



**ANGUS HEALTH AND SOCIAL CARE  
INTEGRATION JOINT BOARD – 21 APRIL 2021  
FINANCE REPORT – 2020/21**

**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 2020/21, an update regarding reserves and an update of financial risks and governance issues.

This report does make reference to the impact of COVID-19 on the IJB's financial position.

**1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) notes the overall projected financial position of Angus IJB for 2020/21;
- (ii) notes the risks documented in the Financial Risk Assessment (Appendix 2)
- (iii) regarding Reserves note the update in Appendix 3 and
  - a. approve the updating of the IJB's general reserve to reflect revised turnover;
  - b. support the proposed transfer of reserves to Angus Council; and
  - c. support the creation of a Financial Planning Reserve (2021/22) should there be any relevant underspend within the IJBs year end financial reporting;
- (iv) notes the issues documented in the Financial Governance Appendix 4.

**2. BACKGROUND**

The report describes the most recent financial monitoring and projection information for Angus IJB for financial year 2020/21, based on information to the end of February 2021, including NHS Directed Services (section 3), Angus Council Directed Services - Adult Services (section 4), Financial Impact of COVID-19 (section 5), Progress with Strategic Financial Plan (section 6) and a Conclusion (section 9).

Information contained within this report reflects projections to the end of 2020/21 based on February financial information and consequently, given the uncertainty re impact of COVID-19, there remains scope for variation in the IJBs year end out-turn, particularly given the scale of the impact of COVID-19 on accounting record keeping.

Board members should also be reminded that throughout the year, the IJB Finance reports reflect "management accounting" information for management purposes. The IJB's final year end position will be reported from both a "management accounting" perspective and, in the IJB's published annual accounts, from a "financial accounting perspective". The latter has a different treatment for some transactions - specifically regarding reserves. Previous reports have already noted that IJB reserves are likely to increase at the year end due to Scottish Government funding provision. This will trigger the reporting of in year under spends in the IJB's financial accounts. This needs to be seen independently from the IJB's management information.

The IJB's detailed projected financial position for 2020/21 is set out in Appendix 1. This shows that the overall projected financial position for Angus IJB for year to March 2021 is a breakeven position, after offsetting the costs of COVID-19.

### **3. NHS DIRECTED SERVICES**

#### **3.1 Local Hospital and Community Health Services**

3.1.1 The 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 2020/21.

3.1.2 The main exception to the above is with respect to Psychiatry of Old Age. While the planned Angus Care Model review of these services is still ongoing, services continue to see an increased level of occupancy, acuity and complexity. This in turn has placed increased pressure on staffing levels and this has led to the forecast overspend for 2020/21.

The position has been exacerbated by COVID-19 issues and this has delayed the progressing of the service review. However the impetus for the service is to focus on further developing its review to bring activity and staffing back to planned levels with support from Angus Council Procurement critical to progressing this forward.

3.1.3 The Community Nursing budget is also reporting a small forecast overspend being a direct consequence of COVID-19 due to the service employing additional student nurses.

3.1.4 The IJB continues to forecast an under spend within Centrally Managed Budgets reflecting the IJB's overall Strategic Financial Plan in that these Partnership-wide resources and under spends are intended to offset overspends elsewhere.

3.1.5 Collectively these factors contribute to the reported under spend of c£3.175m, some of it non-recurring, regarding Local Hospital and Community Health Services. This underspend is consistent with the IJB's overall financial plan in that it is intended to offset overspends elsewhere (e.g. within Adult Services). The IJB will gradually re-align these variances.

#### **3.2 Services Hosted in Angus on Behalf of Tayside IJBs**

3.2.1 There was an historic planning shortfall re unmet hosted services savings which was partially resolved in discussions in late 2019/20 on the back of locally Hosted Services being in an overall under spending position at the time.

3.2.2 However the impact of COVID-19 has been significant within Out of Hours Services with multiple additional shifts being required during the earlier phases of the regional response with some of these additional shifts still continuing. Changes to the patient pathway as a direct impact to COVID-19 is currently a feature of the service model with the outcome being projected services overspend in 2020/21.

3.2.3 Forensic Services has seen some staffing availability issues as a result of COVID-19 as well as some core operational workforce issues with, where possible, supplementary staffing being used to cover these service gaps. These results in a projected service overspend in 2020/21.

3.2.4 Due to the scale of in-year service pressures, the combined effect of the above is one of a reported year end overspend of £0.109m 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. Latest projections, including the impact of COVID-19, are forecasting a near breakeven position for 2020/21 but this is after a number of significant offsetting variances (e.g. overspends in Palliative Care and Brain Injury and some unresolved savings targets being offset by under spends in a range of other services).

| <b>Services Hosted in Dundee and Perth IJBs on Behalf of Angus IJB</b> | <b>Annual Budget (£k)</b> | <b>Projected (Over) / Under (£k)</b> |
|--|---------------------------|--------------------------------------|
| <b>Angus Share of Services Hosted in Dundee</b>                        |                           |                                      |
| Palliative Care  | 6,232                     | (234)                                |
| Brain Injury   | 1,786                     | (160)                                |
| Sexual & Reproductive Health   | 2,260                     | 470                                  |
| Psychology   | 5,657                     | 301                                  |
| Dietetics (Tayside)  | 3,475                     | (35)                                 |
| Other Services Hosted in Dundee  | 2,135                     | 62                                   |
| Balance of Savings Target  | (577)                     | (577)                                |
| Grand Total  | 20,969                    | (172)                                |
| <b>Angus Share (27.1%)</b>   | <b>5,683</b>              | <b>(47)</b>                          |
| <b>Angus Share of Services Hosted in Perth &amp; Kinross</b>           |                           |                                      |
| Podiatry (Tayside)   | 3,202                     | 290                                  |
| Prison Health Services   | 3,998                     | 62                                   |
| Public Dental Service  | 2,121                     | 160                                  |
| Other Services Hosted in Perth   | 114                       | 2                                    |
| Balance of Savings Target  | (306)                     | (306)                                |
| Grand Total  | 9,128                     | 208                                  |
| <b>Angus Share (27.1%)</b>   | <b>2,474</b>              | <b>56</b>                            |
| <b>Total Angus Share of Services Hosted Elsewhere</b>                  | <b>8,156</b>              | <b>10</b>                            |

3.3.2 At the December 2020 IJB Board meetings a requirement to develop proposals for the future financial management of Mental Health resources with colleagues in NHS Tayside and neighbouring IJBs was described. This work has been affected by COVID-19 issues in January – March 2021 and an update will now be provided to the next IJB meeting as part of year end updates.

#### 3.4 Family Health Service (FHS) Prescribing

3.4.1 COVID-19 has caused significant disruption to patterns of spend within Prescribing. Regionally, and locally, total prescribing volumes to date remain lower compared to previous year and the financial plan, but also remain volatile with a significant increase in the most recent information for December following a marginal reduction in the November volumes. This is reflected in year to date information and forecasting. Average pricing per prescription continues to be slightly higher than financial planning expectations.

3.4.2 Generally progress has been achieved by implementing both a regional prescribing work plan alongside a targeted local approach and while both approaches have been hindered by COVID-19, improvement work is increasingly being reinstated.

3.4.3 While the above makes comparison with local budgets difficult, the IJB can also compare its costs with Scottish averages. Last year these costs were managed down to c3-5% above national average. Recently Angus has incurred Prescribing costs running c2-8% above the national average. This reflects the increased COVID-19 related volatility and overall costs in 2020/21 are slightly skewed by local COVID-19 impacts.

#### 3.5 General Medical Services (GMS) and Family Health Services

3.5.1 For these services, the Scottish Government have previously confirmed some funding to support General Practices and Community Pharmacy with COVID-19 responses.

3.5.2 In addition, and as noted at previous Board meetings, the IJB is exposed to overspend attributable to the Angus share of costs associated with the provision of GMS in the likes of Brechin and Abbey Medical Centre in Arbroath where NHS Tayside is directly managing GMS. This increased cost pressure will have a consequent impact on other services.

3.5.3 Longer term risks remain regarding the challenges re General Practitioner recruitment, the introduction of the new GMS contract and the underlying growth in Premises costs including

responding to direction of travel set out in the National Code of Practice for GP Premises 2017 (report (IJB 65/20) October 2020) regarding ownership models for General Practice buildings.

- 3.5.4 The IJB should note there may be future discussion re risk sharing arrangements for Primary Care (including GMS) services with neighbouring IJBs.

### 3.6 Large Hospital Services

- 3.6.1 As at April 2020, this budget has been re-set at £8.666m due to a previous reduction in use of beds day. It is expected that the 2020/21 figure may be considerably lower due to COVID-19 related issues.
- 3.6.2 As noted at the December 2020 Board meeting, the partnership is in discussions with NHS Tayside to progress an appropriate resource release from Acute Services to Angus IJB to reflect changes in Occupied Bed Days (OBD) to date which would, in turn, support the commensurate local investment in community resources. This matter is noted in separate financial planning reports.

### 3.7 Overall Position Regarding NHS Directed Resources

- 3.7.1 Noting the impact of COVID-19, specifically around Out of Hours Services, Forensic Services and Psychiatry of Old Age the overall projected 2020/21 year end position is of an under spend of c£3.126m. It is important to remind ourselves that looking at this figure in isolation from Adult Services is not entirely meaningful and, irrespective of COVID-19 impacts, the IJB did plan for under spends on the above resources to offset Adult Services overspends, with some of this offsetting variance now being addressed between the two partners.

## 4. **ANGUS COUNCIL DIRECTED SERVICES (ADULT SERVICES)**

### 4.1 Adult Services

- 4.1.1 For financial year 2020/21 Adult Services is projecting a year end out-turn of an over spend of c£3.126m. This projection reflects assumptions in regard to the additional cost of COVID-19 with the latest local assessment of COVID-19 costs equating to £4.7m. However a significant amount of these costs are being supported through redeployment of existing resources in year.

- 4.1.2 As has been noted previously, the impact of demographics continues to be a pressure on resources. The number of hours for home care, including free personal care for under 65s, continues to increase in excess of current demographic projections, with provision increasing by 18% from c10,300 to c12,200 hours per week an additional cost of c£1.9m per annum. Whilst the use of care home beds has continued with vacancy levels in the region of c10% of bed capacity within Angus, noting the annual budget is £25m. The resource associated with the unused c10% capacity has been redirected to sustain provider support arrangements as part of COVID-19 responses. These trends will continue to be closely monitored and will require a strategic response from the IJB.

- 4.1.3 The COVID-19 costs for Provider Support payments is dependent on the key provider support system data intelligence for quantifying the costs.

The information available is currently limited to actual spend on authorised claims and does not capture outstanding claims and hence there is a level of uncertainty in the financial forecast. The short comings and risks associated continue to be highlighted to Angus Council with the impending year end making this of increased importance.

- 4.1.4 Work is ongoing with Angus Council finance colleagues and the IJB's Internal Auditors, acting in an advisory role, to clarify our position regarding income generation, debt management and financial projections and to refine income management processes and procedures. This issue continues to present a material risk to the IJB.

COVID-19 continues to have an impact on our ability to charge for services and may, in the longer term, affect the ability of service users to contribute to the costs of services.

As a result of this risk and an overall reassessment of debt position, a further increased provision for bad debts will be made this year of £0.5m to mitigate the possible impact of unpaid contributions.

4.1.5 Pressures remain within Physical Disability service after 2020/21 budget realignment was completed. A full review of the current financial position will be undertaken to align with the development of the Physical Disability Improvement Plan which is now due to report to the IJB in June 2021.

4.1.6 An updated report on The Carers (Scotland) Act 2016 providing detailed information on the proposed allocation of resources will be the subject of a separate report to the IJB.

## 4.2 Overall Position Regarding Angus Council Directed Resources

4.2.1 Noting the impact of COVID-19, the overall projected year end position is an overspend of c£3.126m, largely attributable to COVID-19 implications. This figure remains a high level estimate, based on multiple assumptions. It is important to recall that the IJB's Strategic Financial Plan previously did anticipate in-year overspends regarding Adult Services with offsetting under spends elsewhere in the IJB (see 3.7.1 above). A number of offsetting variances have been addressed between the two partners and these are reflected in the overall projection.

## 5. **FINANCIAL IMPACT OF COVID-19**

The Partnership has submitted quarter 3 remobilisation financial plan to the Scottish Government regarding the estimated financial impact of COVID-19. The situation remains fluid with the IJB's February accounts (reported here) including an estimated total cost of c£6.1m. After allowing for c£0.4m of Scottish Government COVID-19 funding allocated to the IJB and our ability to contain costs linked to services operating at reduced levels of spend or redeploying resources, this supports the IJB to deliver a breakeven financial position.

All costs will continue to be effected by national directives and local circumstances, but certainly the COVID-19 funds available from Scottish Government in 2020/21 along with our own ability to contain costs and redeploy will ensure the IJB can contain all COVID-19 related costs this year. The Scottish Government have intimated that any COVID-19 funding allocations that have not been fully used in 2020/21 can be carried forward by IJB's to support COVID-19 remobilisation plans in 2021/22. While it is unclear of the scale of this within Angus, it could be in excess of c£2m.

The financial risks regarding COVID-19 focus on future years and include issues such as impact on ability to deliver a full recurring savings programme, impact on income streams, uncertainty re long term prescribing issues, immediate and longer term impact on our independent sector providers, the impact of service reconfiguration and a range of other potential medium and longer term implications. These issues are common across Scotland and continue to be part of regular discussion and reporting between all IJBs and the Scottish Government.

NHS Tayside has submitted the Remobilisation Plan to the Scottish Government, capturing the impact for Angus HSCP, which covers the period April 2021 to March 2022. A feature of 2021/22 may be a continued level of COVID-19 responses while also a decreased ability to rely on previously redeployed resources. Clarification from the Scottish Government on the level of funding support available for next financial year 2021/22 is awaited across Scotland but the carry forward funding noted above will provide good reassurance that approved costs will be supported by the Government.

## 6. **PROGRESS WITH STRATEGIC FINANCIAL PLAN - PLANNED INTERVENTIONS**

An update is provided in a separate Strategic Financial Planning report to the April 2021 IJB.

## 7. **FINANCIAL MANAGEMENT RISK ASSESSMENT**

Angus IJB formally monitors its corporate risks through the Angus Clinical, Care and Professional Governance group. Appendix 2 sets out ongoing or emerging financial risks for the IJB in more detail than is reflected in the associated corporate risk documentation. Many of the finance risks are IJB-wide risks including future funding levels and the risks regarding future financial planning.

| RISK TITLE                    | RISK OWNER    | SEPTEMBER 2018                  | FEBRUARY 2020  | AUGUST 2020  | APRIL 2021   |
|-------------------------------|---------------|---------------------------------|----------------|--------------|--------------|
| Financial Management/Planning | Chief Officer | 25 (Impact 5; Likelihood 5) RED | 16 (4;4) AMBER | 20 (5;4) RED | 20 (5;4) RED |

The above financial risk assessment reflects the longer term financial issues associated with COVID-19, specifically the detrimental impact on the HSCPs progress with planned interventions.

As has been noted before, there remain a number of long term financial governance issues. The IJB Audit Committee is monitoring these but progress over a number of years has been limited. A summary of the main issues is set out in appendix 4.

## 8. 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. The table below reflects the nature of the recommendations in this report.

| Direction Required to Angus Council, NHS Tayside or Both | Direction to:                 |   |
|--|-------------------------------|---|
|  | No Direction Required         | X |
|  | Angus Council                 |   |
|  | NHS Tayside                   |   |
|  | Angus Council and NHS Tayside |   |

## 9. EQUALITIES IMPACT ASSESSMENT

Due to the content of this report, an Equalities Impact Assessment is not required.

## 10. CONCLUSION

From the above and attached appendices it can be seen that for 2020/21 the IJB is currently forecasting a year end breakeven position. This is a different to 2019/20 and is largely attributable to the impact of COVID-19.

In summary the estimated total cost of COVID-19 is c£6.1m. After allowing for c£0.4m of Scottish Government funding allocated and received by the IJB and our ability to contain costs linked to services operating at reduced levels of spend or redeploying resources, this supports the IJB to deliver a breakeven financial position.

Aside from the over-riding impact of COVID-19, there remain underlying inflationary and demographic pressures and offsetting variances between services. Slippage in progress with delivery of savings from planned interventions is also an increased risk and this will have an effect on the longer term impact.

The overall financial position of the IJB does have a material impact on the way Angus IJB provides services. By making ongoing progress with managing the financial impacts of COVID-19, delivering efficiencies 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.

In future years should the IJB report a year end overspend then, in the first instance IJB reserves will require to be used to address any overspend. Beyond that there could be an impact on the IJB's Partners. The use of significant IJB reserves will only provide short term relief and when a recurring shortfall emerges the IJB will require a series of financial planning responses beyond those already in progress.

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List of Appendices:

Appendix 1: Angus Health and Social Care Partnership Financial Monitoring Report 2020/21

Appendix 2: Angus Health and Social Care Partnership Financial Risk Assessment 2020/21

Appendix 3: IJB Reserves 2020/21

Appendix 4: Financial Governance

## APPENDIX 1

### Angus Health & Social Care Partnership - Financial Monitoring Report 2020-21

|   | Adult Services |                          | Angus NHS Directed Services |                          | HSCP           |                          |
|---|----------------|--------------------------|-----------------------------|--------------------------|----------------|--------------------------|
|   | Annual Budget  | Projected (Over) / Under | Annual Budget               | Projected (Over) / Under | Annual Budget  | Projected (Over) / Under |
|   | £k             | £k                       | £k                          | £k                       | £k             | £k                       |
| <b>Local Hospital and Community Health Services</b>       |                |                          |                             |                          |                |                          |
| <b>Older Peoples Services</b>                             |                |                          |                             |                          |                |                          |
| Psychiatry Of Old Age                                     |                |                          | 5,240                       | (88)                     | 5,240          | (88)                     |
| Medicine For The Elderly                                  |                |                          | 6,290                       | 344                      | 6,290          | 344                      |
| Community Hospitals                                       |                |                          | 0                           | 0                        | 0              | 0                        |
| Minor Injuries + Illness Units                            |                |                          | 1,868                       | 255                      | 1,868          | 255                      |
| Community Nursing   |                |                          | 4,552                       | (34)                     | 4,552          | (34)                     |
| Enhanced Community Support                                |                |                          | 1,244                       | 91                       | 1,244          | 91                       |
| Management & Admin  | 1,072          | (78)                     |                             |                          | 1,072          | (78)                     |
| Care at Home  | 4,770          | 260                      |                             |                          | 4,770          | 260                      |
| Intermediate Care   | 389            | (0)                      |                             |                          | 389            | (0)                      |
| Community Support   | 753            | 2                        |                             |                          | 753            | 2                        |
| Supported Accommodation                                   | 494            | (6)                      |                             |                          | 494            | (6)                      |
| Internal Residential                                      | 5,145          | 198                      |                             |                          | 5,145          | 198                      |
| Care and Assessment                                       | 23,779         | (5,070)                  |                             |                          | 23,779         | (5,070)                  |
| Community Mental Health                                   | 1,436          | 67                       |                             |                          | 1,436          | 67                       |
| <b>Older Peoples Service</b>                              | <b>37,837</b>  | <b>(4,628)</b>           | <b>19,194</b>               | <b>568</b>               | <b>57,031</b>  | <b>(4,060)</b>           |
| <b>General Adult Psychiatry</b>                           |                |                          |                             |                          |                |                          |
|   | <b>3,536</b>   | <b>265</b>               | <b>2,738</b>                | <b>42</b>                | <b>6,273</b>   | <b>307</b>               |
| Admin Community Support                                   | 2,661          | 85                       |                             |                          | 2,661          | 85                       |
| Non Residential Care                                      | 6,633          | (429)                    |                             |                          | 6,633          | (429)                    |
| Residential Care  | 5,520          | 496                      |                             |                          | 5,520          | 496                      |
| Learning Disability(Angus)                                |                |                          | 588                         | 19                       | 588            | 19                       |
| <b>Learning Disability</b>                                | <b>14,814</b>  | <b>152</b>               | <b>588</b>                  | <b>19</b>                | <b>15,402</b>  | <b>171</b>               |
| <b>Physical Disabilities</b>                              |                |                          |                             |                          |                |                          |
|   | <b>3,548</b>   | <b>(596)</b>             |                             |                          | <b>3,548</b>   | <b>(596)</b>             |
| <b>Substance Misuse</b>                                   |                |                          |                             |                          |                |                          |
|   | <b>1,207</b>   | <b>129</b>               | <b>1,017</b>                | <b>81</b>                | <b>2,224</b>   | <b>210</b>               |
| <b>Community Services</b>                                 |                |                          |                             |                          |                |                          |
| Physiotherapy   |                |                          | 2,065                       | 96                       | 2,065          | 96                       |
| Occupational Therapy                                      | 2,103          | 225                      | 653                         | 170                      | 2,756          | 395                      |
| Joint Store   | 690            | 0                        |                             |                          | 690            | 0                        |
| Anti-Coagulation  |                |                          | 251                         | 49                       | 251            | 49                       |
| Primary Care  |                |                          | 750                         | 22                       | 750            | 22                       |
| Carers  | 519            | 0                        |                             |                          | 519            | 0                        |
| Homelessness  | 841            | 5                        |                             |                          | 841            | 5                        |
| Other Community Services                                  |                |                          | 1,296                       | 0                        | 1,296          | 0                        |
| <b>Community Services</b>                                 | <b>4,153</b>   | <b>230</b>               | <b>5,015</b>                | <b>337</b>               | <b>9,168</b>   | <b>567</b>               |
| <b>Planning / Management Support</b>                      |                |                          |                             |                          |                |                          |
| Centrally Managed Budget                                  | 3,231          | 1,626                    | 7,932                       | 2,041                    | 11,163         | 3,667                    |
| Partnership Funding                                       |                |                          | 99                          | 0                        | 99             | 0                        |
| Job Management  | 1,146          | (304)                    | 1,437                       | 87                       | 2,583          | (217)                    |
| <b>Planning / Management Support</b>                      | <b>4,377</b>   | <b>1,322</b>             | <b>9,468</b>                | <b>2,128</b>             | <b>13,845</b>  | <b>3,450</b>             |
| <b>Local Hospital and Community Health Services</b>       |                |                          |                             |                          |                |                          |
|   |                |                          | <b>38,020</b>               | <b>3,175</b>             |                |                          |
| <b>Services Hosted in Angus on Behalf of Tayside IJBs</b> |                |                          |                             |                          |                |                          |
| Forensic Service  |                |                          | 1,017                       | (190)                    | 1,017          | (190)                    |
| Out of Hours  |                |                          | 8,081                       | (340)                    | 8,081          | (340)                    |
| Speech Therapy (Tayside)                                  |                |                          | 1,200                       | 125                      | 1,200          | 125                      |
| Locality Pharmacy   |                |                          | 1,802                       | 0                        | 1,802          | 0                        |
| Tayside Continence Service                                |                |                          | 1,503                       | 32                       | 1,503          | 32                       |
| Hosted Services Centrally Managed Budget                  |                |                          | 17                          | (31)                     | 17             | (31)                     |
| Hosted Services Recharges to Other IJBs                   |                |                          | (9,929)                     | 294                      | (9,929)        | 294                      |
| <b>Services Hosted in Angus on Behalf of Tayside IJBs</b> | <b>0</b>       | <b>0</b>                 | <b>3,691</b>                | <b>(109)</b>             | <b>3,691</b>   | <b>(109)</b>             |
| <b>Services Hosted Elsewhere on Behalf of Angus IJB</b>   |                |                          |                             |                          |                |                          |
|   |                |                          | <b>8,156</b>                | <b>10</b>                | <b>8,156</b>   | <b>10</b>                |
| GP Prescribing  |                |                          | 21,162                      | (131)                    | 21,162         | (131)                    |
| Other FHS Prescribing                                     |                |                          | 206                         | 152                      | 206            | 152                      |
| General Medical Services                                  |                |                          | 19,056                      | (46)                     | 19,056         | (46)                     |
| Family Health Services                                    |                |                          | 15,177                      | 76                       | 15,177         | 76                       |
| Large Hospital Set Aside                                  |                |                          | 8,666                       | 0                        | 8,666          | 0                        |
| <b>Grand Total</b>  | <b>69,471</b>  | <b>(3,126)</b>           | <b>114,135</b>              | <b>3,126</b>             | <b>183,606</b> | <b>(0)</b>               |



## APPENDIX 2 – ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP FINANCIAL RISK REGISTER

| Risks – Revenue   | Risk Assessment       |                          | Risk Management/Comment  |
|---|-----------------------|--------------------------|--|
|   | Likelihood            | Impact (£k)              |  |
| <b>Current Financial Performance</b>  |                       |                          |  |
| Data Quality  | Medium                | N/A                      | These issues continue to have potential to undermine reporting/planning. Subject of an Internal Audit report in 2019/20.   |
| Income Arrangements / Levels  | Medium                | c£0.2m (recurring)       | The IJB is working with Angus Council to develop an Income recovery /improvement plan which has been reinstated following a delay due to COVID-19.   |
| <b>Funding Assumptions</b>  |                       |                          |  |
| Unresolved 2020/21 budget with NHS Tayside (e.g. Complex Care, Large Hospital Set Aside)  | Medium                | c£500k (recurring)       | Complex Care – At the conclusion of the 5 <sup>th</sup> year of integration this remains unresolved with increased scope for loss of audit trail and incremental, unfunded costs shifting to the IJB.<br>Large Hospital Set Aside – The partnership is in discussions with NHS Tayside re appropriate resource release. However this has been affected by COVID-19 and the lack of progress undermines the IJB's ability to fully direct resources within the Strategic Plan. Noting that most recent information does suggest Angus has reduced its use of Acute Services since the inception of integration. |
| Medium Term Financial Planning – Lack of funding clarity.   | Medium                | Not known                | 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 (Future Years) | The level of funding Angus IJB receives from Partners could be subject to review.  |
| <b>Cost Pressures</b>   |                       |                          |  |
| COVID-19 – single biggest future year risk with uncertainty re the financial impact on longer term cost base.                             | High (Future years)   | TBC (Future Years)       | Continue to document actual and projected costs and ongoing dialogue at national level re funding clarifications and potential impact on reserves.   |
| Prescribing – Local costs per weighted patient remain above national averages.  | Medium                | c£0.5m (recurring)       | 6 monthly report to IJB and liaison with regional Prescribing Management Group.  |
| Reviews of Safe Staffing issues re Health and Care (Staffing) (Scotland) Act and review of healthcare tasks in community setting.         | 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.                                  | Medium                | c£300k + (recurring)     | The IJB faces a number of workforce issues (e.g. General Practice, Independent Sector) and through workforce planning needs to liaise with all interested parties to mitigate these risks.   |
| Demographic Pressures – e.g. in Older People Services reflecting population changes This may be partially attributable to the Carers Act. | High                  | c£1.0m+ (recurring)      | Subject to a separate report to the April IJB.   |
| Adult Care Services likely to see inflation pressures beyond 2020/21 re the National Care Home Contract.                                  | Medium                | c£0.6m (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 and may be partially offset by increased Scottish Government funding.  |
| Brexit related financial Impacts – A range of IJB costs could be affected in various Brexit scenarios.                                    | Low                   | Not known                | 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 would now be in 2021/22.   |
| Primary Care Improvement Plan (note short term resources in place until c 2022/23)  | Medium (from 2023/24) | Not known                | Subject of an updated report to a future 2021 IJB. This issue is being considered regionally and is understood to be replicated across Scotland.   |
| <b>Planned Interventions</b>  |                       |                          |  |
| Some IJB savings programmes behind schedule from 2019/20 due to COVID-19. Reviews may be required.  | High                  | Up to £1.0m (recurring)  | There has been some work on planned interventions; however delays have been experienced due to COVID-19 with the scale of risks becoming clearer in our financial plan.  |
| Management Capacity / Programme Management and Project Support Recruitment issues   | High                  | Included above.          | COVID-19 continues to divert management capacity which has exacerbated existing delays.  |
| <b>Other</b>  |                       |                          |  |
| Review of Integration Scheme  | Medium                | Not known                | A comprehensive review of the Scheme may identify additional risks and opportunities.  |
| Corporate Support (Inc. Finance, Procurement, Property, Legal)  | Medium                | Not known                | Some progress made, CFO continues to work with Partners to develop finance support. Current risks include Procurement, Property and Legal. These have a detrimental impact on the IJB's ability to deliver a balanced financial plan.  |
| Implementation of the Carers Act  | Medium                | TBC                      | Subject to a separate report to the February IJB but proposals not yet concluded. Detailed breakdown of resources plan for Carers Act still outstanding.   |

### APPENDIX 3 – IJB RESERVES

The IJB's Reserves Policy sets 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. The Scottish Government has allocated COVID-19 2020/21 funding to Angus with the expectation that any uncommitted funds will be carried forward as part of the IJB ear-marked reserves, with this approach being adopted across Scotland. This could be in excess of £2m. This will increase our reserves position at the year end.

**General Reserves:** In April 2020 the IJB agreed to set a general reserves target (contingency) of 2.5% of turnover or c£4.5m and since March 2020 this has been in place. At any time the IJB may require to commit this reserve to address developing situations and should the IJB 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. At the year end, and if possible, the IJB will update this reserve to reflect an updated assessment of the IJB's turnover.

**Ear-marked Reserves:** The IJB's ear-marked reserves are listed in the table below. Evolving financial plans exists for each reserve though due to COVID-19 issues use of ear-marked reserves has been lower than originally assumed for 2020/21. As anticipated, the Scottish Government has now allocated a range of funds, previously held at Scottish Government level of on our behalf, directly to the IJB. This will impact on our financial accounting for 2020/21 and will inflate reserves for Primary Care Improvement Plan, Alcohol and Drug Partnership and Mental Health (Action 15).

The Scottish Government has also issued a series of funding allocation relatively late in the financial year. The agreed position is that these funds will be carried forward by IJB's across Scotland. This includes funding regarding District Nursing, Alcohol and Drugs Partnership / Drug Deaths and a new Community Living Change Fund. This will also impact on our financial accounting for 2020/21 and inflate ear-marked reserves.

The IJB also retains some locally derived ear-marked reserves as follows:-

**Strategic Plan Reserve –** Opening value at 1 April 2020- £1.371m, but increased by £0.5m at the last IJB Board meeting As noted previously, this resource is managed over the duration of the Strategic Financial Plan (now to March 2024) and was reviewed by the Strategic Planning Group at its February 2021 meeting.

**Financial Planning Reserve 2020/21 –** Now £1.751m. In April 2020 the IJB agreed to create this reserve with a view to a series of options that could include reverting funds to Partners or potentially ear-marking funds for other purposes. The last IJB meeting noted the merit in re-assessing this reserve prior to the year end. Discussions have since happened within the IJB's Executive Management Team and with Partners and the following is now proposed for noting and approval:-

1. Generally noting the IJB's contingency reserves remain healthy, and that the and that the Scottish Government continue to provide a reasonable level of interim funding to support COVID-19 responses, that the IB agree to progress options to release these reserves back to its Partners as was agreed in a similar situation in the previous year. This recognises the relationships between the IJB and its Partners.
2. Specifically, discussions have now progressed with Angus Council and it is suggested that £0.648m of this reserve (equivalent to 37%) is reverted to Angus Council in this financial year. This reflects a clarified budget settlement for 2021/22 and an assumed resolution through permanent or interim solutions to outstanding budget settlement caveats.
3. Discussions with the IJB's Executive Management Team and NHS Tayside regarding the balance of this reserve (£1.103m) remain ongoing with a number of options still under consideration.

Should the IJB see any unexpected variance on it's 2020/21 Income and Expenditure financial accounting reporting, then this would be attributed to a Financial Planning Reserve (2021/22) in the first instance.

The table below shows the forecast year end position regarding reserves, including a notional COVID-19 reserve of c£2m, but as can be seen from above there is still a significant degree of room for variation. This demonstrates the impact of a range of factors on the IJB's overall reserves.

| Angus IJB Reserves   | Opening Balance<br>1 April 2020<br>£k | Realignment<br>of Reserves<br>£k | Revised<br>Reserves at<br>October 2020<br>£k | Forecast<br>Change in<br>Year<br>£k | Forecast<br>Closing Balance<br>31 March 2021<br>£k |
|--|---------------------------------------|----------------------------------|--|-------------------------------------|--|
| <b>General Fund Balance (Usable Reserve) - General Reserve</b> | <b>4,500</b>                          | <b>0</b>                         | <b>4,500</b>                                 | <b>0</b>                            | <b>4,500</b>                                       |
| <b>General Fund Balance (Ear-Marked Reserves)</b>              |                                       |                                  |  |                                     |  |
| Strategic Plan Reserve   | 1,371                                 | 500                              | 1,871  | (12)                                | 1,859  |
| Financial Planning Reserve 2020/21                             | 2,251                                 | (500)                            | 1,751  | (648)                               | 1,103  |
| Financial Planning Reserve 2021/22                             | n/a                                   | n/a                              | n/a  | tbc                                 | tbc  |
| GMS Contract - Primary Care Improvement Plan                   | 4                                     | 0                                | 4  | 1,686                               | 1,690  |
| Mental Health - Action 15 Funding                              | 151                                   | 0                                | 151  | 178                                 | 329  |
| Primary Care Transformation Funding 2017/18                    | 95                                    | 0                                | 95   | 100                                 | 195  |
| Primary Care - Recruitment & Retention Funding 2017/18         | 38                                    | 0                                | 38   | (38)                                | 0  |
| Primary Care Premises  | 30                                    | 0                                | 30   | 72                                  | 102  |
| Scottish Government - Alcohol and Drug Partnership             | 6                                     | 0                                | 6  | 57                                  | 63   |
| Scottish Government - Forensics 2018/19                        | 47                                    | 0                                | 47   | (10)                                | 37   |
| Scottish Government - Drug Death task Force                    | n/a                                   | n/a                              | n/a  | 101                                 | 101  |
| Scottish Government - District Nursing Workforce               | n/a                                   | n/a                              | n/a  | 47                                  | 47   |
| Scottish Government - Community Living Change                  | n/a                                   | n/a                              | n/a  | 403                                 | 403  |
| Scottish Government - COVID-19 (notional)                      | n/a                                   | n/a                              | n/a  | 2,000                               | 2,000  |
| <b>Total General Fund Balance (Ear-Marked Reserves)</b>        | <b>3,993</b>                          | <b>0</b>                         | <b>3,993</b>                                 | <b>3,935</b>                        | <b>7,928</b>                                       |
| <b>Total General Fund Balance</b>                              | <b>8,493</b>                          | <b>0</b>                         | <b>8,493</b>                                 | <b>3,935</b>                        | <b>12,428</b>                                      |

## APPENDIX 4 – FINANCIAL GOVERNANCE

With respect to governance issues, the December 2019 Audit Committee noted a number of long-standing issues that remain unresolved and it was agreed it would be helpful to highlight these to the main Board. The issues and some commentary are as follows:-

| Issue  | Status / Background to Status   | Implications of Status   | Action Required   | Commentary   |
|--|---|--|---|--|
| Development of Large hospital Set Aside arrangements in conjunction with NHS Tayside       | See separate IJB report – A complicated concept that requires resolution between NHS Tayside and all local IJBs. Coordinated management resource is required to resolve this and that has been challenging over the last 4 years. | The lack of progress undermines the IJB's ability to fully direct resources within the IJB's Strategic Plan. Noting that most recent information does suggest Angus has reduced its use of Acute Services since the inception of integration.  | CO/CFO - An improved dialogue between NHS Tayside and local IJBs, which itself requires all parties to be able to dedicate coordinated resource to progress this. | Subject to a separate report to IJB in future IJB. The Partnership is in discussions with NHS Tayside on this issue including work through Planned Care and Unscheduled care boards. However this has been affected by COVID-19.     |
| Development of improved Hosted Services arrangements in conjunction with neighbouring IJBs | Limited progress – This requires proportionate improved coordination between all 3 IJBs. This is planned to be the first area where local improvement will be taken forward once capacity allows for it, planned coming months.   | The lack of progress undermines the IJB's ability to fully direct resources within the IJB's Strategic Plan.   | CO/CFO - Ideally a comprehensive response to be considered as part of a review of the Integration Scheme.   | Locally the IJB plans to improve the information shared with local IJBs regarding services hosted locally. Work has commenced in developing shared information with neighbouring IJBs and an update provided to the Audit Committee. |
| Review Corporate Support arrangements with Partners.                                       | Not started yet - This requires resolution between the IJB and its partners. Coordinated management resource is required to resolve this and that has been challenging over the last 4 years.                                     | Shortcomings within corporate support have been a regular feature of risks identified within the IJB. These shortcomings undermine the ability to the IJB to deliver its Strategic Plan and a balanced long term financial position.   | CO - Ideally a comprehensive response to be considered with both partners simultaneously as part of a review of the Integration Scheme.                           | It is now being assumed this work will be progressed in 2021/22 reflecting imperatives of dealing with COVID-19 related issues.  |
| Review IJB's overall governance framework  | Limited progress - This requires resolution between the IJB and its partners.   | On a practical basis Angus IJB has made significant progress since its inception. However the lack of governance clarity does cause strategic and operational planning issues at times.  | CO/Board - Ideally a comprehensive response to be considered as part of a review of the Integration Scheme.   | A well-understood review of the Integration Scheme is key to addressing this issue with both partners. Local resources are now in place to commence review of the integration scheme.  |
| Finance Support Structure  | Limited progress – Improvements made with respect to NHS Tayside but risks remain with respect to Angus Council. Discussions with Angus Council have been continuing in November 2020 around options for improvement.             | Potential impact on overall financial management capability of the IJB including financial reporting, financial management (including support provided to Service Managers and improvement programmes/savings delivery and supporting the COVID-19 response), financial planning and financial governance. | Board – To note issue and support opportunities for improvement.<br><br>CFO – To continue discussion with Angus Council to support improvement.                   | While this is a long-standing issue, discussions remain ongoing with Angus Council as to how improvements can be taken forward. Recent budget approvals within Angus Council should support a resolution.                            |

These issues continue to be monitored by the IJB's Audit Committee. Many are complex, require joint working with Partners and the IJB's ability to progress matters can be affected by capacity constraints. As noted above, at times in 2020/21, progress on some outstanding governance improvements has been inhibited by the pressures of dealing with COVID-19. Separately, the IJB has undertaken some work its Internal Auditors to review governance arrangements in the context of COVID-19 responses.