 NHS Lothian has now revised its budget setting model for the Set Aside budget, following a request to do so by the 4 Lothian IJB Chief Officers. The original model set up in 2014 reflected on the theoretical delegation of 'acute' functions and tried to match these to the appropriate budgets. This has been a work-in-progress and NHS Lothian has now finished a detailed review. Although this reduced the Set Aside budget, it more accurately reflects the budgets for the delegated functions, will reduce the charges against these budgets, and reduce the overall impact of the financial pressure on the 4 Lothian IJBs.
- 3.4 Given this adjustment above, the NHS Lothian offer is effectively flat, recognising that this is the budget settlement that they themselves have available. That said, the Scottish Government have committed to funding pay awards made in 2024/25

to NHS staff and NHS Lothian are clear in their budget offer that any such pay award funding will be appropriately passed onto the IJB.

3.5 The Scottish Government settlement to the Local Authorities was also effectively flat. However, the Scottish Government also made funds available to allow the providers of social work to pay their staff the Real Living Wage (RLW) of a minimum of £12-00 per hour, and an additional uplift to the allowance for free personal and nursing care. These funds were to be passed on to the IJB.

3.6 Midlothian Council's offer is as follows :-

	£000's	Notes
Baseline	56,593	
Minor in year adjustment	-24	
Pay Uplift 23/24	794	1
Revised baseline	57,363	
Adjustment for Employers Pension contributions	-669	2
Pay Uplift (3%)	664	3
RLW Funding	3,344	4
FPNC	164	4
Transitions	500	5
Elderly Demographic	1,000	5
Contractual & Other Inflation	1,168	5
Budget offer	63,534	

Notes –

Note 1: In 23/24, the Scottish Government has made funds available to Local Authorities to reflect that the pay awards are greater than the original assumptions. As part of the 23/24 budget setting the Scottish Government did not make any pay award funding available and considered that an indicative 3% award had to be found within the Councils own resources. Funds made available in year are for the additionality (that is the amount over 3%) in the pay award settlement in 2023/24. The funds above being the social care element.

Note 2: The cost of employing a member of staff is the total of the costs of their pay plus the employer's contribution towards the employee's pension and a contribution towards the employee's National Insurance payments. A review of the Local Authority pension fund has indicated that these funds are now over-provided for their future pension commitments. As a result, the employer's contribution has now been reduced and this reduces the total cost of employing a member of staff. Therefore, although the budget is reduced, the staffing costs are also reduced, and this adjustment has no impact on the IJB's overall financial position.

Note 3: These are additional funds to support the 24/25 pay awards. These funds have come from within the Council's own resources, and this has a positive impact on the IJB's financial position.

Note 4: The Council has passed through, in full, the Scottish Government funds for RLW and FNPC. These funds will then be passed onto the providers of social care. Although the net impact is zero, it is very helpful to have these funds which otherwise would have created additional pressures.

Note 5: These are additional funds, not in the IJB's original 2024/25 forecasts and will be used to resolve a significant range of pressures.

3.7 Midlothian Council's budget offer contains an additional £3.3m of 'new' monies which had not been in the IJB's opening 2024/25 plans. These funds are very welcome. Given the above, it is clear that both parties have passed the budget offer 'tests' and the IJB should now accept these offers.

3.9 In summary the opening IJB budget for 2024/25 is as follows –

Summary Proposed Budgets 2024/25	
	£000's
Core	66,180
Hosted	12,292
Set Aside	16,434
Total Health	94,906
Social Care	63,534
Total Opening Budget	158,440

This includes an indicative allocation for GMS (General Medical Services, the running costs of the GP Practices in Midlothian), the allocation from the Scottish Government for GMS for 2024/25 will not be received until the new financial year.

3.10 The budget offers from both parties are attached.

4 Policy Implications

4.1 There are no direct policy implications in relation to this report.

5 Directions

5.1 This report does not impact on any current Direction or require any further Direction to be issued.

6 Equalities Implications

6.1 This report does not have direct impact on people with protected characteristics.

7 Resource Implications

7.1 The resource implications are described above.

8 Risk

8.1 Financial risks are included in the IJB's risk register.

9 Involving people

9.1 This report has been written following a range of consultations with Midlothian IJB members, the Boards partners, and the HSCP management team.

10 Background Papers

None

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DATE	March 2024

Appendices:

Appendix 1:

Letter from David Gladwin (CFO, Midlothian Council) – Budget Offer for 2024/25 from Midlothian Council.

Appendix 2:

Letter from Craig Marriott (Director of Finance, NHS Lothian) – Indicative Budget offer for 2024/25 from NHS Lothian.