

**ANGUS COUNCIL**

**ANGUS COUNCIL - 21 FEBRUARY 2019**

**DEVOLVED BUDGET TO ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP INTEGRATION  
JOINT BOARD FOR 2019/20**

**REPORT BY HEAD OF FINANCE & LEGAL**

**ABSTRACT**

This report summarises the proposed revenue budget being devolved to the Angus Health and Social Care Partnership Integration Joint Board (IJB) for 2019/20 which has responsibility for delivery of Adult Care Services.

**1. RECOMMENDATION**

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

**2. ALIGNMENT TO ANGUS COUNCIL PLAN / LOCAL OUTCOME IMPROVEMENT PLAN (LOIP)**

This report contributes as a whole to the Council Plan / LOIP.

**3. INTRODUCTION**

The Integration Joint Board's Chief Officer has had responsibility for Adult Care Services from 1 April 2016. These arrangements are governed by the Angus Integrated Joint Board (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 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 did not significantly vary from historic patterns. This has begun to change as the IJB develops integrated services more fully reflecting the proposals within the Angus Health and Social Care Partnership Strategic Plan 2019-2022.

**4. 2019/20 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 2018/19 between the Council and the IJB to progress towards an agreed devolved budget for 2019/20. 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 2018 presented two 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 (Report 57/19);
- The inclusion of £160m nationally in recognition of specific pressures affecting IJBs. It is highlighted that the funding consists of the following specific elements:-
  - School mental health counselling (£12m) – this is a service that will be delivered by the Council rather than the IJB since it relates to children's services and it is thus not appropriate for the funding to be devolved;
  - Free personal care for under 65s (£30m) – the impact of this is within resources devolved to the IJB and it is therefore appropriate for the funding to be devolved;
  - Carer's Act extension (£10m) – the majority of this funding will relate to adult services and a nominal element related to children's services and is appropriate for the funding to be almost wholly devolved ;
  - Balance of funding (£108m) – relates to specific IJB pressures such as living wage implications for adult social care and uprating free personal care and it is therefore appropriate for the funding to be devolved.

Subsequent to the finance settlement announcement, the Cabinet Secretary for Finance, Economy and Fair Work issued a letter to the COSLA President providing clarification on the application of the additional £160m funding:-

- “.....as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19, i.e. by up to £50 million across all local authorities to help them manage their own budgets”;
- This means that the Council could divert a maximum of £980k of the new funding provision (£44.550m 2018/19 budget \*2.2%).

In light of these announcements, Angus Council officers have been in dialogue with the IJB Chief Officer and Chief Financial Officer to progress a proposed devolved budget for 2019/20. 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 27 February 2019.

## 5. 2019/20 DEVOLVED BUDGET

This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2018/19 to 2019/20.

### Scottish Government Integration Funding

In 2018/19 there was a change to the funding arrangements which came through the Settlement process and the additional funds given nationally to support integration came through the Local Authorities. This will be the case again for 2019/20, with the additional funding noted above being provided directly to local authorities. In light of the funding announcements noted in Section 4 above, the table below outlines the proposed funding to the IJB for 2019/20.

	Note	£000	£000
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2018/19 Budget			44,550
School Counselling	1	240	
Free Personal Care <65	1	600	
Carer's Act	2	237	
Funding Balance	2	2,560	
Total Share of £160m National Funding			3,637
School Counselling funding retained		(240)	
Carer's Act funding retained	3	*	
Less: 1% budget reduction applied		(445)	
Funding retained by Angus Council			(685)
Net Increase			2,952
2019/20 Proposed Budget			47,502

Notes:-

1. The funding for these initiatives have not yet been distributed by the Scottish Government and an assumption of the allocation to be received has been made. Note that this does not represent a risk for the Council as any variation once the actual grant figures are known will be passported through to the IJB.
2. The funding for these initiatives has been distributed by the Scottish Government and is thus based on actual allocations.
3. As noted in Section 4 an element of this funding will be applicable to children's services within Angus Council. Dialogue is ongoing about the extent of this sum. No figure has been included as yet thus representing a maximum budget allocation to the IJB at present. Once a figure is agreed this will represent a positive budget adjustment for the Council but is assumed to be cost neutral as a result of the additional costs that will thereafter arise.

**In light of the above, it is proposed that the Council will provide a devolved budget of £47.502m for 2019/20 albeit this will be subject to revision for finalised grant awards from the Scottish Government (school counselling and free personal care<65) together with local agreement on the use of Carer's Act funding.**

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 and superannuation related issues for contracts delivered through third party providers. Those contracts delivered through third parties will continue to be effected by Living Wage increases with all Adult Social care staff being paid at least an increased Living Wage of £9.00 in 2019/20 (up from £8.75, increase of 2.86%). Particular inflation pressures will also affect the National Care Home Contract with Angus contracting for over £24m of activity linked to that mechanism.

The IJB also continues to see an increase in demand for adult social care services linked to demographic changes in, for example, Older People and Learning Disabilities. Legal changes, specifically the new Carers Act and the introduction of Free Personal care (under 65s) will place further increased or new burdens on Adult Social Care in 2019/20.

While the final cost estimates of the above noted cost pressures are still under review, previous estimates suggest impacts as follows:-

Cost Pressure	2019/20 Impact £000
Pay inflation - employed staff	730
Inflation – Third Party Contracts	630
National Care Home Contract	1,100
Inflation - Other	40
Carers Act (legal obligation)	300
Free Personal Care Under 65s	600
Demographics (Excluding Older People)	400
Demographics (Older People)	568
<b>Total</b>	<b>4,368</b>

The Council's Change Programme includes a sum equivalent to the £4.368 million above as the total saving assumed to be made by the IJB. In practice the saving required will likely be less than this because of the proposed increase in devolved funding of £2.952 million.

### 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 the increase in the devolved budget outlined above. For 2019/20, these include further developments regarding the Help to Live at Home programme, revised charging arrangements (subject of separate report on this Agenda), progressing a review of Care Home services, remodelling Learning Disability Services and a range of other service efficiency measures.

## **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 the cost pressures are estimates only and further work is required to review these in detail. It may be that such review determines that the extent of these is in excess of the current estimate.

### Savings Requirement

In order for the IJB to work within a cash limited budget for 2019/20 they will continue to manage a challenging savings and cost containment programme of measures, as noted above, to achieve this. There is also risk associated with one-off costs such as severance costs that may arise in order to deliver these savings.

### Approval by the Integration Joint Board

The 2019/20 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 (27 February 2019). 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. For years 1 and 2 (2016/17 and 2017/18) the Integration Scheme set out that any ultimate overall overspend would be borne by the relevant partner organisation responsible for delivering the activity where the overspend was incurred. This meant that overspends in Adult Social Care Services were the responsibility of Angus Council and overspends in Health Services were the responsibility of NHS Tayside.

For year 3 (2018/19) onwards, the Integration Scheme sets out that any ultimate overall overspend (i.e. which cannot be managed through corrective action or use of available IJB reserves) in relation to devolved budgets will now be shared between the funding partners on the basis of their proportionate share of how the total resources available to the IJB are directed in the financial year in question. In financial year 2018/19 this risk share is 35% Angus Council and 65% NHS Tayside.

This change to risk sharing arrangements from 2018/19 onwards means that Angus Council now has an exposure to financial risk should an ultimate overall overspend arise regardless of the IJB activity from which the overspend originates. This change does of course mean that NHS Tayside is similarly exposed, but as the

larger funding partner NHS Tayside bears the majority of the risk relating to ultimate overall overspends. This approach does however help support the principles of Integration such that the resources of each funding partner gradually lose their identity so that the funding package is looked at as a whole.

Should an overall underspend ultimately result at the year-end, the impact on the financial positions of both the Council and the NHS would be neutral and per the Integration Scheme the underspend would be retained within IJB reserves. At 31 March 2018 the Angus IJB had reserves of £962k.

## **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.

**REPORT AUTHOR: Steven Mill, Service Lead (Finance)**

**EMAIL DETAILS: [Finance@angus.gov.uk](mailto: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.