



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 22 APRIL 2020

ANGUS IJB STRATEGIC FINANCIAL PLAN 2020/21 – 2022/23 - UPDATE

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

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. This plan is largely presented as a "business as usual" plan, although it is of course recognised the COVID-19 situation means the IJB is not operating in a "normal" environment. There this plan reflects what the IJB would have expected to be the financial plan for 20/21, but the Board will need to acknowledge that the COVID-19 impact will affect much of this plan.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) notes the confirmed position regarding the 2020/21 budget settlement with Angus Council;
- (ii) approves this new IJB Strategic Financial Plan for 2020/21 to 2022/23;
- (iii) requests the Chief Finance officer provide regular updates regarding the progress of this plan during 2020/21;
- (iv) recognises the risks associated with the overall strategic financial plan and specifically the high level risks associated with COVID-19; and
- (v) 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 to address these shortfalls, in line with the Strategic Plan, to future IJB Board meetings.

2. BACKGROUND

- 2.1 In December 2019, Angus IJB shared its most recent Strategic Financial Plan covering the period 2020/21 to 2022/23 (report IJB 82/19). That 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 December 2019 version of the plan, further clarity has become available regarding budgets for 2020/21, the IJB has updated information regarding its current cost base, the IJB has clearer assumptions regarding future inflationary pressures and, after the IJB's Development Session of January 2020, the IJB has a clearer picture of the potential impact of a broader series of planned interventions.

Taking all the above into account this report now sets out an updated iteration of the IJB's Strategic Financial Plan, still intended to be consistent with the IJB's Strategic Commissioning Plan as at April 2019. This plan has been drafted during a period when IJB Management team have had to focus significantly on the COVID-19 situation and therefore some of the content of this plan is not as well refined as the IJB should normally expect at this stage. This plan will be revisited during 2020/21, possibly at December 2020.

This updated 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 – including updates of previous planned intervention and inclusion of further interventions.
- Hosted Services, Prescribing, Family Health Services and Large Hospital Set Aside.

Despite this report marking a conclusion to the development of the Strategic Financial Plan for 2020/21 to 2022/23, workings do continue to contain multiple risk and assumptions. These, and potential impact of COVID-19, are explored in more detailed at section 8.

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 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 and other savings initiatives.
 - 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£200k (benefit)	Future year pressures re inflation are factored in elsewhere. (Note this is a lower benefit than previously noted due to "income" issues referred to in Finance reports).
Adult Services	Finance Reports note significant current pressures within Physical Disabilities.	c£800k (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.
Hosted Services (Elsewhere)	These pressures include In Patient Mental Health Plans. 2019/20 in year position assisted by one-off factors.	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.
Prescribing	The IJB has previously described ongoing issues re Prescribing.	c£500k (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.
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.

The above factors, which will remain under review as we go into 2020/21, 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. Beyond 2020/21, there is a significant level of risk associated with these assumptions and further clarification from the Scottish Government would be required to resolve this lack of clarity.

For 2020/21, the IJB considered Budget Settlement with both Angus Council and NHS Tayside at its Board meeting of 26 February 2020 (report 5/20). The budget assumptions set out in report 5/20 are consolidated in to this report.

Partner	Year	Position	£k	Risk/Comments
Angus Council	2020/21	The IJB has agreed headline budget uplift with Angus Council to pass through increased Scottish Government funding of c£2.202m to the IJB. This covers the Implementation of the Carers Act (c££275k) and a range of other services and inflationary pressures £1927k.	£2.202m	The increase to support service and inflationary pressure is better than had been originally envisaged in December 2019. This reduces the risks in the IJB's financial plans considerably.
	2021/22 and beyond	The ongoing assumption is for a 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 Government settlement.	£0k pa	See above.
Scottish Government	2021/22 and beyond	An uplift in Social care funding of 1% has been allowed for here. Assumed Carers Act funding will continue to approximately match Carers Act financial memorandum.	c£500k pa	This represents an area of significant uncertainty. Carers Act funding based on previous Scottish Government workings, though these may be subject revision.
NHS Tayside	2020/21	Following agreement of Scottish Government budget, budget uplifts of 3% will be passed on to all Tayside IJBs.	c£3916k	The increase is slightly better than previously envisaged reducing the risks in the IJB's financial plans. 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 £2282k	This will be subject to future review.

The Budget settlement with Angus Council was agreed by Angus IJB on 26 February 2020, but soon after that agreement further flexibilities became available to Local Authorities to reduce 2020/21 funding by up to 2% from 2019/20 baselines. Angus Council confirmed on 30 March 2020 that they would not wish to revisit the original budget settlement (as agreed by the IJB). The Council have set out a wish to work with the IJB closely to help deliver on the outcomes of the Strang report "Trust and Respect" and support the Collaborative Strategic Leadership Group's intentions to

oversee the urgent and essential actions required to improve mental health services and begin to restore public trust, respect and confidence in Mental Health services in Tayside and:-

- Strengthen our engagement and participation so that the voices of people with lived experience and their carers are amplified and remain strong as we co-design improvements to services to deliver a truly person-centred Tayside-wide Strategy for Transforming and Improving Mental Health and Wellbeing.
- Drive the development of the Tayside-wide Strategy which delivers support and services built on our commitment to fostering respectful relationships with people who use and work in our services.
- Commit to strengthening the Tayside Mental Health Alliance as a collaborative which brings together all partners and all aspects of mental health - from prevention and recovery, to community and hospital-based services.
- Reach out to, learn from and engage with other mental health systems, external experts and professional bodies to further develop leadership, culture, behaviours and attitudes which will strengthen the learning culture across mental health in Tayside.
- Work in partnership with staff and staff representatives to ensure that everyone has the opportunity to contribute, learn, influence and shape the future of mental health services in Tayside.

Through the IJB Chief Officer, the IJB have now noted and accepted the Council's agreement to the budget settlement and the IJB will work closely with the Council re the above.

The above sets out that the updated budget settlements assumptions are more favourable than was included in December 2019 plans. Recent Scottish Government budget announcements do not, however, give us increased clarity re budget settlement for beyond 2020/21.

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 limited progress has been made in Tayside with resolving this. For financial planning purposes this is assumed to be neutral for Angus IJB.

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

5. COST PRESSURES

- 5.1 The December 2019 Strategic Financial Plan report (82/19) 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. Many of the pressures noted previously remain subject to some uncertainty but many also remain relatively consistent with previous assumptions.

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 – Discussions with providers are well developed and reflect discussion within the Partnership's Third Party Providers group. Inflation pressures are influenced by increases in the Scottish Living Wage (from £9.00 to £9.30(3.33%)) – although some of the Scottish Government additional funding from 2020/21 is intended to support the IJB meet this inflationary factor.
- National Care Home Contract Inflation – This framework will continue for 2020/21, and new information regarding confirmed uplifts is factored in here. Noting previous pressures within this contract, 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 c£300k 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 principle will need to be subject to future review as the cumulative effect of demographics takes effect and as patterns of use of care Homes and Inpatient beds evolves. .

This report reflects demographic growth impacts for 2020/21 and beyond as they were described at the December IJB Board (report 77/19), 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 outstripping previous plans. 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. Due to other pressures in March/April 2020 as this report has been compiled, this part of the financial plan has not been reviewed in as much detail as would normally happen.

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

Report 77/19 also set out a series of 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.

5.4 Legal / Contractual Pressures

A Carers Act report was been submitted to the IJB in December 2019. This described the funding and cost assumptions relating to the Act, with a general assumption that Scottish Government funding in 2020/21 will fully fund the cost of delivering the Carers Act. 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 requirement regarding likes of Mental Health – Action 15 and the 2018 GMS (General Medical Services) contract. Action 15 is still assumed to be deliverable within available funding.

There is analysis now emerging suggesting that the projected costs to meet the IJB’s obligations to fulfil the GMS contract will be more than the Scottish Government funding available. Most recent estimated suggests that there is up a c40% shortfall on funding. This scenario is 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 and could be upwards of £1.3m over budget. This shortfall is NOT reflected in this current draft financial plan as at the moment it is still assumed that the IJB will deliver its Primary Care Improvement Plan within available resources, or be able to re-align resources to support some additional costs or that the Scottish Government will provide additional funding to financially support plans (noting Scottish Government funding was not adjustment to reflect increased superannuation burdens in 2019/20). If the IJB failed to deliver its Primary Care Improvement Plan, this would have a serious impact on local Primary Care services which would also have financial consequences. This risk will need to be thoroughly explored in separate reports to the IJB regarding the PCIP.

Beyond 2019/20, the impacts of the Scottish Government’s Safe Staffing in Health and Care proposals and reviews of Health care tasks undertaken in the community could have an impact on the IJB. These issues are not currently reflected in the IJB’s financial plan.

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.

- 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 fully address the range of strategic shifts the IJB's Strategic Plan itself aspires too. These will have to be planned for on an incremental basis and in future iterations of the IJB's Strategic Financial Plan. Some Strategic Plan issues will be addressed through the IJB's Strategic Plan Reserve.

6. PLANNED INTERVENTIONS

- 6.1 This section sets out the position regarding revised and new planned interventions which are required as a response to the longer term shortfalls within the IJB's Strategic Financial Plan. Sections 6.2.1 to 6.2.7 reflect updates to plans that have previously been included in the IJBs Strategic Financial plan. Sections 6.3 reflects intervention that have been considered previously by the Integration and are now, after the IJB's January Development Session, included (or re-included) in the IJB's Strategic Financial plan. As will be noted later in this report, this set of planned interventions will be significantly impacted on by COVID-19 issues.

6.2 Interventions Previously included in the IJB's Financial Plans (Report 82/19)

Section 6.2 describes interventions that have already been previously documented in report 82/19. This section only includes brief updates as required.

- 6.2.1 Help to Live at Home: No changes to previous assumptions. Estimated Saving – 2020/21 - £50k (medium risk); further £50k per annum in 2021/22 and 2022/23 (medium risk).
- 6.2.2 Learning Disability Review: No change to previous assumptions. Estimated saving – 2020/21 - £262k (low risk); 2021/22 £220k (higher risk).
- 6.2.3 Charging: Angus Council report 53/19 now agreed. Estimated saving – 2020/21 - £238k (low risk); similar adjustments future years until known otherwise.
- 6.2.4 Workforce Review: No changes to previous assumptions. Estimated saving – 2020/21 - £90k; Recurring £130k.
- 6.2.5 Supported Accommodation Review: No change to previous assumptions. Estimated Saving - 2020/21 - £50k; Recurring £100k.
- 6.2.6 Non-Recurring Benefits (Community Health Services): No change to previous assumptions. Estimated Saving - 2020/21 - £300k non-recurring. As a one-off factor this will then be reversed over 2021/22 and 2022/23.
- 6.2.7 Executive Management Team Reviews: No change from previous assumptions. Note this saving would include embedding some 2019/20 in-year under spends and will be a challenging target for services. Estimated Saving (Local Services) - 2020/21 - £600k; and £400k additional in 2021/22 and 2022/23.

6.3 Interventions Not Included in Report 82/19

As the IJB is aware a Development Session was held in January to review a number of planned interventions that the IJB has had under consideration. The output of that session was an agreed

set of further inclusions in to this version of the IJB's financial plan for 2020/21 to 2022/23 as follows:-

Planned Intervention	To IJB	2020/21	2021/22	2022/23	2023/24
		£k	£k	£k	£k
Physical Disability Improvement Plan	April 2020*	0	80	80	80
Nursing in Care Homes Review	April 2020*	0	90	0	0
Extended Inpatient Review (Angus Care Model)	April 2020*	0	300	0	0
Psychiatry of Old Age Review	June 2020	0	200	0	0
Residential Care Review	April 2020*	0	200	0	0
Demand Management	June 2020	tbc	tbc	tbc	tbc
Total		0	870	80	80

It had been assumed that a number of these plans would be reported back to the IJB in April 2020 (see * above), but this will all now be deferred to future IJB meetings. The above information remains very provisional but is factored into this version of the IJB's financial plan. This information will be superseded by information contained in individual reports on each of the above planned interventions.

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). Generally it is assumed that for services hosted elsewhere, new in year planned interventions will, at least, contain the level of overspends as per 2020/21. For services hosted locally it is the initial assumptions that progress to resolve historic shortfalls will be made during 2020/21.

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. Future Prescribing reports to the IJB will more fully describe Prescribing plans for 2020/21 and beyond.

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) contract. 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 is, as noted at 5.4, a material risk of funding not being sufficient to deliver the full contractual requirements.

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 increasing 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. RISK ASSESSMENT AND COVID-19 IMPLICATIONS

- 8.1 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 affects 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 affect 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.
Medium Term Financial Planning – Budget Uplifts	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 long term costs associated with implementing PCIPs may be significantly 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 (Risk of Further Overspends)			
Hosted Services (inc. Mental Health In Patients)	Low	c£100k	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£200k	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.

8.2 COVID-19

The implications falling out of the COVID-19 situation are exceptionally significant. While this report is largely presented as a “business as usual”, the implications of COVID-19 are extraordinary. The scale and breadth of impact is still very difficult to ascertain but some potential implications are noted below:-

- Immediate pressure on services to respond to evolving needs in health and social care.
- Longer term pressure on funding streams (noting the Scottish Government have largely agreed to fund reasonable COVID-19 related costs).
- Future Pressures on the IJB’s cost base – ranging from impacts on drug prescribing to pressures associated with Third Party Provider relationships.
- Immediate impacts on income streams.
- Significant delay in the development and implementation of a number of planned interventions.
- Potential requirement to utilise reserves much earlier than might otherwise have been expected.

As noted above, it is very difficult to assess the full impact on the IJB’s services and financial planning at this point. The IJB will work to keep the Board informed of the financial implications of COVID-19 through future financial reports to the IJB.

9. SUMMARY

- 9.1 This report sets out the IJB’s financial plan for 2020/21 to 2022/23 and captures information regarding current financial performance, funding assumptions. Cost pressures and planned interventions. Additional planned interventions have been factored in after the IJB’s Development Session in January 2020 but all of these will be subject to more detailed review at future IJB meetings.

A summary of the IJB’s financial position, based on the information captured here, is therefore as follows:-

Year	2020/21	2021/22	2022/23
	£K	£K	£K
Shortfalls	-219	-3338	-6573
Planned Use of Reserves	219	3181	0
Revised Shortfall	0	-157	-6573
Cumulative Shortfall	0	-157	-6730

While the IJB is presenting a balanced financial plan for 2020/21 (after a small assumed reliance on 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 an issue that the IJB needs to address going forward. Unless there is a significant increase in certainty re expected Government funding levels of Social Care, 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.

9.2 The summary above shows the IJB's general reserves of c£3.4m being consumed by the end of 2021/22. The IJB currently holds contingency reserves of 2% of turnover (i.e. £3.4m). As part of further planning considerations, and noting risks described elsewhere and the shortfalls noted above, the IJB may consider increasing its contingency reserve level to 2.5% of turnover and this is explored in the separate Finance report to April 2020 IJB meeting. . This should 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.

9.3 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.

9.4 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 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. 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.

9.5 This report notes the dynamic nature of the impact of COVID-19 on the IJB's overall financial planning. The IJB will work to keep the Board informed of the financial implications of COVID-19 through future financial reports to the IJB.

REPORT AUTHOR: ALEXANDER BERRY, Chief Finance Officer
EMAIL DETAILS: hscianguis.tayside@nhs.net
April 2020

List of Appendices:

Appendix 1: IJB Financial Planning Summary

Angus HSCP - Financial Plan 2020/21 to 2022/23																						APPENDIX 1														
	2020/21												2021/22												2022/23											
Year	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (D/P) £k	PX £k	FHS £k	Large Hospitals £k	Gross Total Health £k	Hosted Recharge £k	Net Total Health £k	Grand Total £k	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (In) £k	PX £k	FHS £k	Large Hospitals £k	Gross Total Health £k	Hosted Recharge £k	Net Total Health £k	Grand Total £k	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (In) £k	PX £k	FHS £k	Large Hospitals £k	Gross Total Health £k	Hosted Recharge £k	Net Total Health £k	Grand Total £k			
Brought Forward Budget	47502	46981	12779	14121	21724	31333	9734	136672	-9329	127343	174845	49704	48541	13159	14541	22374	32516	9734	140865	-9606	131259	180963	50915	49924	13489	14901	22934	33486	9734	144468	-9847	134621	185536			
Annual Assumed Budget Uplift Partner / Scot. Govt. (Service / Inflation) Partner / Scot. Govt. (Legal/Contractual)	1927 275	1410 150	380 0	420 0	650 0	0 1183	0 0	2860 1333	-277 0	2583 1333	4510 1608	500 711	1210 173	330 0	360 0	560 0	0 970	0 0	2460 1143	-241 0	2219 1143	2719 1854	500 0	1250 0	340 0	370 0	570 0	0 0	0 0	2530 0	-248 0	2282 0	2782 0			
Annual Assumed Budget Uplift	2202	1560	380	420	650	1183	0	4193	-277	3916	6118	1211	1383	330	360	560	970	0	3603	-241	3362	4573	500	1250	340	370	570	0	0	2530	-248	2282	2782			
Available Budget	49704	48541	13159	14541	22374	32516	9734	140865	-9606	131259	180963	50915	49924	13489	14901	22934	33486	9734	144468	-9847	134621	185536	51415	51174	13829	15271	23504	33486	9734	146998	-10095	136903	188318			
Brought Forward Spend Commitments	48102	45181	12979	14621	22224	31633	9734	136372	-9474	126898	175000	51113	46221	13159	15041	22704	32816	9734	139675	-9606	130069	181182	55274	47774	13489	15401	23264	33786	9734	143448	-9848	133600	188874			
Inflation Pressures																																				
Inflation - Pay	826	1040	350	500	0	0	0	1890	-256	1634	2460	770	1020	330	540	0	0	0	1890	-241	1649	2419	795	1030	400	540	0	0	0	1970	-292	1678	2473			
Inflation - Third Parties	370	300	0	0	0	0	0	300	0	300	670	370	310	0	0	0	0	0	310	0	310	680	360	320	0	0	0	0	0	320	0	320	680			
Inflation - NCHC	980	0	0	0	0	0	0	0	0	0	980	1410	0	0	0	0	0	0	0	0	0	1410	1020	0	0	0	0	0	0	0	0	0	1020			
Inflation - Prescribing	0	0	0	0	220	0	0	220	0	220	220	0	0	0	0	340	0	0	340	0	340	340	0	0	0	0	350	0	0	350	0	350	350			
Inflation - Other	50	50	80	0	0	0	0	130	-58	72	122	60	50	40	0	0	0	0	90	-29	61	121	60	50	40	0	0	0	90	-29	61	121				
Annual	2226	1390	430	500	220	0	0	2540	-314	2226	4452	2610	1380	370	540	340	0	0	2630	-270	2360	4970	2235	1400	440	540	350	0	0	2730	-321	2409	4644			
New Service Pressures																																				
Legal - Carers	275	0	0	0	0	0	0	0	0	0	275	711	0	0	0	0	0	0	0	0	0	711	0	0	0	0	0	0	0	0	0	0	0			
Demographics (Excluding Older People)	400	0	0	0	0	0	0	0	0	0	400	400	0	0	0	0	0	0	0	0	0	400	400	0	0	0	0	0	0	0	0	0	400			
Demographics (Older People)	1200	0	0	0	0	0	0	0	0	0	1200	1200	50	0	0	0	0	0	50	0	50	1250	1200	50	0	0	0	0	0	50	0	50	1250			
Contractual - Action 15 / General Medical Services	0	150	0	0	0	1183	0	1333	0	1333	1333	0	173	0	0	0	970	0	1143	0	1143	1143	0	0	0	0	0	200	0	200	0	200	200			
Drugs	0	0	0	0	330	0	0	330	0	330	330	0	0	0	0	230	0	0	230	0	230	230	0	0	0	0	230	0	0	230	0	230	230			
Annual	1875	150	0	0	330	1183	0	1663	0	1663	3538	2311	223	0	0	230	970	0	1423	0	1423	3734	1600	50	0	0	230	200	0	480	0	480	2080			
Planned Expenditure	52203	46721	13409	15121	22774	32816	9734	140575	-9789	130786	182989	56034	47824	13529	15581	23274	33786	9734	143728	-9876	133852	189886	59109	49224	13929	15941	23844	33986	9734	146658	-10169	136489	195598			
Initial Annual Shortfall	-2499	1820	-250	-580	-400	-300	0	290	183	473	-2026	-5119	2100	-40	-680	-340	-300	0	740	29	769	-4350	-7694	1950	-100	-670	-340	-500	0	340	74	414	-7280			
Less Planned Interventions																																				
Help to Live at Home	50	0	0	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0	50			
Supported Accommodation Review	50	0	0	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0	50	0	0	0	0	0	0	0	0	0	0	0			
LD - Remodel Care	262	0	0	0	0	0	0	0	0	0	262	220	0	0	0	0	0	0	0	0	0	220	0	0	0	0	0	0	0	0	0	0	0			
Non-Recurring (Savings)	0	300	0	0	0	0	0	300	0	300	300	0	-150	0	0	0	0	0	-150	0	-150	-150	0	-150	0	0	0	0	0	-150	0	-150	-150			
EMT Reviews (inc. Equivalent for Hosted Services)	400	200	250	80	0	0	0	530	-183	347	747	200	200	40	180	0	0	0	420	-29	391	591	200	200	100	170	0	0	0	470	-73	397	597			
Workforce Review	90	0	0	0	0	0	0	0	0	0	90	40	0	0	0	0	0	0	0	0	0	40	0	0	0	0	0	0	0	0	0	0	0			
Increased Charging/Recoveries	238	0	0	0	0	0	0	0	0	0	238	200	0	0	0	0	0	0	0	0	0	200	200	0	0	0	0	0	0	0	0	0	200			
GP PX (Additional Savings)	0	0	0	0	70	0	0	70	0	70	70	0	0	0	0	10	0	0	10	0	10	10	0	0	0	0	10	0	10	0	10	10				
Physical Disability Improvement Plan	0	0	0	0	0	0	0	0	0	0	0	80	0	0	0	0	0	0	0	0	0	80	80	0	0	0	0	0	0	0	0	0	80			
Nursing in Care Homes Review	0	0	0	0	0	0	0	0	0	0	0	90	0	0	0	0	0	0	0	0	0	90	0	0	0	0	0	0	0	0	0	0	0			
Extended Inpatient Review (Angus Care Model)	0	0	0	0	0	0	0	0	0	0	0	0	300	0	0	0	0	0	300	0	300	300	0	0	0	0	0	0	0	0	0	0	0			
Psychiatry of Old Age Review	0	0	0	0	0	0	0	0	0	0	0	0	200	0	0	0	0	0	200	0	200	200	0	0	0	0	0	0	0	0	0	0	0			
Residential Care Review	0	0	0	0	0	0	0	0	0	0	0	200	0	0	0	0	0	0	0	0	0	200	0	0	0	0	0	0	0	0	0	0	0			
Demand Management	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	0	0	0	0	0	0			
Total Interventions	1090	500	250	80	70	0	0	900	-183	717	1807	1130	550	40	180	10	0	0	780	-29	751	1881	530	50	100	170	10	0	0	330	-73	257	787			
Revised Planned expenditure	51113	46221	13159	15041	22704	32816	9734	139675	-9606	130069	181182	55274	47774	13489	15401	23264	33786	9734	143448	-9848	133600	188874	58659	49174	13829	15771	23834	33986	9734	146328	-10096	136232	194891			
Revised Shortfall	-1409	2320	0	-500	-330	-300	0	1190	0	1190	-219	-4359	2150	0	-500	-330	-300	0	1020	1	1021	-3338	-7244	2000	0	-500	-330	-500	0	670	1	671	-6573			
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				
Final Shortfall	-1409	2320	0	-500	-330	-300	0	1190	0	1190	-219	-4359	2150	0	-500	-330	-300	0	1020	1	1021	-3338	-7244	2000	0	-500	-330	-500	0	670	1	671	-6573			

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