



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 21 FEBRUARY 2018
BUDGET SETTLEMENT WITH ANGUS COUNCIL 2018/19
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The purpose of this report is to update the Integration Joint Board regarding the proposed Budget Settlement between Angus IJB and Angus Council for 2018/19.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) note and approve the proposed budget settlement with Angus Council for 2018/19.
- (ii) request the Chief Finance Officer to formally share this view with Angus Council.
- (iii) noting the need for ongoing review of budgets, the IJB should retain the flexibility, through the Chief Officer and Chief Finance Officer, to progress any in-year budget settlement adjustments in order to properly maintain the overall budgetary framework.
- (iv) request a further paper be prepared for the April Board meeting setting out the overall Angus IJB financial plan including describing measures required to address any forecast shortfall.

2. BUDGET SETTLEMENT WITH ANGUS COUNCIL

2.1 BACKGROUND

On an annual basis, Angus IJB has to reach a budget settlement with Angus Council regarding resources that will be devolved from Angus Council to support the delivery of local Adult Social Care Services. The formal process for agreeing the budget settlement between the IJB and Angus Council is set out in the Integration Scheme and involves Angus IJB requesting a budget from Angus Council (a 'budget requisition'). This 'budget requisition' is submitted to Angus Council and would then be subject to discussion between both parties in line with locally agreed timescales. Regarding the 2018/19 budget settlement, discussions have been ongoing with Angus Council since autumn 2017 with increased dialogue as the draft Scottish Government budget was published in December 2017, and then further dialogue as that budget was refined in January/February 2018. Late changes and the need for clarifications have, as with previous years, made the process of agreeing a budget settlement challenging.

The IJB Chief Officer and Chief Finance Officer have been in dialogue, as per agreement reached at the last IJB meeting, with the IJB's Chairperson and Vice Chairperson during this process.

Angus Council also needs to consider this proposal and will do so at an Angus Council meeting on 15 February 2018. A copy of the Angus Council paper describing this proposal is contained at Appendix 1.

2.2 BUDGET SETTLEMENT PROPOSAL

As at February 2017/18, the recurring funding received from Angus Council is currently £44.2m. The proposal from Angus Council is to increase this funding by £510k (1.1%) to £44.7m from 2018/19. This proposal has been made by Angus Council against the backdrop of their own challenging financial position as described in their Medium term Financial Strategy.

There are a number of issues to note regarding this as described below.

2.3 Scottish Government Funding to Support Social Care

The 2018/19 draft Scottish Government budget noted:-

“In 2018-19 an additional £66 million is included in the Local Government settlement allocations to support additional expenditure by local government on social care in recognition of a range of pressures they and integration authorities are facing, including support for the implementation of the Carers (Scotland) Act 2016, maintaining our joint commitment to the Living Wage (including our agreement to now extend it to cover sleepovers following the further work we have undertaken) and an increase in the Free Personal and Nursing Care payments.”

While the Angus Council share of this equated to £1.565m, the nature of the mechanism used by the Scottish Government to allocate funding to Local Authorities meant this funding could be used at the discretion of Local Authorities in the context of their overall challenging financial positions. Following the above December announcement and after late adjustments to Angus Council’s overall funding, it has been proposed that £510k of additional funding does flow through to Angus IJB.

Angus Council have indicated this funding will support costs of:-

- Carers Act Implementation - £200k for 2018/19
- Living Wage Inflationary Impact (i.e. inflation within third party contracts and the national care Home Contract) - £310k for 2018/19.

This method of Scottish Government budget allocation to support Social Care pressures (i.e. funding remaining at the discretion of a Local Authority) has, to some extent, made developing clear funding flows for the likes of the Carers Act, more complicated than may otherwise have been the case. Ultimately, the IJB is being offered an overall budget settlement and, should the IJB accept the recommended budget settlement, then the IJB will need to manage all the associated pressures across Health and Social Care within available resources.

2.4 Cost Pressures

In determining whether to accept this proposed budget settlement, the IJB needs to consider the IJB’s overall anticipated financial position for 2018/19. In any given year Angus IJB will face a number of Adult Services related cost pressures. These will mainly be a result of inflationary pressures, demographic pressures or legal issues. The estimated pressures currently facing Angus IJB for 2018/19 are set out in Table 1 below.

Table 1

Cost Pressure	2018/19 Impact (£K)	Comment
Pay Inflation (Employed Staff)	800	This pressure has been revised upwards to reflect recent Public Sector pay Policy.
Inflation (Third Party Contracts)	500	The cost of these will be contained within available resources while seeking to ensure our providers can provide sustainable services.
National Care Home Contract	800	This cost is uncertain until national negotiations concluded.
Carers Act (First Year Impact)	200	This is a very provisional estimate.
Demographic Changes	1000	Includes impact of population changes (i.e. Older People and Learning Disability).
Total	3300	

There are significant risks regarding estimating all the above pressures – for example Carers Act costing is still developing and the negotiations regarding the National Care Home Contract for 2018/19 are incomplete.

2.5 Savings to Offset Pressures

In considering the IJB's overall anticipated financial position, the IJB needs to consider measures in place to reduce costs (i.e. proposed savings). The IJB has a number of proposals under development, many of which have been shared at previous IJB meetings. Current proposal includes:-

Table 2

Interventions	2018/19 Impact (£K)	Comment
Help to Live at Home	900	See IJB report 33/17.
Increased Charging/Recoveries	200	See Angus Council report 53/18.
Service and Management Efficiencies	400	Including Improvement & Change Programme.
Care Home Review	250	See Angus Care Model report (9/18).
Learning Disability Review	150	See Learning Disability report 16/18. (Risk assessed benefit).
Eligibility Criteria Review	100	Provisional Estimate – see Finance report 06/18, section 7.
Total	2000	

2.6 Overall Financial Position for Adult Services

On the assumption that Angus IJB does have a balanced budgetary framework at the end of 2017/18, then noting the above pressures and savings measures there is a net shortfall of £1300k. This will be offset by the additional funding described in this budget settlement. There is also a provisional assumption of an additional c£200k of funding being released through the Angus Care Model and of an additional c£160k of funding from Health and Partnership funds to support inflationary type pressures. Taking this into account then the net shortfall can be revised as follows:-

Table 3

	2018/19 Impact (£K)	Comment
Net Shortfall	1300	See Tables 1,2
Increased Funding from Budget Settlement	-510	As per proposed Budget Settlement.
Fund released via Angus Care Model	-200	See Angus Care Model report (9/18).
Other Funds to Support Inflationary Uplifts	-160	Additional Health and Partnership funds.
Revised Shortfall	430	

The above revised shortfall will feature as part of the IJB's overall financial plan that will be presented to a future IJB meeting once a clearer picture of the IJB's overall finance is available (i.e. once the Budget Settlement with NHS Tayside is concluded and a revised financial plan regarding Prescribing is agreed).

2.7 Noting the above, and accepting there are still major elements of risk, The IJB Chief Officer and Chief Finance Officer have now indicated to the IJB Chairperson and Vice Chairperson that they recommend this budget settlement to the overall IJB. This is reflected in the recommendation contained within this paper.

3. **RISKS**

There are multiple risks for the IJB in accepting this budget settlement proposal, however those risks are consistent with financial risks faced across the public sector.

Cost Pressures - Specific risks do exist regarding the estimation of cost pressures as noted above. The estimation of costs associated with the Carers Act, for example, has been complicated by unexpected changes in Scottish Government funding flows.

Savings Measures – While the Board has already described a number of savings measures, these all now need to be actioned on a timely basis. Any delaying in implementation does risk exposing the IJB to financial shortfalls.

Unresolved Historic Budget Issues – At times there can be uncertainties at the boundaries of IJB devolved budgets and Angus Council retained budgets. These matters have generally been few and have proved resolvable. However this type of issue can present a small risk to the IJB and the assumption in making recommendations within this paper is that any current uncertainties are resolved before the end of March 2018 at an officer level, prior to formal acceptance of budget settlement.

Scottish Government Funding to Local Authorities – Angus Council have intimated that this budget offer is based on an assumption that additional funding being received by Angus Council in 2018/19, is made available to them on a recurring basis by the Scottish Government. This has yet to be confirmed but, in the event this was not the case, then this would have an impact on the 2019/20 budget settlement.

It is important to note that while the IJB has to manage the risk associated with this proposed budget settlement, both Angus Council and NHS Tayside are also, as partners of the IJB, exposed to those same risks. The risk sharing agreement between partners, as described in the Integration Scheme, notes that from 2018/19 both Partners are exposed to the overall risks within the IJB. This will change the IJB's reporting arrangements and will lead to different types of scrutiny of IJB performance going forward.

4. RECOMMENDATIONS

As noted above, despite the challenges this present to the IJB, it is the view of the Chief Officer and Chief Finance Officer that this budget settlement offer should be supported. This is reflected in the recommendations part of this paper.

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List of Appendices:

Appendix 1: Angus Council Report – Devolved Budget to Angus Health and Social Care Integration Joint Board for 2018/19