



**ANGUS HEALTH AND SOCIAL CARE  
INTEGRATION JOINT BOARD – 30 AUGUST 2017  
BUDGET SETTLEMENTS FOR 2017/18  
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

The purpose of this report is to update the Integration Joint Board (IJB) regarding the Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2017/18.

**1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) note the update provided regarding the Budget Settlement with Angus Council;
- (ii) note the update provided regarding the Budget Settlement with NHS Tayside; and
- (iii) approve the revised financial plans set out at Sections 3.2 and 3.3 of the Report.

**2. BUDGET SETTLEMENT WITH ANGUS COUNCIL – UPDATE**

2.1 The Board originally considered the devolved budget from Angus Council at the Board meeting of 22<sup>nd</sup> February 2017 and have since received updates regarding that settlement. This report covers the following matters:-

- Progress update re 2017/18 Savings and Cost Containment.
- Progress update re 2016/17 budgetary shortfalls.
- Future Year Planning.

2.2 Progress update re 2017/18 Savings and Cost Containment

Previous IJB papers have described the overall 2017/18 Savings and Cost Containment position. This is summarised in table 1 below alongside a short commentary.

Table 1

	£k	Source	Comment
2017/18 Savings and Cost Containment Target	£1648k	IJB Report 13/17	
Help to Live at Home	£820k	IJB Report 33/17	Potential in year slippage noted. Updates to be reflected in future Financial Monitoring reports.
Review of Charges	£212k (note originally £200k)	AC Report 52/17	Actions implemented. Outcomes to be monitored in context of overall income in future Financial Monitoring Reports.
Contribution from Delayed	£260k	IJB Report 16/17	Actioned

Discharge Funding			
Additional Managerial Efficiencies	£100k	IJB Report 16/17	Work in Progress. Update to be provided to October meeting. Progress partially dependent on implementation of revised budget framework.
Shortfall	£256k (note originally £268k)	IJB report 30/17. It had originally been intended that this deficit would be addressed through a review of Care Home and Learning Disability services. As noted elsewhere the Care Home review is now intended to be presented to the IJB in October 2017 and a Learning Disability review is also still currently being prepared.	

The above provides a brief progress update for the IJB. While progress is variable, so this has consequent financial risks for the IJB. These risks may become evident as financial reporting develops during the financial year. The IJB's financial risks are not restricted to the actions associated with the budget settlement but included other emerging in year and recurring pressures.

### 2.3 Progress update re 2016/17 budgetary shortfalls

Previous IJB reports (e.g. 88/16) have noted the £393k recurring shortfall on 2016/17 savings proposals. Work continues to progress proposals to address this issue and the proposals that are being overseen by the Improvement and Change Programme (see report 31/17) are intended to address this shortfall. Angus Council provided one off funding of £115k to mitigate the impact in 2017/18 only.

### 2.4 Future Year Planning

The IJB is now starting to develop plans for future years (i.e. beyond 2017/18). That will include assessing the impact of demographic, inflation and legal pressures on the IJB and developing plans to contain those pressures.

#### Demographic Pressures

It is important to recognise that a number of IJB services (e.g. those for Older People and people with Learning Disabilities in particular) are subject to significant pressures associated with demographic changes. While the IJB is seeking to develop responses to this type of demographic pressure, this type of growth does increase the overall burden on Adult Services.

#### Inflation Type Pressures

There are additional inflation-type risks associated with services provided to Angus HSCP by third parties. Costs of this type of service provision have been heavily influenced by the national adoption of the Living Wage. Any ongoing associated inflationary impacts may be exacerbated by instability in the provider market. Some of this instability will relate to national factors and, where practical, the IJB will work locally to assist providers with a stable contractual framework. Adult Services, compared other parts of Angus Council, do rely significantly on third party provision of services and Adult Services are, therefore, exposed to potentially greater pressures of this type. This broad issue was reflected in Angus Council Policy and Resources paper 364/16.

#### Legal Pressures

In any given year, there may be directives or legislative changes that impact on financial planning. Examples for 2018/19 will include, amongst others, the new Carers Act. The financial implications of this Act are still to be determined.

## 3. BUDGET SETTLEMENT WITH NHS TAYSIDE

- 3.1 Papers submitted previously to the IJB (16/17, 30/17) described the proposed budget settlement with NHS Tayside for 2017/18. Angus IJB has now written to NHS Tayside setting out the IJB's views regarding the proposed budgets settlement. The key issues that require resolution are as follows:-

1. Clarification of issues associated with the funding of Complex Care (often relating to packages of care previously funded on a shared basis by NHS Tayside and Angus Council) and Locality Pharmacy.
2. Clarification re 2017/18 Prescribing budgets (which Angus IJB have indicated they do not believe will adequately fund the expected level of expenditure) and developing discussion regarding the risk sharing arrangements regarding future year prescribing budgets.
3. Further development of the Large Hospital Services agenda.
4. Concern regarding the financial and workforce impact of addressing any recommendations that are set out by NHS Tayside's Nursing Directorate.

### 3.2 Updated Savings/Cost Containment Target (Excluding Prescribing)

Paper 16/17 (at section 4.3) set out the financial targets Angus IJB has to contend with in 2017/18 regarding NHS Services. Information shared in April was based on preliminary information for 2017/18 and a revised position is now available. This is set out in table 2 below with commentary describing the revisions.

Table 2

2017/18 Financial Targets	Local Services	Partnership Allocations	Devolved to Adult Services	Hosted Services	Hosted Services (Transfer In)	Total	Commentary re Update
	£K	£K	£K	£K	£K	£K	
Unmet 2016/17 Savings targets	0	0	0	153	600	753	Was £161k, reduced by £8k as further 16/17 savings processed.
Fund Cost of Pay Uplifts (Assumed at c1%)	319	0	0	75	129	523	Costs revised upwards by c£100k, mainly in Local Services.
Fund Apprenticeship Levy	110	0	0	26	37	173	Costs revised upwards by c£40k, mainly in Local Services.
Fund Other Uplifts (Notional split)	20	0	60	0	0	80	Revised down by £20k (Hosted); offset against pay uplifts .
Realign Savings Delivery	60	0	-60	0	0	0	No change
Less Share of Uplift	0	0	0	-36	0	-36	Not previously reflected.
Additional 2017/18 Pressures	509	0	0	65	166	740	
<b>Total Savings/Cost Containment</b>	<b>509</b>	<b>0</b>	<b>0</b>	<b>218</b>	<b>766</b>	<b>1493</b>	

The main changes reflect the fact that the actual costs of pay uplifts are greater than original estimates (note estimates provided by NHS Tayside). This is partially offset by the inclusion of a share of funding received from NHS Tayside to support the costs of Hosted Services (Note - the equivalent uplift for Local Services was allocated to Prescribing budgets; additional note - this was originally £260k but has to be revised to £235k based on actual funding received from NHS Tayside).

From the above, it can be seen that while NHS Tayside did not devolve any additional savings targets to Angus IJB for 2017/18, the combined effect of containing the impact of inflationary type of uplifts was c£740k.

The targets for Hosted Services have not been updated at this point and will ultimately reflect the combined information from Dundee IJB and Perth and Kinross IJB.

### 3.3 Updated Financial Planning Response to Savings/Cost Containment Target

Paper 16/17 (at section 4.4) set out the initial financial planning response to the IJB's 2017/18 Savings/Cost containment target. As the above table 2 has been updated so does the financial planning response require updating. The update below shows revised targets, some slightly amended responses and also provides a short commentary re progress to date.

Table 3

	Angus - Delivering 2017/18 Savings Targets								Comment
	2017/18 (In Year Savings)				Full Year				
	Local Services	Services Hosted in Angus	Hosted Services (on behalf of Angus)	Total	Local Services	Services Hosted in Angus	Hosted Services (on behalf of Angus)	Total	
£K	£K	£K	£K	£K	£K	£K	£K	£K	
Savings/Cost Containment Target	509	218	766	1493	509	218	766	1493	See Table 2, section 3.2
<b>SAVINGS ALREADY APPROVED</b>									
Per Report	240	0	0	240	240	0	0	240	Complete - February 2017 4/17
Per Report	74	0	0	74	74	0	0	74	Complete December 2016 88/16
Balance of Savings/Cost Containment Target	194	218	766	1178	194	218	766	1178	
<b>SAVINGS PREVIOUSLY DESCRIBED OR ONGOING</b>									
Travel & Transport	6	0	0	6	13	0	0	13	Still work in progress
Non GP Prescribing	6	0	0	6	13	0	0	13	Still work in progress
OT Integration	9	0	0	9	18	0	0	18	Still work in progress
IJB Management Review	64	0	0	64	64	0	0	64	Complete
IJB A&C Review	13	16	0	28	50	16	0	66	Still work in progress
<b>DEVELOPING PLANS</b>									
Community Nursing (Medication Review)	33	0	0	33	130	0	0	130	Saving now to be progressed within overall review of Community Nursing.
Minor Injuries Service (Phase 2)	45	0	0	45	180	0	0	180	IJB Update Paper 35/17
Review In Patients	100	0	0	100	100	0	0	100	IJB Update Paper 34/17
Review In Patients (POA)	0	0	0	0	0	0	0	0	Now part of In Patients Review 34/17
Additional Managerial Savings	0	0	0	0	255	93	0	348	18% of Local target complete, 0% of Hosted target complete.
Non-Recurring Savings	300	0	0	300	0	0	0	0	Complete (but note non-recurring)
Contribution from Services Hosted Elsewhere	0	0	0	0	0	0	0	0	Nil assumed
Contribution from NHST Transformational Programme	0	0	0	0	0	0	0	0	Nil assumed
Existing Savings Delivery Plans	575	16	0	591	821	109	0	930	
Shortfall	-381	202	766	587	-627	109	766	248	
Shortfall (Adjusted for Hosting)	-381	55	766	440	-627	30	766	169	

The main points to note from the above include:-

1. Noting that many actions are still work in progress and require further management attention.
2. That the Community Nursing (Medication Administration) savings has not progressed as expected and will now be one part of an overall review of Community Nursing budgets with original savings target still remaining.
3. Note the intention to merge the Travel & Transport Savings target into the "Additional Managerial Savings" in due course.
4. Note that updates re many of the proposals have been shared with the IJB recently.
5. Note that beyond the above budget plan, there are a number of services which are currently overspending including Community Nursing, Hosted services (e.g. Out of Hours) and, significantly, Prescribing.

Overall it is important to note that work being taken forward within the Review of Minor Injuries in Angus and the Angus In-Patients review are of major significance to the overall planning of Angus IJB. They will contribute towards achieving the target of delivering overall services within balanced budgets and the required contribution from these reviews needs to be seen in the context of both 2017/18 shortfalls, the service cost pressures we are currently experiencing and the annual impact of inflationary type pressure (c£740k in 2017/18).

### 3.4 Summary

Progress regarding the delivery of the above will continue to be monitored throughout this financial year. Should revisions be required to the IJB's overall plan then these will be described in future Board papers

It is important to reiterate, as we see in separate Prescribing and Financial Monitoring papers, that the above tables do not include the recovery required regarding local Prescribing budgets.

Future papers to the IJB will increasingly seek to set out the position on a multi-year basis as reflects both good practice and the requirement for the IJB to have a 3-year financial plan. It is important to note the creation of multi-year financial plans can be complex due to level of clarity available regarding both future year budgets and pressures.

## **5. CONCLUSION**

- 5.1 The above paper is intended to provide an update regarding the status of the Budget Settlement with Angus Council and the budget settlement proposal with NHS Tayside.

Further information will be shared with the Board in due course.

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