

**ANGUS COUNCIL****ANGUS COUNCIL - 15 FEBRUARY 2018****DEVOLVED BUDGET TO ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD FOR  
2018/19****REPORT BY HEAD OF CORPORATE FINANCE****ABSTRACT**

This report summarises the proposed revenue budget being devolved to the Angus Health and Social Care Partnership / Integration Joint Board (IJB) for 2018/19 which has responsibility for delivery of Adult Services.

**1. RECOMMENDATION**

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

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN / CORPORATE PLAN**

This report contributes as a whole to the local outcome(s) contained within the Angus Local Outcomes Improvement Plan and the Angus Health & Social Care Partnership Strategic Plan. The budget, including savings and investment proposals, has been developed on a basis which seeks to reflect the respective priorities of the Council and the IJB.

**3. INTRODUCTION**

The Integration Joint Board's Chief Officer has had responsibility for Adult Services from 1 April 2016. These arrangements are governed by the IJB.

As part of this transfer of responsibility, revenue budget resources previously managed by Angus Council are now devolved to the IJB. The IJB does not at present deliver services itself but instead provides these through Angus Council and NHS Tayside. To facilitate this, the IJB prepared a Strategic Plan and supporting Financial Plan which demonstrates how it will utilise the totality of its devolved resources. The Strategic and Financial Plan identify:

- The resources associated with services that are being commissioned through 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 of Integration, resources devolved to the IJB and directed back to Angus Council and NHS Tayside have not significantly vary from historic patterns. This pattern is changing, however, as the IJB develops integrated services more fully reflecting the proposals within the Angus Health and Social Care Partnership Strategic Plan 2016-2019.

**4. 2018/19 DEVOLVED BUDGET PROCESS**

The Integration Scheme sets out the governance process for the development of the devolved budget from the Council to the IJB. Discussions have been ongoing during 2017/18 between the Council and the IJB to progress towards an agreed devolved budget for 2018/19. The development of the devolved IJB budget has also been progressed through the Council's normal budget setting arrangements and draft proposals were considered through the Policy & Budget Strategy Group (PBSG). The Scottish Government's finance settlement announcement in December 2017 presented two issues pertinent to finalisation of the IJB's devolved budget:-

- Confirmation of a grant allocation for 2018/19 from the Scottish Government which is insufficient to address inflationary and demand pressures. This leaves the Council with a significant funding gap as outlined in the Provisional Revenue and Capital Budgets 2018/19 Background Report;
- The inclusion of £66m nationally (an estimated £1.565m for Angus) in recognition of specific pressures affecting IJBs. This is intended to address issues such as living wage implications for adult social care, cost pressures in relation to staff sleepovers and the financial implications of the Carers Act.

Since the December 2017 draft financial settlement, Angus Council officers have been in dialogue with the IJB Chief Officer and Chief Financial Officer to progress a proposed devolved budget for 2018/19. The position detailed in the various budget papers reflects the provisional outcome of these discussions noting the IJB Board still requires to approve the devolved budget package from Angus Council at an IJB Board meeting on 21 February 2018.

## 5. 2018/19 DEVOLVED BUDGET

This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2017/18 to 2018/19.

### Scottish Government Integration Funding

In 2016/17 and 2017/18 the Scottish Government provided additional funds nationally to support integration, with this being channelled through NHS Boards directly to IJBs. It was therefore necessary for this funding to be transferred from NHS Tayside through Angus IJB to Angus Council to support adult services related activity. For 2018/19 the additional funding noted above (£1.565m) is being provided directly to local authorities, is not ring-fenced and is therefore within Angus Council control.

### Cost Pressures

On an annual basis the IJB faces a number of cost pressures. These include pay inflation pressures for employees employed through Angus Council and inflation related issues for contracts delivered through third party providers. Those contracts delivered through third parties will be disproportionately impacted by Living Wage increases with all Adult Social care staff being paid at least an increased Living Wage of £8.75 in 2018/19 (up from £8.45, increase of 3.6%). Inflation pressures will also affect the National Care Home Contract with Angus contracting for over £24m of activity linked to that mechanism (uplift has yet to be agreed nationally but will be in excess of inflation).

The IJB also continues to see an increase in demand for adult social care services linked to demographic changes in, for example, the older people population. Legal changes, specifically the new Carers Act, will place a further new burden on Adult Social Care in 2018/19.

The final cost estimates of the above noted cost pressures are in some cases still subject to change, the currently estimated impacts are as follows:-

Cost Pressure	2018/19 Impact (£ 000)
Pay inflation - employed staff	800
Inflation – Third Party Contracts	500
National Care Home Contract	800
Carers Act (Year 1)	200
Demographic changes	1,000
Total	3,300

### Savings

Noting the above cost pressures are still subject to review, the IJB is developing a number of proposals in response to these in order that they can be contained within available resources. For 2018/19, these include completing the implementation of the Help to Live at Home programme, revised charging arrangements (subject of separate report on this Agenda), undertaking a review of Care Home services, reviews of Learning Disability Services and reviews of service eligibility criteria.

### 2018/19 Devolved Budget

The recommended budget settlement with the IJB is based on a generally “flat cash” settlement but with recognition of some key cost pressures being faced by the IJB. The rationale for this approach is in recognition of:-

- The significant value of the IJB budget to the Council’s overall budget (18%) which means it can’t be ignored in the search for savings and efficiencies;
- The significant funding challenges facing the Council as outlined in the [Medium Term Financial Strategy](#) and the other papers on the agenda of this meeting resulting in a cash reduction in the resources available for 2018/19; and
- The challenges facing the IJB due to cost pressures (see above) and those expectations arising from the Scottish Government’s additional funding provision.

The cost pressures that have been agreed to be recognised are:-

- Carer’s Act Implementation – increased funding of £200k is to be provided for in 2018/19.
- Living Wage inflationary impact – increased funding of £310k is to be provided for in 2018/19.

In light of the above, the Council’s 2018/19 revenue budget proposes providing an increase of £510k in the devolved budget to the IJB for 2018/19. This will see an increase from £44.2m in 2017/18 to £44.7m in 2018/19. This increased funding is assumed to be “baselined” within the devolved budget and thus provided on an ongoing basis. This is on the basis that the government grant uplifts provided to Angus Council for 2018/19 are ongoing also which, as noted in the Background Report, is not clear at present. If this is not the case it may be necessary to revisit the devolved budget increase as part of the 2019/20 budget setting process.

## **6. RISKS**

There are a number of risks evident in the budget provision for the IJB in this report as detailed below.

### Cost Pressures

As noted above, a number of the cost pressures are estimates only and further work is required to review these in detail or they are dependent upon national negotiations. It may be that such review determines that the extent of these is in excess of the current estimate.

### Savings Requirement

In order to achieve a balanced budget, this settlement requires the IJB to manage a challenging savings and cost containment requirement for 2018/19 and a programme of measures, as noted above, to achieve this. There is also risk associated with one-off costs that may arise in order to deliver these savings.

### Approval by the Integration Joint Board

The 2018/19 budget package noted above has been reached following dialogue between Angus Council and IJB officers. IJB officers have confirmed they will recommend the budget package to the IJB for approval . However the IJB meeting to consider this will take place on 21st February 2018 after papers for the Council Tax setting meeting have been finalised and after the Council Tax setting meeting itself. There is a residual risk, therefore, that the IJB does not approve the proposed devolved budget and seeks to reopen dialogue with the Council after the Council has set its 2018/19 budget.

### Budget Risk Sharing

It should be noted that Angus Council’s and NHS Tayside’s financial relationship with the IJB is described in the Integration Scheme which each of the parties approved. Part of the Integration Scheme relates to financial risk and notes that during the IJB’s third financial year any overspend in relation to devolved budgets will be shared between the parties on the basis of the proportionate share of each party’s devolved budget. This risk sharing arrangement is currently the subject of discussion between the Council, NHS Tayside and Angus IJB.

## **7. FINANCIAL IMPLICATIONS**

There are no immediate financial implications arising from the recommendations of this report. The proposals outlined in this report are subject of approval through other reports on the Agenda of this meeting. The proposed devolved budget as outlined in this report is considered from a Council officer perspective to be reasonable and fair given the local government funding context it is set in but will be challenging to deliver.

## **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.

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**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.