

ANGUS COUNCIL

ANGUS COUNCIL - 18 FEBRUARY 2016

**HEALTH AND SOCIAL CARE INTEGRATION – DEVOLVED BUDGET TO ANGUS INTEGRATION
JOINT BOARD 2016/17**

**REPORT BY HEAD OF CORPORATE IMPROVEMENT & FINANCE, STRATEGIC DIRECTOR
(PEOPLE) AND INTEGRATION JOINT BOARD CHIEF OFFICER**

ABSTRACT

This report summarises the revenue budget being devolved to the Angus Integration Joint Board for 2016/17 which will take over responsibility for Older People & Adult Services from 1 April 2016.

1. RECOMMENDATION

It is recommended that the contents of this report are noted.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT / CORPORATE PLAN

This report contributes as a whole to the local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016. The Budget including savings and investment proposals has been developed on a basis which seeks to reflect the Council's priorities and those outcomes the Council as a partner within the Community Planning Partnership is trying to deliver.

3. INTRODUCTION

Members will be aware from previous reports to committee that the Integration Chief Officer will have responsibility for services to Older People & Adults from 1 April 2016. This will be governed by the Angus Integration Joint Board.

As part of this transfer of responsibility, revenue budget resources previously managed by Angus Council will be devolved to the Integration Joint Board (IJB) by both Angus Council and NHS Tayside. The IJB will not (at least initially) deliver services itself but will instead have these provided through Angus Council and NHS Tayside. To achieve this the IJB will prepare a Strategic Plan and supporting Financial Plan which will demonstrate how it will utilise the totality of its devolved resources. The Strategic and Financial Plan will identify:

- The level of resources that are being commissioned to each of the parent bodies, Angus Council and NHS Tayside
- The manner in which these services are to be delivered by the parent bodies.

In the initial period resources devolved to the IJB and directed back to Angus Council and NHS Tayside will likely be consistent with how they currently are apportioned. This will transition into a fully integrated way of working as the impact of the proposals within the Strategic Plan begin to be implemented.

4. 2016/17 DEVOLVED BUDGET PROCESS

The development of the devolved Older People & Adult Services budget was progressed through the Council's normal budget setting arrangements and draft proposals regarding investment and savings were considered through the Policy & Budget Strategy Group (PBSG) and Priority Based Budgeting Member / Officer Group (MOG). The Scottish Government finance settlement announcement post the MOG presented two issues pertinent to finalisation of the devolved budget:-

- A significantly higher reduction in the Council's government grant allocation than had been anticipated leaving the Council with a significant funding gap as outlined in the Background Report;
- The provision of £250m nationally for Integration to be provided via health boards and the scope for councils to access part of this to help narrow the funding gaps arising following the settlement announcement.

Following the finance settlement, dialogue nationally via CoSLA clarified how the £250m integration funding is to be used. In parallel, Angus Council officers have been in dialogue with the IJB Chief Officer and Chief Financial Officer to conclude a proposed devolved budget for 2016/17. The position detailed in the various budget papers reflects the outcome of these discussions. It is highlighted, however, that the IJB also requires to approve the devolved budget package from Angus Council. This will take place on 17 February 2016.

5. 2016/17 DEVOLVED BUDGET

This section details the individual elements comprising the movement in the Older People & Adult Services revenue budget between 2015/16 to 2016/17 and thus the budget to be devolved to the IJB.

Savings

£1,756k of savings in relation to Older People & Adult Services is identified in Report 61/16. A further £650k in relation to Help to Live at Home is identified in Appendix 2 to Report 60/16 in relation to Tier 1 reviews. The other Tier 1 reviews identified therein will have an impact on budgets across the Council as the outcomes of reviews are determined. It is envisaged at present that these other reviews will have a nominal impact onto the devolved budget in 2016/17 and a provision of £20k has been made in this regard at present. The majority of these savings have been planned for some time and were part of the original 3 year package of savings the Council agreed in February 2014. None of these savings are therefore directly related to Integration and the new management arrangements that entails.

A cautious approach has been taken in regard to efficiency savings arising from integration itself. It will take time for the new arrangements to settle in and delivery of the planned savings identified above will be the focus in Year 1. On this basis no additional efficiency savings from integration have been assumed for 2016/17.

Investment

£2,314k of investment proposals in relation to Older People & Adult Services is identified in Report 61/16. A further £1,000k has been added to the base budget for 2016/17 to address the trends in overspends of recent financial years.

Other Adjustments

There are a number of other budget adjustments that will impact onto the Older People & Adult Services budget as follows:-

- Staff salary increments (£100k);
- Removal of one-off SDS budget issue agreed for funding in 2015/16 only (£96k);
- Pay award from 1 April 2016 – this is held as a corporate provision at present and a requirement of £263k has been estimated;
- Employers National Insurance contributions increase re contracting out – this is held as a corporate provision at present and a requirement of £420k has been estimated;
- Energy budget reduction – a reduced corporate provision for energy costs has been made for 2016/17. An estimated impact of £40k onto the devolved budget has been provided for.

Integration Funding

As noted above, £250m has been provided nationally to support integration with that related to Angus totalling £5,340k. Following the provision of guidance by the Scottish Government and dialogue with the IJB Chief Officer and Chief Financial Officer it is anticipated that the Older People & Adult Services budget will be able to access £2,463k of this funding as follows:-

- Demographic growth (£1,427k) - investment bids per Report 61/16 in relation to:-
 - People with Learning Disabilities (£497k);
 - People with Mental Health needs (£230k);
 - Older People (£700k).
- Other cost pressures (£1,036k) – this represents the estimated funding available for general cost pressures e.g. pay awards, after allowing for top-slicing of the Integration Funding for delivery of

Scottish Government national priorities i.e. provision of the living wage to social care workers, improving the quality of care and delayed discharge.

This Integration funding is being provided through health boards and it will be necessary for a £2,463k transfer of resources to take place between NHS Tayside and Angus Council during 2016/17 via the IJB.

Summary of Estimated 2016/17 Devolved Budget

The table below summarises the budget adjustments noted above and presents the estimated Older People & Adult Services devolved budget for 2016/17.

Table 1

	£ 000	£ 000
2015/16 Base Budget		44,765
Main Savings Package per Report 61/16	(1,756)	
Help to Live at Home Savings per Report 60/16	(650)	
Other Tier 1 Savings*	(20)	
Total Savings		(2,426)
Investments		3,314
Adult Services Staff Increments	100	
2015/16 One off Budget Issue Removed	(96)	
Pay Award*	263	
NI Contracting Out*	420	
Energy Budget Reduction*	(40)	
Total Other Adjustments		647
Estimated 2016/17 Base Budget		46,300
Budget Growth / (Reduction) 2015/16 to 2016/17		1,535
Integration Funding		(2,463)
Budget Growth / (Reduction) 2015/16 to 2016/17 after Integration Funding		(928)

Reconciliation to 2016/17 Provisional Base Budget

A number of the items in the table above are contained within provisions which are held corporately by the Council at present within the provisional budget and will not be formally allocated to Directorates or devolved to the IJB until the actual allocation is determined (noted with * in Table 1). The following table, therefore, presents a reconciliation of the estimated 2016/17 base budget above to the Provisional Base Budget presented in Report 61/16.

Table 2

	£ 000	£ 000
Provisional Base Budget 2016/17		46,327
Pay Award	263	
NI Contracting Out	420	
Energy Budget Reduction	(40)	
Help to Live at Home (contained within Tier 1 savings corporate provision)	(650)	
Other Tier 1 Savings	(20)	
Total Reconciliation Adjustments		(27)
Estimated 2016/17 Base Budget (Per Table 1)		46,300

6. RISKS

There are a number of risks evident in the budget provision for Older People & Adult Services outlined in this report as detailed below.

Access to £250m Integration Funding

The £2,463k of Integration Funding noted above is based upon officer understanding of the Scottish Government's guidance on the use of the £5,340k of funding available within Angus. Although officers believe the proposed devolved budget complies with this guidance the timing of it being provided has meant the 2016/17 budget package has required to be finalised without the opportunity to clarify beyond all doubt the Council's assumptions with the Scottish Government. There is a risk therefore that the funding package may not fully align with the Scottish Government's interpretation of the guidance and may therefore require adjustment.

The £2,463k is also based upon a number of estimates of top-slicing of funding for national priorities. There is risk that these estimates are significantly at variance with the local costs in Angus once the detail of these national priorities are determined.

Approval by the Integration Joint Board

The 2016/17 budget package still requires formal approval by the IJB which will take place after papers for the Council Tax setting meeting have been finalised. There is risk therefore that the IJB will not approve the proposed devolved budget and seek to reopen dialogue with the Council.

Should any or all of the above risks materialise it will be necessary to review and adjust the Council's budget. Any review or adjustments will however have to be done on a financially neutral basis and may require one-off solutions to be deployed for 2016/17 only to give time for more permanent solutions to be found.

The proposed devolved budget as outlined in this report is considered from a Council officer perspective to be reasonable given the local government funding context it is set in but will be challenging to deliver. The proposed budget addresses historic overspend risks, provides for known cost and demand increases caused by demographic change but also requires a significant amount of budget savings to be achieved.

7. FINANCIAL IMPLICATIONS

There are no immediate financial implications arising from the recommendations of this report. The savings and investment proposals outlined in this report are subject of approval through other reports on the Agenda of this meeting.

It should be noted however, that Angus Council and NHS Tayside's relationship with the IJB is partly facilitated by the Integration Scheme which each of the parties approved. Part of the Integration Scheme relates to financial risk in the initial two years of the IJB and notes that during this period any overspend in relation to devolved budgets will ultimately be the responsibility of the parent body which devolved the budget. In light of this it is in the interests of both Angus Council and NHS Tayside to ensure that robust budgets are devolved to the IJB.

8. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising from the recommendation contained in this report.

9. EQUALITIES IMPLICATIONS

The issues in this report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

REPORT AUTHOR: Steven Mill, Service Manager (Finance Services)

EMAIL DETAILS: Finance@angus.gov.uk

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.