



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 11 DECEMBER 2019
ANGUS IJB STRATEGIC FINANCIAL PLAN 2020/21 – 2022/23 - UPDATE
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ABSTRACT

The purpose of this report is to further update the Integration Joint Board (IJB) regarding the developing Angus IJB Strategic Financial Plan for the period 2020/21 to 2022/23.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) note this new IJB Strategic Financial Plan for 2020/21 to 2022/23 and request further updates to the February and April 2020 IJB Board meetings;
- (ii) recognises the risks associated with the overall strategic financial plan; and
- (iii) notes the forecast financial shortfalls over the duration of the 2020/21 to 2022/23 Strategic Financial Plan and request the Chief Officer bring forward further plans, including a more detailed consideration of all items listed in section 8.2 of this report, to address these shortfalls, in line with the Strategic Plan, to the February and April 2020 IJB Board meetings.

2. BACKGROUND

2.1 In April 2019, Angus IJB shared its most recent Strategic Financial Plan covering the period 2019/20 to 2021/22 (report IJB 21/19). This report was set out simultaneously with the IJB's approval of its overall Strategic Commissioning Plan. The report set out a series of positions and assumptions regarding funding uplifts, inflationary, demographic and legal/contractual pressures and a series of planned interventions. Since that April version of the plan, further clarity has become available regarding budgets for 2019/20, the IJB has further information regarding its current cost base, decision have been taken regarding Minor Injury Services and Care Homes and clearer assumption can now be made regarding future inflationary pressures and future year funding assumptions. This revised plan is intended to be consistent with the IJB's Strategic Commissioning Plan as at April 2019.

This document therefore provides further information regarding the development of the IJB's Strategic Financial Plans, reflecting the evolving Strategic Commissioning Plan and will continue to develop over the coming months and the duration of the new Strategic Commissioning Plan.

This plan is set out in a series of sections as follows:-

- Current Financial Performance.
- Funding assumptions.
- Cost Pressures – including inflationary, demographic, legal/contractual and other pressures.
- Planned Interventions.
- Hosted Services, Prescribing, Family Health Services and Large Hospital Set Aside.

Despite this report marking a conclusion to this initial phase of strategic financial planning, workings do continue to contain multiple risk and assumptions. These are explored in more detailed at section 9.

Some recommendations are made in the report reflecting the state of the IJB's overall planning. Appendix 1 shows the IJB's overall integrated Strategic Financial Plan. A commentary on the overall position is included in the summary of this paper (section 10).

3. CURRENT FINANCIAL PERFORMANCE

3.1 It is important to note that the IJB's Strategic Financial Plan for 2020/21 and beyond is developed constructed during a period when the IJB is not overspending. This is not the same environment as is being faced by a number of other IJBs. It also means the IJB will have reserves at the start of 2020/21 that can be used to support the financial plan on a non-recurring basis only. However this clearly does not reduce the urgency for resolving any recurring shortfalls.

3.2 The IJB's positive financial performance in 2019/20 has been influenced by a series of factors including:-

- Previous progress with the Angus Care Model and Help to Live at Home.
- Progress with improving prescribing compared to 2017/18.
- The impact of some non-recurring factors.

3.3 The underlying financial performance in 2019/20 does need to be factored into the IJB's future financial plans and subsequent to reviewing the 2019/20 financial position, the following material issues are reflected in the IJB's strategic financial plan and should therefore be noted:-

Service	Position	Impact (£k)	Comment
Adult Services	The IJB has made some progress in containing some pressures (e.g. inflation).	c£400k (benefit)	Future year pressures re inflation are factored in elsewhere.
Adult Services	Finance Reports note significant current pressures within Physical Disabilities.	c£900k (pressure)	IJB Finance reports comment further re these pressures.
Community Health	The IJB has made good progress in releasing recurring savings.	c£1800k (benefit)	Consistent with previous versions of Strategic Financial Plan.
Locally Hosted Services	There are underlying savings shortfalls.	c£200k (pressure)	Opportunities exist to resolve this pressure within existing resources.
General Medical Services	Workforce issues are placing specific financial pressures on services.	c£300k (pressure)	This reflects service provision at, for example, Brechin. There is a risk this pressure increases.
Prescribing	The IJB has previously described ongoing issues re Prescribing.	c£800k (pressure)	The IJB may increasingly view this as a partly structural pressure that may need to be partially offset against other under spends noted above.
Hosted Services (Elsewhere)	These pressures include In Patient Mental Health Plans.	c£500k (pressure)	This is a share of Tayside pressure. Recovery interventions will be overseen by other Tayside IJBs. In future years it is assumed that incremental savings will ensure any pressure at least does not increase.

The above factors, while all still under review, are all allowed for in setting out the brought forward spend commitments for 2020/21 compared to the brought forward budget as shown in appendix 1.

4. FUNDING ASSUMPTIONS (BUDGET SETTLEMENTS)

4.1 The following outlines current funding assumptions within the IJB's financial plans. There is a significant level of risk associated with these assumptions at this time and the clarification of budget information, all potentially subject to local negotiation, may be slightly delayed due to Scottish and UK Government budget time scales.

Partner	Year	Position	£k	Risk/Comments
Angus Council	2020/21	The IJB expects to agree a budget settlement with Angus Council in February 2020. The opening assumption is for a no change cash (cash flat) budget allocation although Angus Council have indicated they may look to reduce funding to the IJB by 1% (c£500k) depending on their own settlement with the Government.	£0k	This is subject to local negotiation and a reduction in funding places significant inflationary and demographic pressures on the IJB. These pressures may be disproportionately significant compared to elsewhere in Angus Council.
	2021/22 and beyond	The opening assumption is for a no change cash (cash flat) budget allocation although Angus Council have indicated they may look to reduce funding to the IJB by 1.5% (c£750k) in 2021/22 and by 0.5% (c£250k) in 2022/23 depending on their own settlement with the Government.	£0k pa	See above.
NHS Tayside	2020/21	While formal budgets have yet to be agreed with NHST, initial assumptions are for a 2.5% uplift on core resources. Potential scenarios range from a 1% uplift to 3%.	c£3479k	This uplift will be less than combined impact of pay and service pressures. Other additional funds include Primary Care Improvement Fund and Action 15 (Mental Health Funding).
	2021/22 and beyond	The opening assumption is for a 2.5%% budget increase per annum.	£ 3362k then £2272k	This will be subject to future review.
Scottish Government	2020/21	There is no clarity at this stage regarding funding that maybe forthcoming from the Scottish Government directly to IJBs. However funding may become available to offset inflationary and demographic pressures as happened in 2019/20.	£480k	An uplift in Social care funding of 1% has been allowed for here. This represents an area of significant uncertainty.
		Ongoing funding to support the Carers Act is also assumed	£308k	Carers Act funding based on previous Scottish Government workings.
	2021/22 and beyond	Significant ongoing uncertainty and high level assumptions made.	c£500k pa	An uplift in Social care funding of 1% has been allowed for here. This represents an area of significant uncertainty.

Last year the Scottish Government issued a framework to support Local Authorities and IJBs to agree funding and provided additional funding for Social Care. There is a risk that there is no additional Scottish Government funding for Social Care, no framework issued to support Local

Authorities and IJBs to agreed funding and Angus Council subsequently seek to agree a budget reduction with Angus IJB. Given the possibility of this scenario, the IJB will make representations to Angus Council regarding the implications of this scenario.

As has been noted in previous years, it is important to note that there remain a number of unresolved budget issues with NHS Tayside including:-

- 1) Complex Care historic funding – while this remains unresolved this is an ongoing risk. For financial planning purposes this is assumed to be neutral for Angus IJB.
- 2) Large Hospital Set Aside resources - this issue is a Scottish Government priority for 2019/20 as noted elsewhere. To date little progress has been made in Tayside to resolve this. For financial planning purposes this is assumed to be neutral for Angus IJB.
- 3) Issues regarding the adequacy and fairness of the devolved Prescribing budget. This concern has been highlighted in previous years to NHS Tayside.

The IJB continues to work with NHS Tayside to resolve the above issues.

5. COST PRESSURES

5.1 The last Strategic Financial plan report (21/19) set out a series of inflationary, demographic, legal/contractual and other cost pressures faced by the IJB. These pressures, and the mitigation of them, remain a critical factor within financial planning and future cost pressures are described below. The allocation of funds to services to offset pressures should generally be assumed to be dependent on appropriate further approvals under the authority of the Chief Officer.

5.2 Inflationary Pressures

While the IJB has well developed planning assumptions regarding the impact of inflationary pressure, there remains a high level of risk regarding the final impact of this type of pressure:-

- Pay Inflation – Due to multi-year pay settlements there is some clarity regarding core pay assumptions, The overall impact of pay inflation, potential re-gradings of staff and revised incremental points (e.g. within Agenda for Change) is allowed for.
- Third Party Inflation – Discussion with providers are commencing and will build on discussion with in the Partnership’s Third Party Providers group. Inflation pressures will be influenced by increases in the Scottish Living Wage which, in going from £9.00 to £9.30(3.33%), have increased above earlier expectations.
- National Care Home Contract Inflation – It is expected this framework will continue for 2020/21, but rates of uplift have yet to be agreed. Noting previous pressures within this contract, a rate of inflation at or above the Living Wage increase is assumed. This remains an area of longer term financial and contractual risk for the IJB.
- Other Inflation Pressures – The IJB has allowed for a small element of other inflationary type pressures (i.e. for “Other” costs”). Many of these may be linked to Consumer Price Index pressures, which could be volatile due to issues in the wider economy.

While attached plans need to allow for the factors described above, each may be subject to further refinement, negotiation and potential mitigation.

It should be noted that some of the inflation uplift received via NHS Tayside will ultimately support costs incurred within Social Care due to resources transferred within the Partnership.

5.3 Demographic Pressure

It remains a general principle and assumption that most of the IJB’s growth will occur within Social Care and Prescribing and that, for example, the In-Patient and Residential Care Home components of care within Angus IJB will have a relatively static capacity.

This report captures a likely position regarding demographic growth for 2020/21 and beyond with all estimates being subject to a degree of risk and further review. There is also the issue of some service activity levels already stretching beyond budgeted levels which, in some cases, is a direct consequence of demographic growth to date out-stripping previous plans. Separate allowances are made for Older Peoples Services and then Learning Disability with a small further allowance also made for growth in Physical Disability and Mental Health.

Separate estimates are made in financial planning for the impact of growth in Prescribing.

Separate reports to the IJB highlight measures that can be considered to mitigate the impact of demographic factors. The development of a series of mitigation measures is key to ensuring the IJB's limited resources are focussed on providing a fair level of care to all patients and service users within our overall available resources.

It has previously been suggested that IJB's Executive Management Team needs to consider how it considers performance and, in particular, activity information to ensure it has a full understanding of patient and service user activity patterns. This has not progressed as expected due to capacity constraints but is still something the IJB's EMT should still seek to progress

5.4 Legal / Contractual Pressures

In 2019/20 the IJB needed to address the implementation of the Scottish Government commitment to Free Personal Care (Under 65s) and the continued roll-out of the Carers (Scotland) Act 2016. The commitment to Free Personal Care (under 65s) has now been implemented and the resource implications are more fully described in a separate report to the December 2019 IJB.

A separate Carers Act report has been submitted to the IJB in December 2019. This described the funding and cost assumptions relating to the Act, with a specific assumption that Scottish Government funding in 2020/21 will help offset the increased burden of the Act. The general assumption is that in the long run both Free Personal Care and the Carers Act are deliverable from available Scottish Government funding. However, this assumption does contain an element of risk regarding Carers Act costs in particular.

Beyond legal requirements, the IJB also has to deliver on Scottish Government contractual requirements regarding likes of Mental Health – Action 15 and the 2018 GMS (General Medical Services) contract. While plans for Mental Health – Action 15 are still assumed to be deliverable within available funding, there is a scenario where the projected costs to meet the IJB's obligations to fulfil the GMS contract are more than the Scottish Government funding available. This is consistent with information contained in the latest PCIP (Primary Care Improvement Plan) report (59/19) to the IJB Board, though that report was focussed on the 2019/20 position. This possible scenario may well be replicated elsewhere in Scotland and will be subject to debate in regional and national discussions. The financial impact is likely to be in and from 2021/22.

Beyond 2019/20, the impacts of the Scottish Government's Safe Staffing in Health and Care proposals could have an impact on the IJB as could reviews of healthcare tasks undertaken by non-healthcare staff. These issues are not currently reflected in the IJB's financial plan.

A number of new legal and contractual pressures bring with them additional "overhead" burdens, be that direct or indirect management pressures or direct or indirect accommodation pressures. While reasonable overheads can always be attributed to new funding streams, in future the IJB should take a more structured approach to attributing overheads to new developments and it is recommended that up to c10% of funding for developments be set aside for overheads going forward.

5.5 Other Pressures

For the duration of the forthcoming Strategic Plan, the IJB will need to manage additional, sometimes unforeseen, pressures. The IJB needs to maintain a flexible budget framework such that it is able to address these other pressures in a responsive and pragmatic manner. Examples may include workforce issues, issues regarding Third Party Providers and General Practice or emerging service pressures. In particular the IJB should ensure that pressures emanating from workforce planning issues are addressed as fully as practical in local workforce plans – this should help mitigate potential future premium staff costs or issues that reflect succession planning.

Elsewhere the IJB notes the shortcomings within Corporate Support. This does have a detrimental impact on the IJB's ability to successfully plan and manage services and to deliver a balanced financial plan and is therefore a shortcoming that does need to be addressed.

5.6 Noting the scale of the potential inflationary, demographic and legal / contractual pressures, the IJB generally needs to do what it can to mitigate these. However it is reasonable to say that the compounding impact of these pressures does place a significant material burden on the IJB. This

needs to be addressed through a combination of mitigating these growth factors on a practical basis, implementing offsetting efficiencies and through agreeing supportive budget settlements with Partners.

- 5.7 Due to the financial pressures described throughout this report, the IJB's financial plan does not currently properly address the range of strategic shifts the IJB's Strategic Plan itself aspires to. These will have to be planned for on an incremental basis and in future iterations of the IJB's Strategic Financial Plan.

6. PLANNED INTERVENTIONS

- 6.1 The section sets out the position regarding existing, revised and new planned interventions which are required as a response to the shortfalls within the IJB's Strategic Financial Plan. It is reasonable to say that while the IJB has had, and is projected to have, a more positive financial out-turn than some other IJB's in Scotland in both 2018/19 and 2019/20, the long term financial expectations of the IJB are of continued financial constraints and challenge. On that basis this part of the report and section 8 covers areas that:-

- a) It is assumed will be included in the IJB's financial plans
- b) Could or should be included in the IJB's financial plans.

- 6.2 Assumed Inclusions in the IJB's Financial Plans

Section 6.2 describes interventions that are assumed to be included within the IJB's financial plans because they are deemed to be recurring planning features, they have already been well progressed or are subject of approval in separate reports to the IJB as follows.

- 6.2.1 Help to Live at Home:-

Previous financial planning reports to the IJB have noted an assumed small benefit from the introduction of CM2000 for contract oversight. Originally this small savings was assumed from part-way through 2019/20 but slippage means the assumed benefit is now planned from 2020/21. Interventions of this type have a risk regarding our relationship with providers and therefore previous plans to marginally adjust the annual Fair Cost of Care rate re Management Costs in 2019/20 now been deferred to 2021/22. This is noted within the Help to Live at Home Update in the Strategic Planning Progress report to December 2019 IJB.

Estimated Saving - 2019/20 - £50k (medium risk); further £50k per annum in 2020/21 and 2021/22 (medium risk).

- 6.2.2 Learning Disability Review

This is described more fully in a separate report to the December 2019 IJB meeting. The updated financial impact of this report is now reflected in the IJB's overall financial plan. While this project has made good progress in 2019/20 (as evidenced by the Learning Disability financial position), the further stages of the programme still have significant element of risk regarding savings delivery – particularly as it is reliant on support from Procurement and this has been an ongoing capacity constraint since 2018/19. Consideration should be given to extending this improvement programme beyond 2021/22.

Estimated saving – 2020/21 - £262k (low risk); 2021/22 £220k (higher risk).

- 6.2.3 Charging

On an annual basis Angus IJB reviews the charging arrangements for services on an annual basis and increases in charges /recoveries help to offset inflation related increase in the cost of service provision.

Estimated saving – 2020/21 - £200k (low risk); similar adjustments future years until known otherwise.

- 6.2.4 Workforce Review

Within the IJB, workforce issues are subject to regular review. During 2018/19 and 2019/20, the IJB has moved towards modernising pay scales for a range of Social Care roles and is now introducing a new Social Care Worker role. While this is part of an overall modernisation of services it is also a contributor to a number of other developments (including the Supported Accommodation Review). Excluding where changes relate to the Supported Accommodation

Review, there is also a general financial benefit from this change and this will contribute to the IJB's overall financial position in 2020/21 and help offset other workforce pressures.

Estimated saving – 2020/21 - £90k; Recurring £130k.

6.2.5 Supported Accommodation Review

The IJB have been undertaking a review of local Supported Accommodation Services over the last few years. This is also described in the separate Strategic Planning Progress report to the December IJB. While some changes are now well embedded in the IJB's financial plans, others are still to be implemented. Noting some of the associated risks, while the further changes will have a maximum impact on the IJB's financial planning the following is currently reflected in financial plans.

Estimated Saving - 2020/21 - £50k; Recurring £100k.

6.2.6 Non-Recurring Benefits

The IJB has not previously reflected non-recurring benefits in its financial plan however in recent years high levels of vacancy (above normal expectations) or slippage on programmes has led to short term under spends. In turn this means in year financial position have been better than underlying financial projections. The IJB has reflected on the level of this impact and estimate that for 2020/21 only, it can be assumed there will be a level of non-recurring underspend within the IJB of c£0.3m with Community Health Services. As a one-off factor this will then be reversed over 2021/22 and 2022/23 as the IJB financial plan focuses on delivering a recurrently balanced budget.

Estimated Saving - 2020/21 - £300k non-recurring

6.2.7 Executive Management Team Reviews

In any year it is reasonable for the IJB to expect its Executive Management Team and Senior Leadership Team to assist deliver a series of smaller, but collectively significant, service related savings. Examples in previous years may have included supplies, administration or management savings. Without pre-judging any mix of potential savings in future years, it is reasonable to assume the Executive Management Team could work towards delivering a recurring savings target of c£600k in 2020/21 across local Health and Social Care Services. This will include embedding some 2019/20 in-year underspends. Beyond that annual savings of c£400k per annum are assumed for each year of the financial plan (i.e. to 2022/23). For hosted services, in advance of more detailed plans, management team savings are assumed to contain the impact of any excess price inflation over increases in budget and, for 2020/21 only, to also include seeking to resolve, on a permanent basis, historically unmet shortfalls.

Estimated Saving (Local Services) - 2020/21 - £600k; and £400k additional in 2021/22.

7. **HOSTED SERVICES, PRESCRIBING, FAMILY HEALTH SERVICES AND LARGE HOSPITAL SET ASIDE**

7.1 Hosted Services

Funding for these services will generally be uplifted in line with other services. While Angus IJB will continue to work closely with other IJB's to develop plans regarding Hosted Services there are some residual pressures regarding services hosted elsewhere (particularly Mental Health Services).

Chief Finance Officers across Tayside have also agreed as part of the 2020/21 financial planning process that all IJB's should work to pragmatically seek to address systematic historic savings shortfalls that are still associated with Hosted Services across Tayside. For Angus, the impact of this is already reflected in the planning notes above.

7.2 Prescribing

While Prescribing is a major part of the IJB's financial plan, at this point 2020/21 financial plans are still at the very early stages of development. They will be progressed collaboratively through the Tayside Prescribing Management Group (PMG). The IJB's relative financial position regarding Prescribing has improved compared to previous years reflecting the good work to

develop long term clinical buy-in for changing the way we prescribe, the considerable work being progressed by local General Practices, and the efforts of those involved locally with Prescribing alongside the co-ordinated work through the Tayside Prescribing Management Group (PMG).

Prescribing does still represents a major risk for the IJB in terms of each of price risks (e.g. if drugs are subject to price increases due to short supply), our need to ensure ongoing engagement of all those involved (e.g. Primary Care, Secondary Care) and ensuring we work collaboratively within the Tayside Prescribing Management Group.

7.3 Family Health Services

The main financial changes in Family Health Services over the duration of the next Strategic Plan relate to the phased introduction of the 2018 GMS (General Medical Services) contact. This is noted in section 5.4. While this financial plan does assume a generally neutral impact of the 2018 GMS contract during its roll out, there could be longer term resource issues and related risks regarding, for example, overall workforce issues or premise costs.

In terms of financial risk beyond those noted above, there is an ongoing risk regarding the impact of providing General Practice through salaried service models (including those currently in Brechin). These tend to cost more than standard General Practices and do create an additional financial burden. This evolving pressure is reflected to an extent in our current plans but is an area of further risk.

7.4 Large Hospital Set Aside

As per previous reports, this remains an area that the IJB needs to further develop in conjunction with NHS Tayside. In the long term the development of this agenda does present both strategic opportunities to the IJB and overall health and social care system but also a series of additional financial risks. The Scottish Government's Medium Term Health and Social Care Financial Framework" produced in October 2018 noted challenges in healthcare systems but also that "shifting care out of a hospital setting requires investment in primary, community and social care service provision" and that resources released from the hospital sector should be partially redirected to IJBs to deliver the required investments. The IJB will be kept up to date as discussions regarding this issue develop.

8. INTERIM SUMMARY

8.1.1 After factoring a series of planned interventions that are assumed to be included within the IJB's financial plans because they are deemed to be recurring planning features, they have already been well progressed or are subject of approval in separate reports to the IJB, the IJB still has an expected shortfall in its financial plans. This is summarised in the table below. It should be noted these plans do show an improved position for 2020/12 and 2021/22 than was suggested in April 2019 plans due to factors described elsewhere.

Year	2020/21	2021/22	2022/23
	£K	£K	£K
Shortfalls	-2424	-5044	-8199
Planned Use of Reserves	2424	976	0
Revised Shortfall	0	-4068	-8199
Cumulative Shortfall	0	-4068	-12267

While the IJB is presenting a balanced financial plan for 2020/21 (after an assumed reliance on part of general reserves of £3.4m), the IJB does not have a balanced financial plan for the duration of the current Strategic Commissioning Plan or this updated Strategic Financial Plan. While accepting this version of the Strategic Financial Plan is based on many assumptions, the IJB needs to continue to develop the intentions within the Strategic Commissioning Plan to allow it to develop overall plans that are deliverable within long term available funds. This is a key issue that the IJB needs to address in the near very future (see section 8.2). This does suggest a stepped change may be needed in the pace of decision making, the implementation of plans and the tolerance thresholds of the IJB to potential changes that, initially at least, are expected to be as consistent with the IJB's Strategic Plan as is realistically possible. Beyond that the IJB's Strategic Commissioning Plan may require to be revisited.

8.1.2 The summary above shows the IJB's general reserves of c£3.4m being consumed mid-way through 2021/22 to offset financial planning shortfalls. The IJB currently holds contingency reserves of 2% of turnover (i.e. £3.4m). As part of further planning considerations, and noting risks described in section 9 and the shortfalls noted above, the IJB may consider increasing its contingency reserve level to, for example, c3% of turnover. This might allow the IJB to move closer to a balanced financial plan for cumulative period to March 2022 (i.e. the end of the IJB's second Strategic Plan) but would not in any way address the underlying shortfalls noted above.

8.2 Interventions that could be included in future iterations of the IJB's Financial Plan.

The last version of the IJB's Strategic Financial Plan included a number of planned interventions that have not developed to the extent that was planned for. This includes a number of interventions that would have contributed significantly to the IJB's overall financial planning for 2020/21 and beyond as noted in recent Finance reports to the IJB.

This iteration of the IJB's financial plan does not include the items listed below (and consequently the financial shortfalls are greater) but if, based on further discussion, it is agreed they should be adopted into the IJBs financial plan, then they can be reflected in further iterations of this version of the Strategic Financial Plan.

8.2.1 At times Angus IJB has considered or addressed instances where services provided within the Partnership have higher unit costs than might be the case with alternative models of health or care provision. This includes previous examples such as the earlier stages of the Help to Live at Home Programme or instances within the Angus Care Model.

Two examples of higher cost health and care provision, compared to alternative models, within Angus, that have both been raised in previous reports to the IJB Board, are the provision of internal care homes and in patient services at Whitehills Hospital.

Costs within internal care homes (including Seaton Grove, Kinloch Care Centre and Beech Hill) are, while not directly comparable, higher than costs reflected within the National Care Home Contract. The IJB has recently reviewed care provision at Seaton Grove and decided in August 2019 to retain a model of in house care provision at Seaton Grove. This came with a premium cost to alternative models of care as set out in report 59/19.

Care at Whitehills Hospital was redesigned as part of the Angus Care Model programme described in report 9/18. However it has been previously noted that the January 2018 plans did result in wards with varying nurse staffing to beds ratios – largely dependent on the bed numbers in those wards. Noting both workforce and financial constraints, it is still expected that a revision of nurse staffing to bed ratios through reconfiguration could contain staffing costs without necessarily reducing capacity whilst also contributing to the IJB's overall workforce and financial pressures.

In terms of material financial planning shortfalls, it would be reasonable for the IJB to consider the situations described above as options.

8.2.2 Angus Care Model – Internal Care Home Review (Including Support Services)

This links to the above and has featured in various previous financial plans. The latest update regarding this is set out in a separate General Strategic Update report to the IJB. Projected savings from this work stream were estimated at £500k in January 2018 but a more recent update is set out in the Strategic Planning Progress Report. Updated Opportunity: c£200k per annum from mid 2020/21.

8.2.3 Angus Care Model - Care Home Review - Nursing Services

This is more fully described in the separate General Strategic Update report to the IJB. Previous savings of c£100k per annum from April 2020 have been suggested but this work has not developed at the pace originally envisaged. Updated Savings Opportunity: c£90k from 2021/22.

8.2.4 Angus Care Model – Extended In Patient Review

The potential next phase of reviewing local In Patient Services would be to consider the nursing/ bed number ratio as described above. Previous estimates suggested opportunities for savings of up to c£300k per annum. An update is noted in the General Strategic Update report to the IJB.

8.2.5 Angus Care Model – Psychiatry of Old Age (POA)

During 2019 reviews of Angus Psychiatry of Old Age Services have been shared with the IJB and this issue is covered in the separate General Strategic Update report with a further update to be provided to the IJB Board in early 2020. Previously projected savings from the work stream were for a cost reduction of c£200k by 2020.

8.2.6 Physical Disability Improvement Plan

With Physical Disability Services now more discretely visible with the IJB's financial reporting it is evident it shares some of the cost pressure characteristics experienced with in Learning Disability. The separate General Strategic Update report highlights merits of developing a new Physical Disability Improvement plan, similar to the Learning Disability plans, with the aim of ensuring the service can live within its means going forward and to ensure that the IJB's resources deliver a fair allocation of care to all services users.

8.2.7 Demand Mitigation

Separate reviews of the impact of demographic outline a series of mitigation steps that the IJB could develop further to help contain the impact of demographic pressures. These are measures are over and above those already in place within the IJB.

8.2.8 Further Options

While the following have not been quantified they could all be reviewed with the intention of contributing to a future iteration of the IJB's Strategic Financial Plan.

Medicines Administration – Option to review the provision of medication prompting, assistance and administration.

Workforce Productivity Review – Option to review rostering and levels of absences across the Partnership and learning from best models within Health and Social Care.

Collaboration & Working With Partners – It had previously been suggested that a report could be brought back to the IJB setting out options for increased collaboration with Partners. While this was not progressed during 2019 it remains an issue with the potential. The IJB should also review the opportunities within NHS Tayside's and Angus Council's change and transformation plans and consider the impact on and benefit to IJB service and financial planning.

9. RISK ASSESSMENT

9.1 As this report mainly reflects planning issues, so it does contain a number of risks and assumptions. Risks do exist throughout this type of planning (e.g. when will something happen, what impact will it have when compared to forecast impact, will there be unexpected issues etc.) These can't all be provided for in financial plans, but headline risks are reflected in the table below.

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	2019/20 Impact (£k)	
Current Financial Performance			
Forecasting/Data quality issues	Medium	c£500k	Assumptions regarding underlying 2019/20 position as it effects 20/21 are dependent on existing forecasts which are in turn subject to general uncertainty and some data quality issues.
Assumed levels of Carry Forward (General Reserves)	Medium	c£500k	In year performance may also effect year end reserves which feature in longer term financial planning.
Funding Assumptions			
Unresolved 2019/20 budget with NHST (e.g. Complex Care, Large Hospital Set Aside)	Medium	c£500k	The IJB continues to work with NHS Tayside to resolve budget areas which remain unclear.
This plan currently assumes 2 main funding uplift assumptions. a) re Adult Services (1%) from Scottish Government and b) re Health Services (2.5%),	Very High	c£1.0m re Adult Services c£1.5m re	This is a very high risk. £1m reflects nil uplift from Scottish Government (SG) (planned at 1%, difference c£500k) and a budget reduction from Angus Council (1% or c£500k). While the SG may determine some

		Health Services	uplifts, the risk of a weaker settlement is higher if there is less SG determination.
Medium Term Financial Planning	Medium	Not known	The IJB has less clarity regarding medium and long term funding levels. The IJB will, through national networks, work with the Scottish Government to develop this planning.
Funding formula may be subject to reviews at local, regional or national level.	Low	Not known	The level of funding Angus IJB receives from Partners could be subject to review.
Pressures			
Demographic Pressures continue to be challenging to predict and contain	High	c£1000k	Despite current reviews, the IJB needs to improve its understanding of demographic pressures and develop plans to mitigate these, noting growth in cost base over last 12 months.
Carers Act	Medium	c£300k	Recent information suggests that the costs associated with parts of the implementation of the Carers Act may be in excess of expectations. The local working group continues to review this but has yet to reach a resolution.
Primary Care Improvement Plan	Medium	Not Known	Recent information suggests that the costs associated with implementing PCIPs may be in excess of available funds.
Sustainability and Workforce Issues (inc. Third Party Providers, General Practice)	Medium	Not known	The IJB faces a number of sustainability and workforce issues and needs to work with all interested parties to mitigate these risks. Additional risks re Safe Staffing and Healthcare tasks issues.
Corporate Support (Inc. Finance, Procurement, Property, Legal)	Medium	Not known	Separate reports note the shortcomings within the Corporate Support. These have a detrimental impact on the IJB's ability to deliver a balanced financial plan.
Planned Interventions			
Significant risk of further delay / delivery of some planned interventions remains.	Very High	c£1000k	The IJB has seen significant in delay in the progress of a number of previously planned interventions.
Hosted Services, Prescribing, Family Health Services and Large Hospital Set Aside			
Hosted Services (inc. Mental Health In Patients)	Low	c£300k	A level of overspend is already allowed for regarding Hosted Services however ongoing risks do remain regarding Mental Health Services in particular.
Prescribing	Medium	c£500k	A level of overspend is already allowed for regarding Prescribing however ongoing further risks do remain.
Primary Care	Medium	c£200k	A level of overspend is already allowed for regarding Primary Care however ongoing further risks do remain.
Large Hospital Set Aside	Medium	Not known	Longer terms risk will emerge as this issue develops.

10. SUMMARY

Report IJB 21/19 set out the status of the IJB's strategic financial planning as the IJB's Strategic Plan for 2019-22 was being approved. This report updates the Strategic Financial plan in a way that is intended to be consistent with an updated Strategic Commissioning Plan noting that the Strategic Commissioning Plan does, of course, influence the Strategic Financial Plan and extends financial planning a further year.

In terms of what is set out in this report we can note the following:-

- There are a number of very high risk areas including estimates regarding future levels of funding and the IJB's ability to deliver further planned interventions to close out financial planning gaps.
- The planned interventions set out in this report include both those that can already be reasonably assumed to be part of the strategic financial plan and those which require further development before they can feature as part of the IJB's strategic financial plan. The latter category includes a number of items that have previously featured as part of previous iterations of financial plans but where the IJB has not made the necessary progress to justify their continued inclusion in the financial plan at this point.
- The table at 8.1.1 of the report summarises the current planning position before clarification of a number of important assumptions and before the inclusion of further interventions. This table is adjusted for an estimated reliance on one-off reserves (assumed to be c£3.4m at 31 March 2020) which should be available to assist with the financial position in 2020/21 and 2021/22 only.

- The earlier the challenges associated with longer term resources are grasped, the more likely it is that reasonable plans are developed within the IJB which, while not necessarily consistent with initial aspirations, are as closely matched to the IJB's aspirations and the IJB's overall Strategic Commissioning Plans as is possible.
- While much focus will be placed on annual financial planning, due to the pace with which services within the IJB are developing, the IJB's Strategic Financial Plan will be revisited incrementally with future updates expected in February and April 2020. The plan will need to both prompt the need for further strategic change and reflect strategic intentions.
- This report will be shared with both Angus council and NHS Tayside and should be reflected in their respective financial planning.

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December 2019

List of Appendices:

Appendix 1: IJB Financial Planning Summary

Angus HSCP - Financial Plan 2020/21 to 2022/23																				APPENDIX 1										
Year	2020/21										2021/22										2022/23									
	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (D/P) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Net Total Health Ek	Grand Total Ek	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (In) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Net Total Health Ek	Grand Total Ek	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (In) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Net Total Health Ek	Grand Total Ek			
Brought Forward Budget	47501	46981	12779	14121	21724	31333	9734	127343	174844	48289	48301	13099	14471	22264	32516	9734	130822	179111	49480	49684	13429	14831	22824	33486	9734	134184	183664			
Annual Assumed Budget Uplift																														
Partner / Scot. Govt. (Service / Inflation)	480	1170	320	350	540	0	0	2146	2626	480	1210	330	360	560	0	0	2219	2699	490	1240	340	370	570	0	0	2272	2762			
Partner / Scot. Govt. (Legal/Contractual)	308	150	0	0	0	1183	0	1333	1641	711	173	0	0	0	970	0	1143	1854	0	0	0	0	0	0	0	0	0			
Partner (Funding Adjustment)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Transfer (Within IJB)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Annual Assumed Budget Uplift	788	1320	320	350	540	1183	0	3479	4267	1191	1383	330	360	560	970	0	3362	4553	490	1240	340	370	570	0	0	2272	2762			
Available Budget	48289	48301	13099	14471	22264	32516	9734	130822	179111	49480	49684	13429	14831	22824	33486	9734	134184	183664	49970	50924	13769	15201	23394	33486	9734	136456	186426			
Brought Forward Spend Commitments	48001	45181	12979	14621	22524	31633	9734	127198	175199	51193	46221	13099	14971	23064	32816	9734	130343	181536	54834	47774	13429	15331	23624	33786	9734	133874	188708			
Inflation Pressures																														
Inflation - Pay	826	1040	350	500	0	0	0	1634	2460	770	1020	320	540	0	0	0	1646	2416	795	1030	400	540	0	0	0	1678	2473			
Inflation - Third Parties	370	300	0	0	0	0	0	300	670	270	310	0	0	0	0	0	310	580	260	320	0	0	0	0	0	320	580			
Inflation - NCHC	1090	0	0	0	0	0	0	0	1090	990	0	0	0	0	0	0	0	990	1020	0	0	0	0	0	0	0	1020			
Inflation - Prescribing	0	0	0	0	340	0	0	340	340	0	0	0	0	350	0	0	350	350	0	0	0	0	350	0	0	350	350			
Inflation - Other	50	50	80	0	0	0	0	72	122	60	50	40	0	0	0	61	121	60	50	40	0	0	0	0	61	121				
Annual	2336	1390	430	500	340	0	0	2346	4682	2090	1380	360	540	350	0	0	2367	4457	2135	1400	440	540	350	0	0	2409	4544			
New Service Pressures																														
Legal - Carers	308	0	0	0	0	0	0	0	308	711	0	0	0	0	0	0	0	711	0	0	0	0	0	0	0	0	0			
Legal - Free Personal Care (FPC)(under 65s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Demographics (Excluding Older People)	400	0	0	0	0	0	0	0	400	400	0	0	0	0	0	0	0	400	400	0	0	0	0	0	0	0	400			
Demographics (Older People)	1200	0	0	0	0	0	0	0	1200	1200	50	0	0	0	0	0	50	1250	1200	50	0	0	0	0	0	50	1250			
Contractual - Action 15 / General Medical Services	0	150	0	0	0	1183	0	1333	1333	0	173	0	0	0	970	0	1143	1143	0	0	0	0	0	200	0	200	200			
Drugs	0	0	0	0	230	0	0	230	230	0	0	0	0	230	0	0	230	230	0	0	0	0	240	0	0	240	240			
Annual	1908	150	0	0	230	1183	0	1563	3471	2311	223	0	0	230	970	0	1423	3734	1600	50	0	0	240	200	0	490	2090			
Planned Expenditure	52245	46721	13409	15121	23094	32816	9734	131106	183351	55594	47824	13459	15511	23644	33786	9734	134133	189727	58569	49224	13869	15871	24214	33986	9734	136773	195342			
Initial Annual Shortfall	-3956	1580	-310	-650	-830	-300	0	-284	-4240	-6114	1860	-30	-680	-820	-300	0	51	-6063	-8599	1700	-100	-670	-820	-500	0	-317	-8916			
Less Planned Interventions																														
Help to Live at Home	50	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	50			
Supported Accommodation Review	50	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	50	0	0	0	0	0	0	0	0	0			
LD - Remodel Care	262	0	0	0	0	0	0	0	262	220	0	0	0	0	0	0	0	220	0	0	0	0	0	0	0	0	0			
Non-Recurring (Savings)	0	300	0	0	0	0	0	300	300	0	-150	0	0	0	0	0	-150	-150	0	-150	0	0	0	0	0	-150	-150			
EMT Reviews (Inc. Equivalent for Hosted Services)	400	200	310	150	0	0	0	434	834	200	200	30	180	0	0	0	388	588	200	200	100	170	0	0	0	397	597			
Workforce Review	90	0	0	0	0	0	0	0	90	40	0	0	0	0	0	0	0	40	0	0	0	0	0	0	0	0	0			
Increased Charging/Recoveries	200	0	0	0	0	0	0	0	200	200	0	0	0	0	0	0	0	200	200	0	0	0	0	0	0	0	200			
GP PX (Additional Savings)	0	0	0	0	30	0	0	30	30	0	0	0	0	20	0	0	20	20	0	0	0	0	20	0	0	20	20			
Total Interventions	1052	500	310	150	30	0	0	764	1816	760	50	30	180	20	0	0	258	1018	450	50	100	170	20	0	0	267	717			
Revised Planned expenditure	51193	46221	13099	14971	23064	32816	9734	130342	181535	54834	47774	13429	15331	23624	33786	9734	133874	188708	58119	49174	13769	15701	24194	33986	9734	136506	194625			
Revised Shortfall	-2904	2080	0	-500	-800	-300	0	480	-2424	-5354	1910	0	-500	-800	-300	0	310	-5044	-8149	1750	0	-500	-800	-500	0	-50	-8199			
Adjustment For Hosting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Final Shortfall	-2904	2080	0	-500	-800	-300	0	480	-2424	-5354	1910	0	-500	-800	-300	0	310	-5044	-8149	1750	0	-500	-800	-500	0	-50	-8199			

Note – Net Health Total is after adjusting for Hosted Services (Angus) recharged to other IJBs.