



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 22 APRIL 2020

FINANCE REPORT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report provides an update to the Angus Integration Joint Board (IJB) regarding the financial position of Angus IJB including financial projections for 2019/20 based on financial information at February 2020, an update regarding reserves and an update of financial risks.

This report does make reference to the impact of COVID-19 on the IJB's financial position. However the impact on 2019/20 is still hard to assess and most of the significant, impact will be in 2020/21.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) notes the overall projected financial position of Angus IJB for 2019/20;
- (ii) notes the risks documented in the Financial Risk Assessment; and
- (iii) supports the proposals regarding reserves as described in appendix 3.

2. FINANCIAL MONITORING

The report describes the most recent financial monitoring information for Angus IJB for financial year 2019/20 including NHS Directed Services (section 3), Angus Council Directed Services (section 4) and a summary (section 5).

Information contained within this report reflects projections to the end of 2019/20 based on February financial information and consequently there remains scope for variation in the IJBs year-end out-turn. The final accounting / reporting month of previous financial years has, at times, seen some revisions to projections.

The IJB's detailed projected financial position for 2019/20 is set out in Appendix 1. This shows that the overall projected financial position for Angus IJB for year to March 2020 is for an under spend of c£4.3m. This is after Physical Disability, Older Peoples Services, GP Prescribing and Hosted Service overspends have been offset by Community Health and other Adult Service underspends.

3. NHS DIRECTED SERVICES – CURRENT PROJECTIONS

3.1 Local Hospital and Community Health Services

3.1.1 Reflecting good progress made in both this year and previously, for 2019/20 the vast majority of services are currently projecting under spends or near breakeven positions. This projected position makes a positive contribution to the IJB's financial position for 2019/20 and potentially for future years. As noted previously there may be a slight impact of vacancies in some professions (e.g. Physiotherapy) due to the scale of investment being made in these services elsewhere in Angus HSCP and neighbouring HSCPs.

3.1.2 Most projections for 2019/20 remain generally similar to positions shared previously with the IJB. There is a very high level nominal estimate of the early impact of COVID-19 at c£50k during March 2020. This adjustment is made within Centrally Managed Budgets

and reflects likely impact across the health part of the IJB (including increased overtime, drug costs, etc.).

- 3.1.3. The IJB is forecasting an under spend within Centrally Managed Budgets reflecting previous and in-year progress with savings (as per the IJB's financial plan). Some of the under spends within Centrally Managed Budgets also reflect inflation ear-marks that may be re-allocated in future to offset pressures elsewhere in the Partnership in future years.
- 3.1.4. Collectively these factors contribute to the forecast underspend of c£3.9m, some of it non-recurring, regarding Local Hospital and Community Health Services. This under spend is consistent with the IJB's overall financial plan in that it assists the IJB offset over spends elsewhere including Prescribing and Hosted Services.

3.2 Services Hosted in Angus on Behalf of Tayside IJBs

- 3.2.1 Due to pressures that have existed within these services, particularly Out of Hours, progress with delivery of recurring savings proposals has been limited since the inception of the IJB. Consequently at 2019/20 there is a shortfall of c£110k re unmet savings with a further shortfall re 2019/20 pay and superannuation effects of c£83k meaning an overall shortfall of c£193k currently not apportioned to individual Hosted Services but managed as a collective Hosted Service burden.
- 3.2.2 If we set aside this collective burden that will still need tackled, locally Hosted Services are forecasting underspend positions and, in due course, longer term financial plans will be developed for these services which are anticipated to offset historic shortfalls. The IJB intends to be able to share more consistent and regular financial information with other Tayside IJBs in future than has been the case previously.
- 3.2.3 Due to rates of shifts being filled, there has been a slight increase in the forecast under spend for Out of Hours Services.
- 3.2.4 Due to the scale of in-year service under spends, the combined effect of the above is one of a projected year end under spend for the Angus share of these costs.

3.3 Services Hosted Elsewhere on Behalf of Angus IJB

- 3.3.1 As the Board will be aware a number of devolved services are managed by other IJBs on behalf of Angus IJB. The projected year-end position for these services is an over spend of c£342k – a slight improvement on previous projections. The details are set out in table 1 below.

SERVICES HOSTED IN DUNDEE & PERTH IJBs ON BEHALF OF ANGUS IJB	ANNUAL BUDGET (£)	PROJECTED YEAR END VARIANCE (£)
ANGUS SHARE OF SERVICES HOSTED IN DUNDEE		
Palliative Care	6055165	-115000
Brain Injury	1718737	-175000
Sexual & Reproductive Health	2074125	205000
Psychology	5275651	845000
Dietetics (Tayside)	3028791	195000
Other Services Hosted in Dundee	2048535	24068
Balance of Savings Target	-604081	-604100
Grand Total	19596923	374968
Angus Share (27.1%)	5313200	101600
ANGUS SHARE OF SERVICES HOSTED IN PERTH & KINROSS		
General Adult Psychiatry	15856714	-1642500
Podiatry (Tayside)	3111776	215000
Other Services Hosted in Perth	0	0
Balance of Savings Target	-598562	-598562
Grand Total	18369928	-2026062
Angus Share (27.1%)	8808700	-443800
TOTAL ANGUS SHARE OF SERVICES HOSTED ELSEWHERE	14121900	-342200

- 3.3.2 Main contributors to the year-end over-spending position are pressures within Adult Mental Health Services (overseen via Perth IJB) and Palliative Care and Brain (overseen by Dundee IJB). As with Angus IJB, both Dundee and Perth IJBs have unmet savings associated with hosted services. These pressures are partially offset by a range of service underspends within other Hosted Services and the overall position has been assisted by some non-recurring funding.

3.4 Family Health Service (FHS) Prescribing

- 3.4.1 As the Committee is aware considerable work is and has been undertaken regarding Prescribing within the IJB and at a Tayside-level and this was the subject of a separate report to the December 2019 IJB.
- 3.4.2 Information reflected here includes actual costs to end of December and estimates for the period after that. The general assumption is that the progress made during 2018/19 is consolidated on in 2019/20. On that basis a high level projection is of an expected overspend of approximately £500k for GP Prescribing. However this is after the IJB has benefited from a one-off over-estimate of c£200k re late 2018/19 costs. Prescribing is an area where we might expect more COVID-19 related variation in levels of spend over coming months and this projection may be subject to some revision by the year end.
- 3.4.3 The IJB is now reporting a projected under spend of c£700k (previously c£500k) for some Prescribing related costs (described as General Pharmaceutical Services (Others)). These costs are a regular feature of the detailed Prescribing picture and the IJB is contributing to the improvement in financial forecasting around these issues through participating in plans to improve the overall financial management of GPS (Others). Much of this underspend is linked to short term contract adjustments and some of the recent changes in projections reflects an improved understanding of the overall picture. The IJB's financial plan for Prescribing for 2020/21 will reflect these significant offsetting variances and seek to resolve some of them.
- 3.4.4 Previous IJB reports have noted that the Angus cost per waited patient has fallen compared to national averages. In the quarter to December 2018, the Angus weighted cost per patient was just over 6% above the national average. It is now under 5.5% above the national average. This has been achieved by implementing both a regional prescribing work plan in addition to a targeted local approach that has focussed on clinical engagement with individual practices supporting realistic medicine and alternatives to prescribing where that is clinically appropriate. Further improvement from this new position will be increasingly challenging but the IJB will continue to work towards further improvement.
- 3.4.5 The IJB, alongside the regional Prescribing Management Group, has been developing financial plans for 2020/21 and beyond. This includes consideration of planning assumptions such as volume and price growth, contractual issues, planned interventions and the impact of new drugs. A revised Prescribing Financial framework for 2020/21 and beyond will be shared with the IJB in due course.

3.5 General Medical Services (GMS) and Family Health Services

- 3.5.1 Current projections for these services are for an over spend largely attributable to the Angus share of costs associated with the provision of GMS services in the likes of Brechin where NHS Tayside is directly managing GMS services. The incidence of this type of service provision has increased since 2018/19 and may well increase further due to the likes of situation in Arbroath. This can lead to and associated increased cost pressure with a consequent impact on other services.
- 3.5.2 Longer term risks regarding the challenges re General Practitioner recruitment, the uncertainty that is prevailing in the period around the introduction of the new GMS contract, the impact of the development of the longer term Primary Care Improvement Plans (PCIP) and the underlying growth in some Enhanced Service and Premises costs all remain.
- 3.5.3 Recent work reviewing Primary Care Improvement Plans have indicated the cost of the full implementation of these could be significantly in excess of available funding – perhaps by up to 40% above available funding (or £1.0m to £1.5m). This issue is being considered in all Tayside IJBs and is understood to be replicated across Scotland. This pressure could have an impact on the next iteration of the IJB's PCIP plans.

3.6 Large Hospital Services

- 3.6.1 The Board will recall this is a budget that is devolved to the Partnership for Strategic Planning purposes but is operationally managed by the Acute Sector of NHS Tayside. As at 2019/20 this budget was initially quantified at £9.734m. The year-end financial position is presented as break even in advance of further development of associated financial reporting.
 - 3.6.2 As noted previously the Scottish Government are very keen that the Large Hospital Services issue is further developed. This has been restated in the Ministerial Strategic Group report but, to date, only limited progress has been made regionally in Tayside during 2019/20.
- 3.7 Overall Position Regarding NHS Directed Resources
- 3.7.1 Noting there is only a nominal allowance for the impact of COVID-19 in this report, the overall reported projected 2019/20 position, based on information to February suggests an under spend of c£3.8m. This will still be subject to further refinement given current circumstances. The projected position reflects a series of offsetting variances including continued overspends re services hosted elsewhere being offset by local community health underspends. This projection of offsetting variances is consistent with the IJB's overall financial plan for 2019/20.

4. ANGUS COUNCIL DIRECTED SERVICES (ADULT SERVICES) – YEAR END POSITION

4.1 Adult Services

- 4.1.1 For financial year 2019/20 Adult Services is estimating that there will be a year-end under spend of c£550k. This position reflects the early achievement of future year savings (circa £250k) in the current financial year but is subject to the notes below.
- 4.1.2 As previously noted and as described in report 78/19, there continues to be a significant level of demographic growth pressure within Older Peoples Services in particular. This is reflected in the IJB's strategic financial planning but has placed a very significant burden on Home Care resources largely within Older Peoples Services.
- 4.1.3 As noted in the last IJB Finance report, it has previously been necessary to revise projected 2019/20 income levels, bringing expected income for 2019/20 down by c£400k from December assumptions and this is allowed for in appendix 1. As also noted in previous reports, it has been necessary to revise assumed income levels for periods prior to 2019/20. As a result, it is now estimated that assumed income for previous years should be reduced by c£600k and this is also allowed for in appendix 1.

Work has begun with colleagues in corporate support departments within Angus Council to refine income management processes and procedures and to clarify income projection methods. This work has however had to be paused while the emergent COVID-19 outbreak situation is addressed across all of the corporate support sections. This work will however be picked up again at the earliest possible point dependant on pressures presented by the ongoing need to address the COVID-19 situation.

While the adjustments described here do have a significant effect on the projected Older Peoples Service projected year-end financial position, the IJB is still able to contain this impact due to offsetting issues.

- 4.1.4 While the IJB now has a set of financial assumptions for the Free Personal Care (under 65) Act, as at March 2020 the IJB is still unclear regarding the overall financial implications of the implementation of the Carers Act and clarifying this remains work in progress.
- 4.1.5 Pressures remain within Physical Disability services. As noted in recent meetings, this service is currently developing an Improvement Plan for submission to the IJB in April 2020.
- 4.1.6 The financial projections have been adjusted by £50k to reflect a nominal potential March 2020 impact of COVID-19. Potential impacts within Adult Services includes changes in demand patterns incurring increased staff costs, changes in planned income as services are suspended, changes in supplies requirements and potential impacts on costs of products and services purchased.

4.2.1 Overall Position Regarding Angus Council Directed Resources

4.2.1 The overall projected position, based on current information, is for a year end under spend of approximately £554k.

5. SUMMARY IJB POSITION

From the above it can be seen that the IJB is forecasting an overall under spend of c£4.3m. This is a greater underspend than expected in the IJB's Strategic Financial Plan for 2019/20 and is largely attributable to continued progress with local community health variances and an improved Prescribing position. It is also after absorbing the impact of issues described at 4.1.3. Given we now have February information the levels of further uncertainty in projections in a normal year should gradually reduce. However uncertainty will still exist regarding Prescribing (as actual cost area only available up to December when this report was written) and the year-end can sometimes uncover the requirement for some retrospective adjustments (particular when staffing levels in year have been compromised – as has been the case for much of 2019/20). However this year there is added uncertainty regarding COVID-19 and the potential impact on all projections remains subject to multiple risks - particularly refinements to Prescribing, Free Personal Care Act, the Carers Act and demographic growth and income level projections. The IJB's projected 2019/20 year end position will be reflected in future iterations of the IJB's Strategic Financial Plan.

At the moment, and noting risks above, as the IJB is forecasting a year end underspend so the impact of the IJB's financial position for both Angus Council and NHS Tayside would be neutral. Per the Integration Scheme, the IJB would initially retain any projected year end underspend within IJB reserves. The IJB's reserves are described in more detail in appendix 3.

6. FINANCIAL RISK ASSESSMENT

Appendix 2 sets out ongoing or emerging financial risks for the IJB. This risk register includes more detail than is held at an IJB level for Angus IJB's financial risks. Many of the risks are IJB-wide risks including examples such as future funding levels and the risks regarding delivery of savings.

Angus IJB formally monitors its corporate risks through the Angus Clinical, Care and Professional Governance forum. The financial risk is described as "Effective Financial Management".

RISK TITLE	RISK OWNER	BASELINE RISK EXPOSURE	SEPTEMBER 2018	FEBRUARY 2020	MARCH 2020
Effective Financial Management	Chief Officer	25 (5x5) RED	25 (5x5) RED	16 (4x4) AMBER	20 (5x4) RED

While the long term financial planning risk has increased to Red , from Amber due to COVID-19, the financial risk (i.e. of an overspending position) for 2019/20 are low – reflecting the information at appendix 1.

The financial risks regarding COVID-19 (not set out in appendix 2) include issues such as sustainability of financial support, uncertainty re 2019/20 prescribing issues, future inflationary pressures, pressures on providers, ability to deliver a full savings programme and a range of other potential longer term implications. These issues are already being reported regularly to Scottish Government.

7. SUMMARY

The main financial reporting issues in this report are set out in sections 3, 4 and 5. The overall projected financial position for 2019/20, based on current information with many ongoing risks, is of an under spend. This is after Physical Disability, Older Peoples Services, Prescribing and Hosted Service overspends have been offset by Community Health and other Adult Service underspends.

The overall financial position of the IJB does have a material impact on the way Angus IJB provides services in future. By making ongoing progress with delivery of efficiencies and with cost reduction programmes alongside service redesign and modernisation, the IJB will be most able to deliver the services it requires to deliver to the local population on a sustainable basis.

REPORT AUTHOR: ALEXANDER BERRY, Chief Finance Officer

EMAIL DETAILS: **hsciangus.tayside@nhs.net**

April 2020

List of Appendices:

Appendix 1: Angus Health and Social Care Partnership Financial Monitoring Report 2019/20

Appendix 2: Angus Health and Social Care Partnership Financial Risk Assessment 2019/20

Appendix 3: IJB Reserves

APPENDIX 1

Angus Health & Social Care Partnership - Financial Monitoring Report 2019-20						
	Adult Services		Angus NHS Directed Services		HSCP	
	Annual Budget £k	Projected (Over) / Under £k	Annual Budget £k	Projected (Over) / Under £k	Annual Budget £k	Projected (Over) / Under £k
Local Hospital and Community Health Services						
Older Peoples Services						
Psychiatry Of Old Age			5,238	270	5,238	270
Medicine For The Elderly			5,884	67	5,884	67
Community Hospitals			58	-15	58	-15
Minor Injuries / O.O.H			1,805	180	1,805	180
Community Nursing			4,316	205	4,316	205
Enhanced Community Support			1,261	104	1,261	104
Management & Admin	964	-113			964	-113
Care at Home	4,547	295			4,547	295
Intermediate Care	376	33			376	33
Community Support	714	-35			714	-35
Supported Accommodation	490	5			490	5
Internal Residential	5,041	-122			5,041	-122
Care and Assessment	22,214	-555			22,214	-555
Community Mental Health	1,202	-16			1,202	-16
Older Peoples Service	35,549	-508	18,561	811	54,110	303
Mental Health	2,831	-8	2,862	232	5,692	223
Admin Community Support	2,606	-15			2,606	-15
Non Residential Care	6,855	-450			6,855	-450
Residential Care	5,339	355			5,339	355
Learning Disabilities	14,800	-110	574	22	15,374	-88
Physical Disabilities	2,670	-631			2,670	-631
Substance Misuse	927	99	973	68	1,900	167
Community Services						
Physiotherapy			1,808	59	1,808	59
Occupational Therapy	1,380	154	632	186	2,012	340
Joint Store	690	0			690	0
Anti-Coagulation			271	67	271	67
Primary Care			659	85	659	85
Carers	521	0			521	0
Homelessness	816	15			816	15
Other Community Services			1,419	24	1,419	24
Community Services	3,407	169	4,790	421	8,197	590
Planning / Management Support						
Centrally Managed Budget	2,015	1,476	2,356	2,073	4,370	3,549
Partnership Funding			1,384	205	1,384	205
Management / Improvement & Development	1,585	68	1,256	58	2,841	126
Planning / Management Support	3,600	1,544	4,996	2,336	8,596	3,880
Local Hospital and Community Health Services			32,756	3,891		
Services Hosted in Angus on Behalf of Tayside IJBs						
Forensic Service			1,006	135	1,006	135
Out of Hours			7,903	300	7,903	300
Speech Therapy (Tayside)			1,126	91	1,126	91
Locality Pharmacy			1,851	0	1,851	0
Tayside Continence Service			1,441	40	1,441	40
Hosted Savings - Phased in			-193	-193	-193	-193
Hosted Services Recharges to Other IJBs			-9,614	-269	-9,614	-269
Services Hosted in Angus on Behalf of Tayside IJBs	0	0	3,520	104	3,520	104
Services Hosted Elsewhere on Behalf of Angus IJB			14,122	-342	14,122	-342
GP Prescribing			21,051	-530	21,051	-530
Other FHS Prescribing			617	709	617	709
General Medical Services			18,261	-64	18,261	-64
Family Health Services			13,019	16	13,019	16
Large Hospital Set Aside			9,734	0	9,734	0
Grand Total	63,782	554	113,080	3,782	176,862	4,337

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Savings Targets			
A number of IJB savings programmes (including parts of the Angus Care Model) are running behind schedule or will not deliver as per original plans.	High	c£1.0m (recurring)	This impact has already had an effect on assumptions within the IJB's Strategic Financial Plan.
Cost Pressures			
Prescribing - The IJB costs per weighted patient remain above the national averages.	Reducing	c£0.5m (recurring)	6 monthly report to IJB and regular liaison with regional Prescribing Management Group.
Reviews of Safe Staffing issues re Health and Care (Staffing) (Scotland) Act and local review of healthcare tasks undertaken in community setting may have a longer term impact on social care services.	Medium	Not known	Issues remain under consideration. Potential longer term risk.
Workforce and recruitment issues may have a knock on effect on IJB costs beyond service delivery issues. (Includes issues within General Practice.)	Medium	c£300k +	Initial reliance on supplementary staffing can be contained within budgets. If that develops into agency or overtime staffing then there is an additional cost impact.
Large Hospital Set Aside - 2019/19 reported at breakeven. Increasing financial risk in longer term.	Increasing	Not known	Risks more likely from 2020/21, noting Scottish Government focus on this issue.
Demographic Pressures – e.g. in Adult Services reflecting population changes This may be partially attributable to the Carers Act.	High	c£1.0m+ (recurring)	The IJB continues to explore resolutions to demographic pressures including demand management. The IJB has still to finalise financial plans re Carers Act.
The IJB's Adult Services are likely to see significant inflation-type pressures beyond 2019/20 reflecting both the ongoing impact of the Living Wage but also issues associated with the current National Care Home Contract.	Medium	c£2.0m (recurring)	The IJB will work at a local/national level to manage these pressures. Where necessary mitigating action may be required. Estimates of these costs are allowed for in financial plans.
Brexit related financial Impacts	Medium	Not known	A range of IJB costs could be affected in various Brexit scenarios. This could include shorter-term increased supplies/drug related costs, longer-term issues due to recruitment or other issues that could result from any potential instability. The effect now is most likely in second half of 2020/21.
Primary Care Improvement Plan	High	c£1.0m	Recent estimates costs of full contact implementation will be significantly in excess of available funding. This issue is being considered regionally and is understood to be replicated across Scotland.
Other (including Funding)			
2020/21 Budget Settlements	Low	c£0.5m	While the IJB's budget settlement with Angus Council remains unresolved, other risks remain re likes of Complex Care and Large Hospital Set Aside.
Finance Support Structure and other Corporate Support	High	N/A	CFO continues to work with Partners to ensure required finance support in place Currently there are other areas of risk including Procurement, Property and Legal.
Finance Support – Income Arrangements / Levels	High	TBC	As noted in this report, adjustments have now been made to 2019/20 forecasts. The IJB is working with Angus Council to develop an Income recovery and improvement plan.
Data Quality	Medium	N/A	The IJB has previously noted concerns regarding data quality. These issues have potential to undermine reporting and predictive work. Work continues to address this issue and it is subject of an Internal Audit report in 2019/20.

APPENDIX 3 – IJB RESERVES

In October 2019 the IJB agreed a revised “Reserves Policy” with the policy setting out that the IJB may hold both “ear-marked” reserves and general reserves. Ear-marked reserves will generally be for specific projects or issues, ear-marked due to specific constraints or ear-marked due to funding factors. General reserves are intended to assist the IJB manage its overall resources over the longer term.

General Reserves

The IJB has previously agreed it would set itself a target of having a general reserves equivalent to 2% of turnover (c£3.4m). It should be noted that the IJB can review this target at any time. Should the IJB ultimately overspend in a financial year then the IJB’s uncommitted general reserves would be required to offset any in year overspend. This would only provide short term relief to ongoing financial pressures.

As at March 2019 the IJB’s Annual Accounts showed that Angus IJB has general reserves of £3.4m in line with the target level. This figure will subsequently be influenced by the 2019/20 financial performance and if the IJB does ultimately underspend then this reserve could increase. Reflecting current uncertainties, but also the need to constrain the overall level of reserves it is now suggested that the IJB formally agrees to increase its level of “General Reserve” from 2% of turnover to 2.5% of turnover (now £176m, 2.5% of which is £4.4m). An agreement here to increase reserves would be seen as amending the IJB’s current reserves policy section 5.3 of which currently notes...”Given the size and scale of the IJB’s responsibilities, over the medium term it is considered that it would be an aspiration to achieve a level of contingency general reserves which represents approximately 2% of net expenditure. This value of reserves must be reviewed annually as part of the IJB’s Budget and Strategic Plan, reviewed in the context of the financial environment at that time and considered in the context of the need to maintain an appropriate level of service delivery for the population in each year.”

Ear-marked Reserves

As noted in the 2018/19 year end reports, the IJB does now have a number of ear-marked reserves. These are listed in the table below. Evolving financial plans exist for each reserve. The Scottish Government does have a policy of seeking to reduce the levels of reserves IJBs across Scotland hold and are working towards this by re-profiling in-year funding allocations to allow for reserves held by IJBs. Angus IJB has not drawn down all 2019/20 Scottish Government funding available for a series of programmes (Alcohol and Drugs Partnership, Mental Health Action 15 and Primary Care Improvement Plans) with all balances of Scottish Government funding being retained at Scottish Government level for accessing by Angus IJB in future years.

The IJB does retain two locally derived ear-marked reserves as follows:-

Strategic Plan Reserve – Opening value at 1 April 2019 - £500k. The Strategic Planning Group is now overseeing the prioritisation of this resource and much of this resource has now been committed to a range of projects including more recently training requirements, self-management and agile working (Third Sector). The IJB has been considering a range of additional opportunities to support the IJB’s longer term Strategic Plan including options around project management; workforce and developing more integrated care. A significant increase in the Strategic Plan Reserve would be required to deliver these proposals and for now it is suggested that the IJB contributes an additional £1m to this reserves at the year end on top of any funds that will remain in the reserve at March 2020.

Financial Planning Reserve - £1.187m. The IJB has previously agreed to revert the funds in this reserve to Angus Council and NHS Tayside and this is now being progressed. It is likely, given the IJB’s projected year end position that the IJB would be able to re-establish this reserve at the year end with a view to potentially reverting funds to Partners, However given the current uncertain environment that the IJB is operating in, it is recommended that the IJB retain funds in this reserve to support a variety of options including potentially reverting funds to Partners, potentially adjusting further the IJB’s contingency reserve or potentially ear-marking funds for other purposes. While there may be some resistance to reverting funds to Partners, it is important to recall that both the IJB’s Partners do continue to experience significant financial pressures.

COVID-19

As noted above, the IJB does hold a range of reserves. It is possible that the Scottish Government may ask the IJB to consider the use of reserves to help support the costs of addressing COVID-19. At the moment this is not factored into any formal reserve set out here, but the IJB should be aware this is a possibility.

Overall Reserves

The table below sets out the expected year end position regarding the IJB's reserves, prior to any of the proposals noted above and prior to confirmation of the year end position.

	Opening Balance 1 April 2019	Forecast Decrease in Reserve	Forecast Increase in Reserve	Forecast Closing Balance 31 March 2020
Angus IJB Reserves	£K	£K		£K
General Fund Balance (Usable Reserve) - General Reserve	3400	0	1000	4400
General Fund Balance (Ear-Marked Reserves)				
Strategic Plan Reserve	500	-150	1000	1350
Financial Planning Reserve	1187	-1187	2337	2337
Scottish Government - GMS Contract - Primary Care Improvement Plan 2018/19	322	-322	0	0
Scottish Government - Mental Health - Action 15 Funding 2018/19	143	-143	0	0
Scottish Government - GMS Contract - Primary Care Transformation Funding 2017/18	206	-70	0	136
Scottish Government - GMS Contract - Recruitment & Retention Funding 2017/18	93	-47	0	46
Scottish Government - ADP 2018/19	72	-72	0	0
Scottish Government - Mental Health 2018/19	42	-42	0	0
Scottish Government - Forensics 2018/19	51	-21	0	30
	2616	-2054	3337	3899
Total General Fund Balance	6016	-2054	4337	8299

Noting all the above, including potential impact of COVID-19 on reserves, the IJB is asked to:-

1. Support a planned increase in the IJB's general reserves from 2% of turnover to 2.5%.
2. Support a planned increase in the IJB's Strategic Plan Reserve by £1.0m from 2019/20 under spends.
3. Support holding the balance of 2019/20 in a "Financial Planning Reserve" to address a range of issues including potentially reverting funds to Partners, potentially adjusting further the IJB's contingency reserve or potentially ear-marking funds for other purposes.

If the IJB supports the above intentions they will be reflected in year-end reporting.