



## **AGENDA ITEM NO 9**

**REPORT NO IJB 91/21**

### **ANGUS HEALTH AND SOCIAL CARE**

#### **INTEGRATION JOINT BOARD – 24 FEBRUARY 2021**

#### **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 2021/22.

### **1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) should accept this proposed budget offer (£1.805m increase) from Angus Council, subject to satisfactory resolution of the budget pressures under discussion regarding support services; and
- (ii) should accept this proposed budget offer (1.5% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues regarding Large Hospital Set Aside and Complex Care noted above.

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 2021/22 budget initially became available as part of the publication of the Scottish Government's overall budget on 28<sup>th</sup> January 2021. This report is based on the position set out at that time, although it is important to note that the overall Scottish Government budget for 2021/22 is still subject to Parliamentary approval. In recent years the process of gaining Parliamentary approval did lead to adjustments in 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£49m of core recurring financial support to Angus HSCP. In recent years the Scottish Government has provided funds directly for functions devolved to IJBs and has channelled these funds via the 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 an Angus Council meeting at the end of February/start of March 2021.

- 3.2 For 2021/22, the position is Scottish Government budget proposals set out that IJB funding from Angus Council should equal 2020/21 budget plus the additional funding noted below.

The Scottish Government is proposing that additional funds (beyond 2020/21 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	£28.5m	£0.676m	2
Free Personal and Nursing Care	£10.1m	£0.323m	4
Living Wage	£34.0m	£0.806m	3
Total	£72.6m	£1.805m	5

#### Notes:-

1. All "Local Allocations" are currently estimates and will be adjusted to match final Scottish Government figures. Funding shares will be determined by Local Government indicators.
2. An element of this funding may require to be transferred to Children's Services. This will be agreed separately. This funding stream will be captured in separate plans re the implementation of the Carers Act.
3. This funding helps supports uplifting allowances for Free Personal and Nursing Care. Approximately 2/3rds of this funding uplift is expected to support uplifts in allowances beyond that previously factored into IJB plans.
4. This funding is intended to support the continued implementation of the Living Wage. Approximately £8m of the £34m is to consolidate late agreements reached last year regarding one-off 2020/21 uplifts. This is a new recurring obligation for the IJB not previously factored into plans.

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	£49.725m
Share of Additional Scottish Government Funding	£1.805m
Total Proposed Budget Settlement	£51.530m

This proposed settlement is weaker than could have been hoped for, noting in 2019/20 an additional allowance was made for "Additional Social Care Pressures". The proposals are also weaker by c£200k than the planning expectations set out in the report December 2020 IJB - noting plans, even in December, already showed significant planning shortfalls. The net effect of the £1.805m uplift, after allowing for new commitments, equates to a c1.5% cash increase.

- 3.4 Separately, it is important to note that there are a small number of budget pressures under discussion with Angus Council regarding support services covered within the IJB's Integrations Scheme. These issues are important in supporting the IJB deliver operational services and overall strategic plan.

These issues which are still being progressed via officers and will need resolved prior to a clear recommendation re the 2021/22 budget settlement.

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.

It is important to note that some significant unresolved risks remain within this proposed settlement. These include risks associated with issues that remain unresolved including the level of pay award that will be agreed with Local Authority employed staff and agreements regarding the National care Home Contract for 2021/22. Both issues do pose significant financial risk to the Angus IJB, risks that will be replicated elsewhere.

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, subject to satisfactory resolution of the budget pressures regarding support services.

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

In addition to the above proposed budget, Angus Council and the IJB remain in 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 In previous years budget settlements with NHS Tayside, including 2020/21, a small number of residual issues have remained unresolved.

4.2 For 2021/22, the situation is that Scottish Government budget proposals set out that NHS Scotland Health Boards will receive funding uplifts of 1.5% and that Health Boards should pass on uplifts of at least 1.5% to local Integration Joint Boards. Within NHS Tayside, the current intention is to pass on that 1.5% 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 2021/22.

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 1.5% uplift on budget but it is estimated to be c£1.3m. This uplift is lower than previous IJB assumptions however the uplift is currently linked to pay inflation assumptions set out in the Scottish Public Sector Pay Policy and if final Agenda for Change pay negotiations result in a further burden then the Scottish Government have indicated the uplift will be revised upwards. The net effect of the proposed budget is roughly in line with previous expectations though due to the lower headline uplift, it is possible prescribing pressures may now be greater than the annual budget increase. This will be explored in more detail through appropriate channels.

4.3 Separately, it is important to note that there are a small number of unresolved budget issues with regard to the NHS Tayside budget settlement. These are noted below and will need resolved prior to a clear recommendation re the 2021/22 budget settlement.

Complex Care – The IJB has previously raised this matter with NHS Tayside in terms of seeking an acceptable 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 (LHSA) – Alongside developing prospective mechanisms for this resources – as described in report 81/20 – the same report also noted the IJB's view that

allocations made by NHS Tayside for previous adjustment to LHSA utilisation need to be reviewed. This remains under consideration with NHS Tayside and Angus IJB.

- 4.4 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 (1.5% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues noted below.

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

- 4.5 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. Further budget allocations are scheduled for specific issues such as increased Primary Care Improvement Fund and Action 15 (Mental Health) funding, new Alcohol and Drugs monies to support further investment in a range of community-based interventions and additional funds to support District Nursing.

## 5. DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Angus Council and NHS Tayside. Due to the nature of this report, no formal direction is required as a result of the report recommendations.

<b>Direction to:</b>	
No Direction Required	X
Angus Council	
NHS Tayside	
Angus Council and NHS Tayside	

However, 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 may still issue a "direction" to both Angus Council and NHS Tayside reflecting overall budget settlements.

## 6. RECOMMENDATIONS

The recommendations set out here are subject to the Scottish Parliament subsequently approving the original annual budget proposals. Should that set of national proposals subsequently be reviewed then the proposed budget settlements set out in this report would require to be revisited.

As noted above, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£1.805m increase) from Angus Council, subject to satisfactory resolution of the budget pressures regarding support services.

As noted above, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (1.5% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues regarding Large Hospital Set Aside and Complex Care noted above.

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