

ANGUS COUNCIL

ANGUS COUNCIL - 27 FEBRUARY 2020

**DEVOLVED BUDGET TO ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP
INTEGRATION JOINT BOARD FOR 2020/21**

REPORT BY DIRECTOR OF FINANCE

ABSTRACT

This report summarises the proposed revenue budget being devolved to the Angus Health and Social Care Partnership Integration Joint Board (IJB) for 2020/21 which has responsibility for delivery of Adult Care Services.

1. RECOMMENDATION

It is recommended that the Council:

- a. Note the contents of this report;
- b. Approve the proposed 2020/21 Revenue Budget allocation from the Council as set out in Section 5 of this report subject to recommendation c);
- c. Agree that the 2020/21 Revenue Budget allocation from the Council be provisional at this time pending confirmation of the Local Government Finance Order and any associated terms of the local government grant settlement affecting the Council and the IJB;
- d. Note that a further report seeking approval of a final 2020/21 revenue budget allocation for the Angus IJB will be brought to an appropriate Committee as soon as possible after the Local Government Finance Order is approved by the Scottish Parliament.

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.

4. 2020/21 DEVOLVED BUDGET PROCESS

This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2019/20 to 2020/21.

Scottish Government Integration Funding

The Scottish Government's finance settlement announcement in February 2020 presented two issues pertinent to finalisation of the IJB's devolved budget:-

- Confirmation of a further real terms reduction in the Council's government grant allocation, leaving the Council with a funding gap as outlined in the Provisional Revenue and Capital Budgets 2020/21 Background Report (Report 82 / 20);
- The inclusion of £100m nationally in recognition of specific pressures affecting IJBs and school's mental health provision. It is highlighted that the funding consists of the following specific elements:-
 - School mental health counselling (£4.0m) – 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 and Nursing care (£2.2m) – 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 (£11.6m) – 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;
 - Living Wage (£25.0m) - the impact of this is within resources devolved to the IJB and it is therefore appropriate for the funding to be devolved;
 - Additional Social Care Pressures (£57.2m) – this additional funding it to assist IJBs address a range of social care pressures and ensure performance is maintained or improved. It is therefore appropriate for the funding to be devolved.

In light of the above, £96m of the £100m funding provision is applicable to the IJB 2020/21 revenue budget. It is highlighted that the provisional terms of the Finance Settlement are such that all of the £96m must be provided to IJBs by local authorities. The interpretation of this requirement is the subject of discussion between COSLA and Scottish Government. It should be noted that details of allocations to individual IJBs has still to be provided but it is understood that these national totals will be distributed through a combination of NRAC and GAE indicators.

Cost Pressures

On an annual basis the IJB faces a number of cost pressures with long term planning to address these outlined in the Angus IJB Strategic Financial Plan. These include pay inflation pressures for employees employed through Angus Council and inflation related issues for contracts delivered through third party providers. The IJB also continues to see an increase in demand for adult social care services linked to demographic changes in, for example, the older people population.

The estimates of the above noted cost pressures are still subject to change, with the currently estimated impacts on Adult Services as follows:-

Cost Pressures	2020/21 Impact £000
Inflation - employed staff	826
Inflation – Third Party Contracts	1,510
Carers Act	308
Demographic changes	1,600
Total	4,244

The Council's Change Programme includes an amount equivalent to the above estimate of cost pressures as a savings target attributed to the Angus Health & Social Care Partnership.

Budget Savings

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 2019/20 between the Council and the IJB to progress towards an agreed devolved budget for 2020/21. 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 IJB has budget pressures to consider beyond Adult Services given its wider service delivery remit. In recognition of the respective budget pressures on the IJB and Council, the IJB is developing a number of proposals in response to the above noted cost pressures across its wider service remit in order that they can be contained within its currently devolved resources i.e. a cash flat funding proposal prior to consideration of Scottish Government Integration Funding. It will therefore be for the IJB to determine the extent of savings that are delivered specifically from the Adult Services budget.

5. 2020/21 DEVOLVED REVENUE BUDGET

Scottish Government Integration Funding

As noted above, the additional funds being provided nationally to support integration are being channelled through the local government Finance Settlement. In light of the funding announcements noted in Section 4 above and the agreed approach to savings / cost pressures, the table below outlines the proposed funding to the IJB for 2020/21.

	Note	£000	£000
2019/20 Revenue Budget			47,502
Scottish Government Integration Funding			
Free Personal and Nursing Care	1	71	
Carer's Act	1, 2	275	
Living Wage	1	500	
Funding Balance	1	1,356	
Total Share of £96m National Funding			2,202
2020/21 Proposed Revenue Budget (Provisional)			49,704

Notes:-

- As noted in section 4 these are estimated shares at present.
- 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 £49.704m for 2020/21, albeit this will be subject to revision for finalised grant awards from the Scottish Government together with local agreement on the use of Carer's Act funding. The position detailed in the various budget papers reflects this proposal noting the IJB Board still requires to approve the devolved budget package from Angus Council at an IJB Board meeting on 26 February 2020.

At the time of writing this report the local government finance settlement and the conditions attached to it remain provisional and won't be confirmed until the Scottish Parliament approves the Local Government Finance Order in March 2020. Experience from recent years suggests that changes to the settlement and conditions attached to it affecting IJBs could arise before the Order is agreed and for this reason the Council is being asked to approve the 2020/21 Devolved Revenue Budget on a provisional basis. Approval of a final Devolved Budget to the Angus IJB will be via a further report to an appropriate Committee once the Local Government Finance Order has been agreed.

In addition to the above proposed budget, Angus Council and the IJB are in ongoing discussion to consider the possible re-alignment of some budgets currently devolved to the IJB. This may involve some resources reverting to Angus Council if it is deemed management oversight will be better or more appropriately delivered through Angus Council. Examples may include some property related resources or other shares of corporate obligations.

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 2020/21 they will continue to manage a challenging savings and cost containment programme of measures across the whole of the IJB, 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 2020/21 budget package has been accepted at an officer level for progressing to seek formal approval by the IJB. This will take place before the Council Tax setting meeting at the Board meeting on 26 February 2020. There is risk that the IJB does not approve the proposed devolved budget on this date 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. 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 is 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 2019/20 this risk share is 36% Angus Council and 64% NHS Tayside. This risk sharing means that Angus Council has an exposure to financial risk should an ultimate overall overspend arise across the whole IJB regardless of the IJB activity from which the overspend originates. This 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 2019 the Angus IJB had general reserves of £3.4m.

7. FINANCIAL IMPLICATIONS

There are no immediate financial implications arising from the recommendations of this report. 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.

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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.