

**ANGUS COUNCIL**

**ANGUS COUNCIL - 16 FEBRUARY 2017**

**HEALTH AND SOCIAL CARE INTEGRATION – DEVOLVED BUDGET TO ANGUS  
INTEGRATION JOINT BOARD 2017/18**

**REPORT BY HEAD OF CORPORATE IMPROVEMENT & FINANCE**

**ABSTRACT**

This report summarises the proposed revenue budget being devolved to the Angus Integration Joint Board for 2017/18 which took over responsibility for 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 and the Angus Health & Social Care Partnership Strategic Plan 2016-19. 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 that the Integration Joint Board's Chief Officer has had responsibility for Adult Services from 1 April 2016. These arrangements are governed by the Angus Integration Joint Board.

As part of this transfer of responsibility, revenue budget resources previously managed by Angus Council are now devolved to the Integration Joint Board (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 has 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 will not significantly vary from historic patterns. This will change, 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. 2017/18 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 2016/17 between the Council and the IJB regarding both the 2016/17 budget and the budget for 2017/18. 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) and Member / Officer Group (MOG). The Scottish Government's finance settlement announcement in December 2016 presented three issues pertinent to finalisation of the IJB's devolved budget:-

- Confirmation of a further significant reduction in the Council's government grant allocation, leaving the Council with a funding gap as outlined in the Background Report;
- Confirmation that the £250m of funding provided to Integrated Joint Boards in 2016/17 has been "base-lined" within the finance settlement thus removing risk regarding non-continuation of this funding;
- The provision of a further £107m nationally in 2017/18 for Integration Joint Boards that is to be provided via health boards.

Following the finance settlement, dialogue nationally via CoSLA has provided some background with regard to how the £107m funding is to be used. It has been confirmed that the Angus IJB will receive a £2,280k share of this national funding to meet a series of requirements. Since the December 2016 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 2017/18. 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 22 February 2017.

## 5. 2017/18 DEVOLVED BUDGET

This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2016/17 to 2017/18. It should be noted that it is based on a proposed cash neutral settlement for the IJB between 2016/17 and 2017/18 in respect of the ongoing baseline budget, before allowance is made to address pay related cost pressures and one-off investments for 2017/18.

### Investment

£4,043k of investment proposals in relation to Adult Services are being recognised, as detailed in Appendix A, with £3,928k of these ongoing and £115k one-off. It should be noted that the £107m national funding includes a number of commitments for new burdens as directed by the Scottish Government. As a consequence of this, provision has required to be made for these within the investment bids e.g. National Care Home Contract, Carers Act implementation and impact of increases to the Living Wage.

### Savings

An overall savings package of £1,648k has been proposed for the IJB in order to achieve the above noted cash neutral budget settlement and in recognition of the pressures faced by the Council in its overall budget setting. These savings include:-

- £200k of anticipated increases in charges for services;
- £820k arising from the Help to Live at Home project;
- £628k of savings to be identified by the IJB.

### Integration Funding

As noted above, £107m has been provided nationally to support integration with that related to Angus confirmed as £2,280k. All of this funding will be utilised by the Integrated Joint Board to address cost pressures in relation to Council provided Adult Services including the Scottish Government commitments noted above. This funding is being provided through Health Boards and it will be necessary for a £2,280k transfer of resources to take place between NHS Tayside and Angus Council during 2017/18 via the IJB.

### Other Adjustments

There are a number of pay related budget adjustments that will impact onto the IJB budget as follows:-

- Staff salary increments of £62k;
- Pay award from 1 April 2017 – this is held as a corporate provision at present and a requirement of £306k has been estimated;
- Apprenticeship levy – this is held as a corporate provision and will be paid centrally by the Council. For presentation purposes a memorandum figure of £121k has been estimated as the requirement in respect of IJB staff to demonstrate the totality of resources allocated.

### Summary of Estimated 2017/18 Devolved Budget

Table 1 below summarises the budget adjustments noted above and presents the estimated Adult Services budget to be devolved to the Integrated Joint Board for 2017/18. It excludes a number of adjustments which are to be made by the IJB on a cost neutral basis to make budget corrections arising from 2016/17.

Table 1

	£ 000	£ 000
2016/17 Base Budget		43,720
Transforming Angus Agile Savings	(31)	
Welfare Rights corrections	(3)	(34)
<b>Revised 2016/17 Base Budget</b>		<b>43,686</b>
Ongoing Investments	3,928	
One-off Investments for 2017/18	115	
<b>Total Investments</b>		<b>4,043</b>
Review of Charges	(200)	
Help to Live at Home Savings	(820)	
Other Savings	(628)	
<b>Total Savings</b>		<b>(1,648)</b>
<b>Integration Grant Funding 2017/18</b>		<b>(2,280)</b>
<b>Net Growth Before Pay Related Items</b>		<b>115</b>
Staff Increments	62	
Pay Award	306	
Apprenticeship Levy (memorandum item – see below)	121	
<b>Total Other Adjustments</b>		<b>489</b>
<b>Net Growth After Pay Related Items</b>		<b>604</b>
<b>Estimated 2017/18 Base Budget</b>		<b>44,290</b>

The Scottish Government has intimated, in correspondence regarding the finance settlement, that local authorities “will be able to adjust their allocations to Integration Authorities in 2017/18 by up to their share of £80m below the level of budget agreed with their Integration Authority for 2016/17”. For Angus the share of £80m equates to £1,700k. It is evident from the above table that the IJB budget provision is increasing for 2017/18 rather than reducing by £1,700k. To some extent this is in recognition of the cost pressures requiring to be addressed within Adult Services but primarily results from the need to provide for a number of new burdens provided for within the Scottish Government funding provision.

### Reconciliation to 2017/18 Provisional Base Budget

Pay award is currently provided for corporately in the Council's provisional budget and will not be formally allocated to Directorates or devolved to the IJB until the actual allocation is determined. Further, the Apprenticeship Levy will be paid centrally by the Council rather than by Directorates or the IJB. The allocation shown for the IJB will not, therefore, be formally devolved and thus represents a memorandum figure to allow the totality of financial resource provided to be appreciated. Table 2 below presents a reconciliation of the estimated 2017/18 base budget above to the Provisional Base Budget presented in Report 59/17.

Table 2

	£ 000	£ 000
Provisional Base Budget 2017/18		43,863
Pay Award	306	
Apprenticeship Levy	121	
<b>Total Reconciliation Adjustments</b>		<b>427</b>
<b>Estimated 2017/18 Base Budget (Per Table 1)</b>		<b>44,290</b>

## 6. RISKS

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

### Access to £107m Integration Funding

The £2,280k of Integration Funding noted above is based upon officer understanding of the Scottish Government's guidance, including the funding provision for the various policy commitments, which has not been formally issued at present. Further, it has been assumed that the cost of implementation of the policy commitments within Angus equates to the estimated share of funding provision. There is a risk with these various assumptions that funding and / or costs may be at variance from what has been provided for.

### Transforming Angus (including Help To Live At Home)

There will be one off costs associated with the delivery of the Help to Live at Home savings noted in section 5 which will require to be addressed. The extent of these is difficult to estimate given they will be dependent upon the number of staff involved and their individual circumstances. However, a working estimate of £650k has been made which the IJB will seek to manage down (via the Transforming Angus programme monitoring arrangements), fund through reserves created from any 2016/17 Adult Services underspend or fund through any Adult Services 2017/18 under spends that arise. However should these measures fail to contain the full one off costs regarding Help to Live at Home, then Angus Council may be required to assist to meet some of the one off costs which the Council will manage as a known risk.

The IJB is also participating in other TA programmes and these will help to contribute to the savings requirements described in this paper required of the IJB.

### Investment Bids

A number of investment bids submitted by the IJB totalling circa £800k are not provided for in the proposed devolved 2017/18 budget 2017/18. It has been agreed that the nature of these cost pressures means that a degree of risk can be taken with regard to the prospect of them crystallising during 2017/18 i.e. they relate to care packages that may require to be put in place for specific clients rather than general cost pressures. Angus Council acknowledges there may be a risk that falls back to the Council to address.

### Savings Requirement

In order to achieve the cash neutral budget growth this settlement requires the IJB to manage a challenging savings and cost containment requirement for 2017/18 of £628k which still requires specific measures to be identified within the IJB.

This is in addition to savings of c£393k that the IJB requires to deliver to offset shortfalls in the delivery of 2016/17 savings, including a shortfall of £230k regarding Sheltered Housing. This is not reflected in the budget settlement as it was included in the 2016/17 settlement and consequently the IJB has developed proposals to contribute to addressing this historic shortfall. There is risk associated with one-off costs that may arise in order to deliver these savings.

### Approval by the Integration Joint Board

The 2017/18 budget package has been accepted at an officer level for progressing to seek formal approval by the IJB. This will take place after papers for the Council Tax setting meeting have been finalised. There is risk therefore that the IJB does not approve the proposed devolved budget and seeks to reopen dialogue with the Council.

### 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 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.

Should any or all of the above risks materialise it may, therefore, be necessary to open dialogue with the IJB about management of financial pressures which arise during 2017/18. 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 2017/18 only to give time for more permanent solutions to be put in place.

## **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. The proposed budget provides for known cost and demand increases caused by demographic change but also requires a significant amount of budget savings to be achieved.

## **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.