



**ANGUS HEALTH AND SOCIAL CARE**  
**INTEGRATION JOINT BOARD – 27 FEBRUARY 2019**  
**BUDGET SETTLEMENTS WITH ANGUS COUNCIL AND NHS TAYSIDE**  
**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

The purpose of this report is to update the Integration Joint Board (IJB) regarding the proposed Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2019/20.

**1. RECOMMENDATIONS**

It is recommended that with respect to the proposed Angus Council budget settlement the Integration Joint Board:-

- (i) formally approves the proposed budget settlement with Angus Council for 2019/20.

It is further recommended that with respect to the proposed NHS Tayside budget settlement the Integration Joint Board:-

- (ii) approves the 2.6% uplift in budget settlements with NHS Tayside for core local community health, locally hosted services and Prescribing budgets for 2019/20 as part of an overall budget settlement that has still to be confirmed.
- (iii) notes that discussion remains ongoing regarding the plans regarding NRAC (NHS Scotland Resource Allocation Committee) allocations, the additional c£200k uplift in budget settlements to support Prescribing for 2018/19 and the overall apportionment of prescribing resources within NHS Tayside.
- (iv) supports the IJB Chief Officer and Chief Finance Officer to reach agreement with NHS Tayside to resolve issues that remain outstanding (e.g. Complex Care, Large Hospital Set Aside).

**2. BACKGROUND**

On an annual basis, Angus IJB has to reach a budget settlement with both Angus Council and NHS Tayside regarding resources that will be devolved from both Partners to the IJB to support the delivery of local Health and Adult Social Care Services.

The formal process for agreeing the budget settlements is set out in the Integration Scheme and involves Angus IJB requesting a budget from both Partners (a "budget requisition"). This "budget requisition" is submitted to Partners and would then be subject to discussion between both parties in line with locally agreed timescales. In reality the budget settlement proposals are derived through a series of discussions with Partners, particularly once Scottish Government budget information is available. Information regarding the 2019/20 budget initially

became available in December 2018 but was refined as the Government reached agreement regarding its final 2019/20 budget. For 2019/20 budget discussions with both Partners have been developing and this paper seeks to provide updates regarding 2019/20 budget settlements with both Partners.

### 3. BUDGET SETTLEMENT WITH ANGUS COUNCIL

- 3.1 Members will be aware that in 2018/19, Angus Council provided c£45m of core financial support to Angus HSCP. Separately, in some previous years the Scottish Government has provided funds directly for functions devolved to IJBs and has channelled these funds via Angus Council.

For 2019/20, the situation is there is now a budget settlement proposal from Angus Council for Angus IJB to consider. This reflects both the core financial support from Angus Council and information regarding new additional funds from the Scottish Government to support devolved functions. This proposed budget settlement will be subject of discussion and approval at an Angus Council meeting of 21 February 2019.

- 3.2 In the Scottish Government's final 2019/20 budget it has been agreed that funds will be made directly available to IJBs (via Local Authorities) to support the following:-

Additional Funding	National Allocation	Local Allocation	Notes
Implementation of the Carers Act	£10.000m	£0.237m	1
Implementation of Free Personal Care (Under 65s)	£30.000m	£0.600m	2
Funds to support pressures	£108.000m	£2.560m	3
Total	£148.000m	£3.397m	4

#### Notes:-

1. An element of this funding may be require to be transferred to Children's Services. This will be agreed separately.
2. This is an estimate based on figures available in mid-February and is consistent with information in Angus Council report 54/19. This figure will be adjusted based on final confirmed Scottish Government information.
3. This funding is intended to support the implementation of the Living Wage, annual changes in free personal care thresholds and to assist meet with service pressures.
4. The total funding noted nationally for supporting Health and Social Care is £160.0m, but locally shares of £12.0m relate to services not devolved to Angus IJB hence only £148.0m is relevant to local considerations.

As the above funds are being channelled via Local Authorities so they form part of the 2019/20 budget settlement proposal. Angus Council are proposing that, in line with Scottish Government expectations, all the above funding be passed on to Angus IJB.

- 3.3 Regarding the last year's core allocations to Angus IJB from Angus Council (£44.550m), the Scottish Government has confirmed that, in the context of the overall national settlement between the Scottish Government and Local Authorities and the financial pressures faced by all Local Authorities, that Local Authorities have the flexibility to reduce their core allocations to IJBs by up to 2.2%.

Locally it is proposed that Angus Council reduce their core allocations to Angus IJB by 1.0% (or £0.445m) to £44.105m. This would take the overall budget for next year to £47.502m (being £44.105m plus ££3.397m).

In considering this budget settlement proposal the IJB must take into account a number of factors including:-

- the flexibilities that the Scottish Government have made available to Local Authorities (i.e. the flexibility to reduce core budget by up to 2.2%);
- the pressures under which Angus Council are required to operate and the very limited flexibility available to Angus Council;
- the IJB's overall relationship with Angus Council; and
- the clear and transparent nature of the proposed budget settlement.

Taking all these factors into account, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer from Angus Council.

#### **4. BUDGET SETTLEMENT WITH NHS TAYSIDE**

4.1 The budget settlement with NHS Tayside for 2018/19 was set out in report 76/18. This section of this report sets out proposals for 2019/20. Proposals and information set out here may be used in the IJB's overall financial planning for 2019/20 and beyond.

4.2 NHS Tayside's proposed core budget settlement is directly linked to funding it receives from the Scottish Government and can be summaries as follows:-

An across the board uplift of 2.6% on all relevant budgets reflecting the general uplift NHS Tayside has received from the Scottish Government. This is a transparent and fair proposed settlement and results in a proposed net increase to IJB budgets of c£1.4m for local Angus Community Health services and services hosted by Angus. This funding will assist meet all pay and other inflationary pressures.

Based on the transparency and fairness of this proposal regarding core budgets, the Chief Officer and Chief Finance Officer recommend this part of an overall budget proposal for approval.

4.3 NHS Tayside has also received an additional "NRAC allocation" of £2.1m. This is additional funding allocated by the Scottish Government to support NHS Tayside move towards receiving a fairer share of national funding as determined by the NHS Scotland Resource Allocation Committee (NRAC). From an assumption that it is reasonable to expect that a share of this will flow through to support IJB services, so the IJB continues to be in dialogue with NHS Tayside regarding how this funding will be allocated across NHS Tayside. It would be expected that a satisfactory resolution to this issue would be part of an overall budget settlement proposal.

4.4 It is important to note that in previous years the IJB has not formally accepted the proposed Prescribing budget devolved to the IJB – this in turn is reflective of that budget being deemed inadequate to support the costs of Prescribing since the inception of the IJB. However the IJB can still consider the incremental annual proposed change in the budget and this is set out below.

Prescribing budgets will be subject to the same 2.6% uplift noted above at section 4.2. This is a transparent and fair proposed settlement and results in a proposed net increase to IJB prescribing budgets of c£500k. The Chief Officer and Chief Finance Officer recommend this part of an overall budget proposal for approval.

In addition it is expected that £200k of funding provided in 2018/19 to support Prescribing will be available in 2019/20 though this is still subject to further discussions about the apportionment of NHS Tayside Prescribing resources across IJBs generally.

4.5 It is important to note that due to the evolutionary nature of Health Service budgets (e.g. more national, regional and local decisions made in year rather than all at the start of the financial year), NHS budgets will continue to evolve during the financial year.

While the sections above describes the proposed changes in core budgets and Prescribing budgets, there will be a number of other changes to the IJB's devolved funding from NHS Tayside. These other changes often reflect allocations received directly from the Scottish Government – from 2018/19 these allocations have been increasingly allocated on an IJB-by-IJB basis (rather than to Health Boards) although funds continue to be passed through Health Boards. There is therefore less negotiation with NHS Tayside required regarding these funds and they do not need to form part of budget settlement discussion. Such allocations will be confirmed at various stages throughout the year and so are only referenced here rather than being described in detail.

Examples of allocations include:-

- Increased Primary Care Improvement Fund funding (c£986k in 2018/19, increasing to c£1.2m in 2019/20) that was subject of report 59/18.
- Increased Action 15 (Mental Health Strategy) funding (c£237k in 2018/19, increasing to c£340k in 2019/20), also subject of report 59/18.

The IJB may also enter into discussion with NHS Tayside regarding accessing funding to support the likes of Winter Planning and Waiting Times developments and issues.

- 4.6 While the above sets out recommendations regarding both core budgets and Prescribing budgets and notes the situation regarding new allocations there remain some longstanding underlying issues regarding the NHS devolved budgets as followed:-

Complex Care – The IJB has previously raised this matter with NHS Tayside in terms of seeking a resolution to the devolution of this resource to Angus IJB so Angus IJB can manage these resources in an integrated context going forward.

Large Hospital Set Aside – This issue is described in more detail in Appendix 1.

- 4.7 As is evident from the above, while a number of recommendations are made as part of an overall budget settlement, there is still further work to be undertaken to reach an overall budget settlement with NHS Tayside. Consequently recommendations are only made regarding components of an overall budget settlement that has still to be confirmed.

Taking all the above into account it is recommended that the IJB now:-

- Formally approves the 2.6% uplift in budget settlements with NHS Tayside for core local community health, locally hosted services and Prescribing budgets for 2019/20.
- Notes that discussion remains ongoing regarding the plans regarding NRAC allocations within NHS Tayside.
- Notes that it is expected that £200k of funding provided in 2018/19 to support Prescribing will be available in 2019/20 though this is still subject to further discussions about the apportionment of NHS Tayside Prescribing resources across IJBs generally.
- Supports the IJB Chief Officer and Chief Finance Officer reach agreement with NHS Tayside to resolve issues that remain outstanding (e.g. Complex Care, Large Hospital Set Aside).

## 5. DIRECTIONS

On an annual basis Angus IJB issues “directions” to both Angus Council and NHS Tayside regarding services to be delivered through both Partners. Previously it has been agreed that these will be issued by the Chief Officer, and this process will be undertaken in the early part of the new financial year.

## **6. RECOMMENDATIONS**

As noted above, it is the view of the Chief Officer and Chief Finance Officer that the proposed budget settlement with Angus Council should be accepted.

It is also the view of the Chief Officer and Chief Finance Officer that components of the proposed budget settlement with NHST Tayside can be approved but only as part of an overall budget settlement that still needs to be more fully described.

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List of Appendices:-

Appendix 1 - Large Hospital Set Aside

## **APPENDIX 1 – LARGE HOSPITAL SET ASIDE**

### **Background**

To meet the Scottish Government objective for integration of creating a single system for local joint strategic commissioning of health and social care, it has always been the Scottish Government's intention that IJBs would be responsible for the strategic planning, in partnership with the hospital sector, of those hospital services most commonly associated with the emergency care pathway, alongside primary and community health care and social care.

Consequently, at the outset of integration, and set out in legislation, the Scottish Government determined a minimum scope for large hospital service that should be strategically planned by IJBs. The minimum scope was then reflected in all 2015 Tayside IJB Integration Schemes. The Scottish Government used hospital specialities to define scope and locally this suggested a limited number of specialities should be strategically planned through IJBs (in conjunctions with Acute Services) with many of the in-scope Large Hospital Services already fully devolved to IJBs (e.g. Mental Health, Palliative Care, Community Hospitals, and Learning Disability). For Angus in particular this meant resources that should be in scope for Large Hospital Set Aside would include Accident & Emergency, General Medicine, Acute based Geriatric Medicine and Respiratory Medicine.

While the above was the Scottish Government intention and set out in Health and Social Care Integration legislation, across Scotland there have been difficulties in introducing this mechanism (the Large Hospital Set Aside mechanism for IJBs to strategically control relevant resources). This was partly due to lack of clarity as to how best to introduce said mechanism, complications in managing consequent risks associated with these resources, issues regarding baseline resources (e.g. in an over-spending situation such as exists in NHS Tayside), issues re treatment of Delayed Discharges, and the practical issues of isolating resources to be considered (e.g. when relevant specialties don't readily match current operational configurations).

### **Current Situation**

During 2018/19 the Scottish Government notified Health Boards and IJBs of their concern regarding lack of progress with this issue and, from April 2018, the Scottish Government were monitoring progress with this issue. However locally, and to a large extent across Scotland, progress has remained patchy. As recently as January 2019, the Ministerial Strategy Group considering Health and Social Care noted "Each Health Board, in partnership with the Local Authority and IJB, must fully implement the delegated hospital budget and set aside budget requirements of the legislation, in line with the statutory guidance published in June 2015. These arrangements must be in place in time for Integration Authorities to plan their use of their budgets in 2019/20."

Noting that this mechanism needs to be developed consistently across Tayside, over the last 3 years there have been efforts to take things forward. This was initially via finance channels but these efforts resulted in little concrete progress other than broadening the awareness of this issue. During 2018/19 there have been intermittent meetings involving NHS Tayside Acute Services representatives, NHS Tayside Finance, and IJBs. However again these discussions have yet to result in any clear outcomes. The Chief Officer and Chief Finance Officer will both be involved in future discussions intended to develop this issue and will report back to the IJB as discussions develop.

### **Financial Implications**

To date the IJB has quantified its use of Large Hospital resources (i.e. activity), converted this into a financial equivalent and has reflected this in annual budgets, regular finance reports and the IJB's annual accounts. The 2017/18 estimate was of c£8m of resources. However to date, all monetary (cost) quantifications have been matched by budgetary equivalents creating a breakeven budgetary position. This will be the case for 2018/19.

As reflected in the IJB's financial risk assessment, once Large Hospital Set Aside resources are devolved to the IJB, the IJB will be exposed to a new set of financial risks. Theoretically those risks will be linked to the IJB's quantified use of capacity (with over-use creating a financial pressure) while the risk regarding efficient delivery of agreed capacity remaining with the Acute Sector.