



AGENDA ITEM NO 7

REPORT NO IJB 5/20

ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 26 FEBRUARY 2020

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 regarding the proposed Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2020/21.

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 2020/21.

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

- (ii) approves the 3.0% uplift in budget settlements with NHS Tayside for core local community health, hosted services and Prescribing budgets for 2020/21.
- (iii) Continues to support 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).

With respect to (i) and (ii) above, should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, then the proposed budget settlements set out in this report would require to be revisited.

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 proposal are derived through a series of discussion with Partners, particularly once Scottish Government budget information is available. Information regarding the 2020/21 budget initially became available as part of the publication of the Scottish Government's overall budget on 6th February 2020. This report is based on the position set out on 6th February 2020, although it is important to note that the overall Scottish Government budget for 2020/21 is still subject to

Parliamentary approval. As last year's budget went through the process receiving Parliamentary approval, this did affect Health and Social Care funding.

3. BUDGET SETTLEMENT WITH ANGUS COUNCIL

- 3.1 Members will be aware that in 2019/20, Angus Council provided c£45m of core financial support to Angus HSCP. In some previous years the Scottish Government has provided funds directly for functions devolved to IJBs and has channelled these funds via Angus Council.

It is important to note that Angus Council also require to approve any budget settlement with Angus IJB and this matter will be considered at the Angus Council meeting of 27th February 2020.

- 3.2 For 2020/21, the situation is that Scottish Government budget proposals set out that IJB funding from Angus Council should equal 2019/20 budget plus the additional funding noted below.

The Scottish Government is proposing that additional funds (beyond 2019/20 budgets) are made available to Angus IJB, via Angus Council, to support the following:-

Additional Funding	National Allocation	Local Allocation	Notes
Implementation of the Carers Act	£11.6m	£0.275m	2
Free Personal and Nursing Care	£2.2m	£0.071m	
Living Wage	£25.0m	£0.500m	3
Additional Social Care Pressures	£57.20m	£1.356m	4
Total	£96.0m	£2.202m	5

Notes:-

1. All "Local Allocations" are currently estimates and will be adjusted in due course to match final Scottish Government figures. Funding shares will be determined by a mix of Grant Aided Expenditure (GAE) and NRAC (NHS Scotland Resource Allocation Committee) formulae.
2. An element of this funding may require to be transferred to Children's Services. This will be agreed separately.
3. This funding is intended to support the continued implementation of the Living Wage.
4. This funding will assist the IJB meet overall pressures within Social Care including inflationary and demand pressures previously documented. This funding will also support the IJB meet performance targets.
5. The "Total" is £96.0m. Separately the Scottish Government is allocating £4.0m to support School Counselling services but within Angus these are not devolved to the IJB.

As the above funds are being channelled via Local Authorities so they form part of the 2020/21 budget settlement proposal. Angus Council are planning that, in line with Scottish Government expectations, all the above funding be passed on to Angus IJB.

- 3.3 Reflecting section 3.2, the proposed budget settlement for 2020/21, subject to any future clarifications, from Angus Council to Angus IJB will be as follows:-

	£m
Recurring Budget from 2019/20	£47.502m
Share of Additional Scottish Government Funding	£2.202m
Total Proposed Budget Settlement	£49.704m

- 3.4 This settlement is more positive than the assumptions outlined in the IJB's December 2019 Strategic Financial Plan (report 82/19). That report had assumed an uplift £788k reflecting a 1% increase on historic budgets plus funding regarding the Carers Act. This improved position, assuming it is ratified in Parliament, does help close out the funding gap within Adult Services (previously forecast to be £2.9m in 2020/21, increasing to £8.1m by 2022/23).

In considering this budget settlement proposal the IJB must take into account the prescribed nature of the current Scottish Government budget proposals 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.

Should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, then the proposed budget settlements set out in this report would require to be revisited.

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.

4. BUDGET SETTLEMENT WITH NHS TAYSIDE

4.1 The final budget settlement with NHS Tayside for 2019/20 was only confirmed at the IJB's December 2019 meeting. This reflected the status of a small number of unresolved issues despite the headline agreement being confirmed back in February 2019.

4.2 For 2020/21, the situation is that Scottish Government budget proposals set out that NHS Scotland Health Boards will receive funding uplifts of 3% and that Health Boards should pass on uplifts of at least 3% to local Integration Joint Boards. Within NHS Tayside, the current intention is to pass on that 3% uplift to local IJBs. This offer reflects the challenging financial environment that NHS Tayside is currently operating. The offer covers all relevant local community health services, hosted services, Prescribing and Family Health Service budgets for 2020/21.

Due to the budget composition of the Health side of the IJB (noting the Health part of the IJB is augmented by a number of in-year funding allocations) it is difficult at this stage to exactly quantify the impact of a 3% uplift on budget but it is estimated to be c£2.5m. This is approximately c£400k greater than what was estimated in the in the IJB's December 2019 Strategic Financial Plan (report 82/19). That report had assumed an uplift of 2.5%. This improved position, assuming it is ratified in Parliament, does help close out the funding gap within the IJB (previously forecast to be £2.4m in 2020/21, increasing to £8.2m by 2022/23).

In considering this budget settlement proposal the IJB must take into account the prescribed nature of the current Scottish Government budget proposals and the clear and transparent nature of the proposed budget settlement.

Taking all 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 (3% increase) from NHS Tayside.

4.3 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 (i.e. a 3% increase) and this is what has been set out above.

4.4 It is important to note that due to the 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 4.2 above describes the proposed changes in recurring budgets, there will be a number of other in-year changes to the IJB's devolved funding from NHS Tayside. These other changes often reflect allocations received directly from the Scottish Government – noting that

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. 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£1183k).
- Increased Action 15 (Mental Health Strategy) funding (c£150k).

The IJB may also enter into discussions with NHS Tayside regarding accessing funding to support the likes of Unscheduled Care issues.

- 4.5 There remain some longstanding unresolved 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 – The IJB has also previously raised this matter with NHS Tayside in terms of seeking to further develop this mechanism.

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

- Formally approves the 3.0% uplift in budget settlements with NHS Tayside for all relevant local community health services, hosted services, Prescribing and Family Health Service budgets for 2020/21.
- Continues to support 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).

Should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, then the proposed budget settlements set out in this report would require to be revisited.

5. DIRECTIONS

On an annual basis Angus IJB has previously issued annual "directions" reflecting budget settlements to both Angus Council and NHS Tayside regarding services to be delivered through both Partners. While the process for issuing "directions" to Partners is now evolving, as per previous years, the Chief Officer will issue a "direction" to both Angus Council and NHS Tayside reflecting overall budget settlements.

6. SUMMARY

It is the view of the Chief Officer and Chief Finance Officer that the proposed budget settlement with NHS Tayside should be accepted. It should be noted that there are some unresolved issues as set out at 4.5 and these will continue to be taken forward in 2020.

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February 2020