



**ANGUS HEALTH AND SOCIAL CARE**

**INTEGRATION JOINT BOARD – 21 APRIL 2021**

**ANGUS IJB STRATEGIC FINANCIAL PLAN 2021/22 - 2023/24**

**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

The purpose of this report is to update the Integration Joint Board (IJB) regarding the development of the Angus IJB Strategic Financial Plan for the period 2021/22 to 2023/24.

**1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) Formally confirms approval of the proposed budget settlement with Angus Council as provisionally approved in report IJB 91/21 (February 2021);
- (ii) Requests the Chief Finance Officer provide regular updates regarding the progress of this plan during 2021/22, including confirming delivery of Executive Management Team savings for Adult Social Care and Local Community Health Services by August 2021 IJB meeting;
- (iii) Recognises the risks associated with the overall Strategic Financial Plan and specifically the high level risks associated with COVID-19;
- (iv) Recognises the organisational burden of progressing new developments and support the allocation of 10% of new funding streams to those burdens where allowable;
- (v) Notes the forecast financial shortfalls over the duration of the 2021/22 to 2023/24 Strategic Financial Plan and request that the Strategic Planning Group (SPG) consider further options for change that will support the delivery of a balanced long term Strategic Financial Plan in line with the IJB's Strategic Commissioning Plan; and
- (vi) Approves this new Strategic Financial Plan for 2021/22 to 2023/24.

**2. BACKGROUND**

As with the plan for 2020/21 (report IJB 15/20), this report mainly considers matters from a "business as usual" perspective (i.e. does not consider the premium costs of COVID-19 responses as embedded issues), but it does address some of the necessary refreshed strategic thinking resulting from COVID-19 experiences. While the IJB continues to recognise it is not operating in a "normal" environment, but this iteration of the plan does still seek to address some fundamental issues such as demographic pressures and funding constraints. This plan builds on report IJB 82/20 (December 2020) and resolves a number of uncertainties in that report. However, the IJB will need to acknowledge that the resourcing impact of COVID-19 and the implications of the Independent Review of Adult Social Care remain uncertain and will require the IJB to continue to revisit its strategic financial and commissioning plans.

In April 2020, Angus IJB approved its previous 3-year Strategic Financial Plan. That plan was written as the impact of COVID-19 was emerging and with a significant level of uncertainty in our operational and planning environments. This updated 3-year report is also developed against the back-drop of significant uncertainty.

The report outlines a series of positions and/or assumptions regarding funding uplifts, inflationary, demographic and legal/contractual pressures, and a series of planned interventions. It generally sets aside short term impacts of COVID-19 on the assumption that these could be deemed to be temporary responses and on the basis that the Scottish Government will continue to fund the temporary impact of those responses. However it does address some of the necessary refreshed strategic thinking resulting from COVID-19 experiences.

This report is still intended to be consistent with the IJB's Strategic Commissioning Plan as at April 2019 and intended to be consistent with other reports presented to the IJB.

This updated plan is set out in a series of sections as follows:-

- Current Financial Performance.
- Funding Assumptions (Budget Settlements).
- Cost Pressures – including inflationary, demographic, legal/contractual, management capacity 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.
- Strategic Adjustments and Investments.
- Risk Assessment and COVID-19 Implications.

While, for now, this is the final iteration of this 3-year financial plan, there are risks and some assumptions embedded in the report and the impact of COVID-19 remains unclear. The IJB also needs to note there may be a need to amend or diverge from this plan as circumstances develop or as more information becomes available and there will be a need to revisit this plan due to underlying shortfalls.

This report is presented as a 3 year plan. At times, there is advice to construct longer term financial plans. However, given current instability in Health and Social Care, with lack of clarity regarding funding, service requirements, COVID-19 impacts, and the possible implications of the Independent Review of Adult Social Care this report continues the recent IJB pattern of working to a 3 year financial planning horizon.

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 12).

### **3. CURRENT FINANCIAL PERFORMANCE**

- 3.1 It is important to note this Strategic Financial Plan is constructed during a period when the IJB, if we remove COVID-19 implications as best we can, appears to be living within its means, albeit this is dependent on non-recurring underspends. The IJB will also have reserves at the start of 2021/22 that can support financial planning in the short term.
- 3.2 The IJB's underlying financial position has been influenced by a series factors including:-
  - Previous progress with the Angus Care Model and Help to Live at Home in the period to 2018/19, though now notably offset by a slow-down in delivery of planned interventions since 2019.
  - Progress with improving prescribing compared to the earlier years of the IJB.
- 3.3 The underlying financial performance in 2020/21 does need to be factored into the IJB's future financial plans. This year, more than ever, this is difficult to do but the following material issues are reflected in the IJB's Strategic Financial Plan and should therefore be noted:-

Service	Position	Impact (£)	Comment
Adult Services	COVID-19 aside, the current assumption is a shortfall due to underlying demand on services.	c£0.800m (pressure)	The IJB will have made a recent permanent offset between health and social care parts of the IJB to partly address the structural imbalance seen in previous plans.
Community Health	The IJB has made good progress in releasing recurring savings.	c£1.570m (benefit)	Consistent with previous versions of Strategic Financial Plan and as noted above.
Locally Hosted Services	There are underlying savings shortfalls, partly shared with other IJBs.	c£0.04m (pressure)	Progress being made compared to previous years.
Hosted Services (Elsewhere)	Assumed approximately breakeven.	N/A	Much improved compared to previous years with removal of Mental Health pressures.
Prescribing	Based on the 2020/21 position the underlying position is assumed to be near breakeven.	c£0.250m (benefit) N/A	This improved assumption comes with an inherent increase in potential planning risk.
General Medical Services	Workforce issues are placing specific financial pressures on services.	c£0.300m (pressure)	There is a risk this pressure increases due to workforce issues.

The above assessments contain more risk than normal due to the difficulty of assessing the underlying position due to COVID-19 factors. However, in total they suggest an underlying brought forward recurring pressure of c£0.7m.

Separately the IJB plans to continue to address remaining historic imbalances noted above. This makes no difference to operational delivery or planning within the IJB but formalises the shift in the balance of care in recent years.

The IJB has previously retained reserves in both Community Health Services and Adult Services. These influence the reporting on both and, if systems allow, the IJB will improve the reporting of this during 2021/22.

#### 4. FUNDING ASSUMPTIONS (BUDGET SETTLEMENTS)

4.1 The following outlines current funding agreements or assumptions within the IJB's financial plans. Given the current uncertainties at national level all longer-term planning assumptions used contain a high level of uncertainty.

Partner	Year	Position	Risk/Comments
Angus Council	2021/22	Budget settlement as per report 91/21. Equates to uplift of £1.805m, including Carers Act and funds to support above inflation uplift in Free Personal and Nursing Care. Note - Late adjustment of £0.723m agreed with SG regarding inflation uplifts on third and independent sector contracts.	Slightly weaker than hoped for but related to Scottish Government direction. See note at 4.4 below.
	2022/23 & 2023/24	No agreement reached but assumption of c2% increase with any Scottish Government allocations being fully ring-fenced.	Set at 0.5% below an assumed inflation impact of c2.5%.
NHS Tayside	2021/22	Budget settlement described in report 91/21. Represents uplift of 1.5%.	Slightly weaker than hoped for but related to Scottish Government direction. See note at 4.4 below.
	2021/22	Assumed resolution of Complex Care Funding (notional c£750k). This has been an ongoing issue since the creation of the IJB.	To be match by a similar cost obligation. Further details to be provided to the June 2021 IJB Board.

	2022/23 & 2023/24	No agreement reached but assumption of 1.5% increase with any Scottish Government allocations being fully ring-fenced.	Set to match an assumed pay inflation impact. General assumption of political support for near-inflation uplifts.
Scottish Government (SG)	2021/22	Funding for the final year of the roll out the Primary Care Improvement Fund and Action 15 (Mental Health) Programmes. Also captures increased funding for District Nursing.	It is expected that further Alcohol and Drug Services funding will be notified in near future.
	2022/23 & 2023/24	Assumed further increase in funding to support District Nursing.	Recurring position still TBC via Scottish Government and NHS Tayside.

Report IJB 91/21 (February IJB, Budget Settlements with Angus Council and NHS Tayside) noted that a small number of budgetary pressures remained under discussion with Angus Council. Of these, 2 were addressed in Angus Council's own budget setting discussion (concluded 4<sup>th</sup> March 2021), and for the final issue a satisfactory interim solution has been agreed that will allow time for the development of a longer term solution. As reflected in the recommendations to this report, this allows the IJB to confirm the budget settlement with Angus Council without further caveat, assuming no further issues emerge from Scottish Government communications.

4.2 As has been noted in previous years, it is important to note that there remain a small number of unresolved budget issues with NHS Tayside. These remain under discussion and include:-

- 1) Complex Care historic funding – The IJB's financial plan for 2021/21 now assumes that both funding and obligations associated with Complex Care packages are devolved to Angus IJB from 1st April 2021 (a notional value of £0.750m is attached to this). This remains subject to discussion with NHS Tayside.
- 2) Large Hospital Set Aside resources - This issue was explored in report IJB 81/20 and retrospective issues remain unresolved.
- 3) An allocation associated with Inpatient Mental Health Services (nominally included at £6.5m) – this issue is referred to in separate reports to the IJB.
- 4) The utilisation of resources described as “Shifting the Balance of Care” from within NHS Tayside's 2020/21 financial plan.

4.3 The above notes that the Scottish Government may confirm additional Alcohol and Drugs funding in due course. Additionally, there has been a recent announcement of a new funding stream available “Community Living Change Fund”. This is for c£400k to cover a 3-year period to March 2024.

The fund is intended to “deliver a redesign of services for people with complex needs, including intellectual disabilities and autism, and those who have enduring mental health problems. The fund will focus on delivering a proper sense of home for people with complex needs, including those who have encountered lengthy hospital stays or who might have been placed outside of Scotland, and who could, and should, be more appropriately supported closer to home”. The IJB will look to develop proposals that deliver the aspirations associated with this investment.

4.4 Subsequent to the main IJB plans being developed, the Scottish Government have confirmed additional funding to support the recently agreed NHS pay settlement and a range of inflation related agreements for the independent sector. While exact funding levels have yet to be confirmed, as these changes are fully funded, they are largely neutral for the IJB's overall financial plans.

## 5. COST PRESSURES

5.1 The IJB's Strategic Financial Plans routinely reflect a series of inflationary, demographic, legal/contractual and other cost pressures faced by the IJB. These pressures, and the mitigation of them described elsewhere, remain a critical factor within financial planning. The allocation of funds to services to offset pressures is generally assumed to be dependent on appropriate detailed approvals under the authority of the Chief Officer and, for all discretionary commitments, will be assumed to be dependent on progress with delivery of planned

interventions. Many of the pressures are subject to some continued uncertainty and this represents an ongoing risk for the IJB.

## 5.2 Inflationary Pressures

The IJB's plans reflect a series of inflationary pressures, all subject to uncertainty, as follows:-

- Pay Inflation – Ultimately linked to public sector, Angus Council and NHS Scotland agreements, plus net impact of any incremental point adjustments. As noted above, any further refinement to NHS pay agreements or agreements with the independent sector will be funded by the Scottish Government. Angus Council pay awards still subject to agreement in conjunction with Convention of Scottish Local Authorities (COSLA).
- Third Party Inflation – Most agreements are now in place, although there is a recently confirmed requirement to adjust some of those agreements in line with recent Scottish Government directions. Inflation pressures are influenced by increases in the Scottish Living Wage and general inflationary pressures. Confirmation also now in place that some one off agreements from 2020/21 will now be consolidated.
- National Care Home Contract Inflation (NCHC) – At the time of writing, there was no agreed national contract uplift at this stage, although this is expected to be imminent. With over £25m of commitments linked to the NCHC, it is a key part of the IJB's financial plan. 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.

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£0.250m 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 assumption that most of the IJB's demographic pressure will be in services responding to increases in older age group populations and long term condition (e.g. home care, care management, community nursing, prescribing) and that, for example, the Inpatient and Residential Care Home components of care within Angus IJB will not be expected to see capacity growth.

This principle is subject to ongoing review as the combined effect of demographics and COVID-19 become clearer and as patterns of use of care homes, inpatient services and home care evolve. A separate report to the IJB in April 2021 explores this issue in more detail.

The net effect of that report is to recommend an allowance is built into financial plans equating to c£1.05m per annum. Separately additional funds will be available from the Scottish Government to support an increased investment in Community Nursing in each year of this three year financial plan (£102k, £54k, £54k per annum).

However, in addition to demographic growth from the opening position, the IJB's current position itself already reflects a stepped increase in the delivery of home care in 2020/21. This has been at a rate well above what has previously been allowed for in financial plans (e.g. by c1400 hours per week equating to c£1.4m of spend per annum in excess of previous plans). While this pressure could have been highlighted in the brought forward position, it was felt best to note this significant change and pressure alongside the annual increase we will continue to see due to ongoing demographic changes. This increase in utilisation of home care is viewed as a recurring feature of our future service delivery and is embedded into plans to reflect that. Again, as noted previously, there have been offsetting changes in care home during 2020/21.

Separate allowances are made for pressures with Learning and Physical Disability, Mental Health and Prescribing.

It is also important to note that the IJB needs to continually review measures that can be considered to mitigate the impact of demographic factors. These are considered in separate reports to the IJB.

While not a “demographic” pressure, the IJB previously noted the need to invest in increased management and administrative resources. This reflects the increased pressures and complexities the IJB is now managing (including COVID-19 issues, and operational, governance and strategic issues). As per report IJB 82/80 an additional £100k per annum in 2021/22 and 2022/23 is included in plans with the second year of investment being contingent on demonstrable improvements in the IJB’s financial plans. Included within the increased management and administrative resources will be any need to fund improvements in the communication and engagement (including translation) capacities of the IJB.

Some of the increased management resources requirement is linked to Scottish Government investment in likes of Alcohol and Drugs Partnerships, Primary Care and Mental Health. Going forward new Scottish Government investment streams will be expected to contribute to costs of increased management, supervision, technology, and other overheads and, except in exceptional circumstances, will plan to allocate 10% of their resources as a contribution to those costs, where allowable.

#### 5.4 Legal / National Priorities /Complex Care / Free Personal Care Pressures

Additional Scottish Government funding, with commensurate obligations, is expected in 2021/22 as follows:-

- The Carers (Scotland) Act 2016 – The final tranche of funding to support the Carers Act responses has now been confirmed for 2021/22 (£676k). The IJB received a report regarding these resources in February 2021 and a further update will be provided to the IJB in June 2021 after further consultation. The last reports to the IJB did suggest overall investment in Carers support would significantly out-strip funds made available by the Scottish Government.
- In the Scottish Government’s budget for 2021/22 it was announced that Free Personal and Nursing Care allowances would go up by more than the rate of inflation. This requirement, fully offset by a funding allocation (c£215k), is factored in here.
- Complex Care – As noted elsewhere in section 4, a cost equivalent to an assumed funding settlement with NHS Tayside is included here.
- Mental Health (Action 15) – the final tranche of funding to support Action 15 plans is expected in 2021/22.
- The Scottish Government are supporting a 5 year investment in Community District Nursing that should provide up to 6 additional posts within Angus over this duration.
- As per the report IJB 60/20 (August 2020, update due June 2021), the final tranche of funding regarding Primary Care Improvement Plans (PCIPs) is expected in 2021/22. There are specific risks associated with this funding stream and the IJB’s ability to deliver the full contractual requirements both within available financial resources. There are associated issues re workforce availability alongside sustainability issues within General Practice.

There remain multiple risks beyond 2020/21 including the full impact of the Scottish Government’s Safe Staffing in Health and Care proposals and reviews of Health care tasks undertaken in the community. 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.

### 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. The IJB has been able to contain a number of pressures during the last year due to the

consolidation of the progress made in earlier years. However there has been an increased incidence of delay and shortfalls on planned savings since 2019 – this has only been exacerbated by COVID-19 capacity issues. This is a matter of significant concern for the IJB.

A short update is provided below with respect to each issue alongside estimated savings. This updated has been supported by the IJB's Strategic Planning Group.

- 6.2.1 Angus Care Model - Residential Care Home Review - Peripatetic Nursing – Due to COVID -19 related delays and awaiting clarifications from the Scottish Government, progress with this initiative has been delayed. It is now recommended the target is retained but pushed back by a further 3 months. Financial modelling and discussions with providers require further development. The intention to improve care while containing overall costs remains. 2021/22- £25k, with further £75k in 2022/23 (both higher risk). Lead Officer – Head of Health and Community Care Services - South (G Bowie).
- 6.2.2 Angus Care Model - Residential Care Home Review – 2021/22 – This initiative had a target of £500k in the IJB's 2019/20 plan, but by the 2020/21 plan this had been reduced to £200k reflecting progress at that point. While the fundamentals remain, current change initiatives will not deliver the current £200k target. This needs to be reflected in this updated plan and the target removed. The fundamentals were set out in report IJB 9/18 (“The Angus Care Model – Progress Update) and considered the cost differential between local authority care home provision and the national care home contract rate and did note the potential to decommission internal capacity when the wider care home sector is sufficiently resilient. Lead Officer – Head of Community Health and Care Services – South (G Bowie).
- 6.2.3 Angus Care Model – Extended Inpatient Review – 2021/22- £150k, with further £150k in 2022/23 (both medium risk). This proposal is being progressed through the Angus Care Model group and reflects opportunities within in patient services to address areas of relatively high cost and / or relatively low occupancy. Lead Officer – Interim Head of Health and Community Care Services – North (J Galloway).
- 6.2.4 Angus Care Model – Psychiatry of Old Age Review – This programme continues to be progressed through the Angus Care Model project group. Due to COVID-19 related delays the previous target has been amended to the second half of the year. Financial modelling and procurement options require further development. 2021/22- £50k, with further £150k in 2022/23 (both higher risk). Lead Officer – Interim Head of Health and Community Care Services - North (J Galloway).
- 6.2.5 Angus Care Model - Help to Live at Home: 2022/23 - £50k (medium risk). Progress with this has now been further delayed due to IT support infrastructure issues; updates will continue to be provided to the IJB. Lead Officer – Head of Community Health and Care Services – South (G Bowie).
- 6.2.6 Supported Accommodation: 2021/22 - £50k (medium risk), further £50k in 2022/23. Status noted in separate Strategic Planning Update. Lead Officer – Head of Health and Community Care Services - South (G Bowie).
- 6.2.7 Learning Disability (LD) Improvement Plan: 2021/22 - £220k; 2022/23 and 2023/24 - £100k per annum (medium risk). The LD Improvement Plan has been shared with the IJB regularly. However, the last version (report 67/20) did not include updated financial savings trajectories. Therefore, the last published target for 2021/22 is still included along with an assumption of being able to offset demographic growth costs in subsequent years. Lead Officer – Head of Health and Community Care Services - South (G Bowie).
- 6.2.8 Physical Disability Improvement Plan: 2021/22 - £80k; 22/23 and 23/24 - £100k per annum (medium risk). All information as per report IJB 66/20. Lead Officer – Head of Health and Community Care Services - South (G Bowie).
- 6.2.9 Increased Charging/Recoveries: 2021/22 - £200k (low risk); similar adjustments in future years until known otherwise. This relates to report 65/21 presented to Angus Council meeting of 4<sup>th</sup> March 2021.
- 6.2.10 Executive Management Team (EMT) Reviews: 2021/22 – For Adult Services and Local Community Health, this equates to roughly 1% of related budgets. It is important to note this is separate and in addition to all other plans listed here. This should include embedding 2020/21 in-year under spends. This target is assessed as being deliverable however for Adult Social

Care progress was slow in 2020/21 against similar targets. The IJB's EMT will work towards confirming these savings prior to the August IJB meeting. There are additional targets in 2022/23 and 2023/24. For hosted services, targets are intended to bridge any gap between increased funding and annual pressures. Lead officer – Executive Management Team.

- 6.2.11 Non-Recurring Benefits: 2021/22 - £500k non-recurring. As a one-off factor this will then be reversed over 2021/22 and 2022/23.
- 6.3 The above interventions have been described to the IJB previously. Pace on a number of interventions had already slowed during 2019 and slowing was exacerbated during 2020 due to COVID-19 responses. It has previously been agreed that the IJB will streamline the oversight of approved planned interventions to ensure that existing planned interventions are delivered. Proposals regarding this are still under development. The update above has been shared with the Strategic Planning Group at its meeting of April 2021.
- 6.4 A number of previously suggested potential interventions have yet to be progressed or formally adopted including reviewing Medicines Management, workforce productivity reviews, the benefits of increased collaboration or digital opportunities and Demand Management. Of these, thinking around Demand Management has been most developed but has not resulted in a definitive plan due to COVID-19 pressures.
- 6.5 There remain significant shortfalls within the IJBs financial plan and, reflecting previous Residential Care Home Review work, changes in the balance of care provision previously noted to the IJB (i.e. an increased provision of Home Care and much reduced use of Care Homes) and the IJB's overall strategy, after discussion with the Strategic Planning Group, it is now suggested that the IJB updates its commissioning intentions regarding Care Homes requirements for over 65s as follows:-
- The IJB previously commissioned c740 care home beds per annum for over 65s through the National Care Home Contract and from the 80 in-house provided beds (Seaton Grove, Kinloch and Beechill). Occupancy levels during 2020/21 have been much lower with an average occupancy through the year of nearer 690 and occupancy in the last 3 months averaging at 670. While this change has been against the background of COVID-19, it was a direction of travel that was already set out in the IJB's Strategic Plan.
  - During the last year, there has also been a significant increase of c1400 hours per week in delivery of home care to over 65s (see section 5.3). It is anticipated that this increased level will now be a permanent feature of the IJBs provision representing an associated increased investment of c£1.4m. On a planned basis this would also be supported by an additional investment of c£200k in care management and other community support.
  - To sustain that investment, the IJB now needs to slightly re-profile its commissioning plans for care home beds for over 65s from previous levels. An increase in near-future care home occupancy has been allowed for as visiting restrictions and vaccination programmes evolve and it is now suggested that the IJB reduce its planned level of care home commissioning from the 740 beds noted above to 700 beds, noting that in recent years Angus has been above the Scottish average in its use of care homes for older people. This cautious reduction of c40 beds in commissioning plans will release c£1.0m.
  - Agreement to the commission of a lower number of care home beds does support the community (home care) capacity now already in place. The IJB will need to ensure care management is supported to revise assessment processes to reflect the increased focus on home care and to ensure the IJB works within its new commissioning intentions across the 4 Angus localities.
  - The above change in capacity plans does largely reflect current delivery. This does create an issue in terms of the IJB facilitating the care home market to more closely match historic provision with future demands. The IJB will need to engage flexibly with providers to re-balance care home bed provision to ensure Angus independent sector providers can deliver sustainable services. Considerations will need to take into account the Scottish Government key provider support arrangements during COVID-19, the impact of neighbouring IJB's commissioning plans, emerging opportunities for more specialist care home beds to be commissioned by the IJB and the delivery of in-house care home provision.



- On that basis, it is proposed that the IJB acknowledge the increase in home care of c£1.4m in its financial planning and a planned reduction of c£1.0m in care home provision going forward (described as Revision of Care Home Commissioning). Additional costs of c£200k around this home care commitment are noted above – these are not currently captured in the 2021/22 financial plan but the IJB will look to address these non-recurrently initially prior to embedding in the next iteration of the financial plans.

IJB support for this proposal, in line with the support of the IJB's Strategic Planning Group is critical to ensuring the IJB has a nearer to balanced budget for 2021/22 and also to ensure resources can be released to support demographic growth (itself important to ensure continued performance with respect to Delayed Discharge targets), investment in increased management and administrative resources (important in terms of the delivery of overall operational, strategic and governance issues) and other IJB priorities.

## **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. Angus IJB will continue to work closely with other IJB's to develop financial plans regarding Hosted Services. While services hosted in Angus have been subject to COVID-19 related pressures, it is generally assumed that new in-year planned interventions will contain the level of overspends as per the underlying position. A similar position is assumed for services hosted in Dundee and Perth & Kinross IJBs.

### **7.2 Prescribing**

Prescribing is a major part of the IJB's financial plan and Angus has been working closely with colleagues through the regional Prescribing Management Group to develop financial plans for 2021/22 and beyond. While the prescribing position has clearly improved, Angus costs per weighted patient are still subject to a number of risks and remain slightly above the national average (though much lower than historically).

The financial framework developed for prescribing locally reflects known funding uplifts and assumptions regarding price and volume changes and a series of planned savings deliveries. It is anticipated that in the short term 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) will continue to support the delivery of a balanced financial Prescribing plan.

In the medium term (e.g. from 2022/23) continued pressure on drug volumes and prices are expected to lead to potential shortfalls. While these are captured in the IJB's overall financial plan, work will continue to be progressed collaboratively both locally and regionally, with colleagues from Primary Care, Secondary Care and with the local communities through the Prescribing Strategy, to address future shortfalls.

Prescribing reports to the IJB will more fully describe plans for 2021/22 and beyond, including recognising opportunities to reinvest in evidenced based alternatives to prescribing as previously endorsed by the IJB.

### **7.3 Family Health Services**

The main financial changes in Family Health Services over the duration of this plan relate to the continued 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 a 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 financial risk regarding the impact of providing General Practice through salaried service models (including those currently in Brechin and Arbroath). These models 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.

## **8. STRATEGIC ADJUSTMENTS AND INVESTMENTS**

- 8.1 The IJB's Strategic Financial Plan is intended to reflect the IJB's overall Strategic Commissioning Plan. Those Strategic Commissioning Plans do evolve and the following issues are worthy of noting in this report.
- 8.2 Large Hospital Set Aside – The report IJB 81/20 set out historic and prospective issues regarding this matter. Both issues will be separately progressed and the IJB updated in due course, future financial plans would start to reflect any options that begin to emerge from that work.
- 8.3 This report reflects the stepped shift in the balance of care between care homes and home care. While described elsewhere the strategic note of this shift should be acknowledged.
- 8.4 This report does not address the long term shortfalls in the IJB's financial plans, nor does it set out plans for a stepped increase in preventative investment. Investment in preventative measures is critical to support the delivery of the IJB's long term strategic intentions. There is a possibility of the coming together of a recent healthy financial position and supportive investment from the Government with a willingness to address areas of high cost in the Partnership that could release resources to initially address long term shortfalls in the IJB's financial plan and then release resources for investment in an increased range of preventative measures. However this would be entirely dependent on delivering current planned interventions and addressing areas of high cost in the Partnership. The IJB's SPG noted the benefit in reviewing areas of possible high cost in the Partnership and has will consider this matter further at its meeting in June 2021, with subsequent recommendations to follow to a future IJB meeting.
- 8.5 The IJB's Strategic Planning Group Continues to oversee the IJB's Strategic Planning reserve. Due to COVID-19 related issues that reserve has not been accessed as much as originally expected in 2020/21, and so retains resources within it to continue supporting the IJB's Strategic Plan.

## **9. RISK ASSESSMENT AND COVID-19 IMPLICATIONS**

- 9.1 This plan is produced in a busy, complicated, and uncertain environment. As such the plan continues to contain many risks and assumptions. Risks clearly exist throughout this type of planning including funding, inflation, and COVID-19 risks. A summary of risks, many of which overlap in the risk summary in the routine finance report, is set out in appendix 2.
- 9.2 While this report does contain risks and assumptions, the scale of these is much diminished since report IJB 82/20. Issues such as the resolution of budget settlements and clarity re some inflationary pressures have reduced uncertainty. The IJB previously requested that financial planning documents consider planning for various scenarios. Given the resolution of a number of factors, the inherent uncertainty in many of the remaining factors and the underlying projection of financial planning shortfalls that already need addressed, it is suggested that bringing in the presentation of various planning scenarios will increase the complexity and accessibility of the financial planning reports and, for now, this has not been progressed.
- 9.3 COVID-19

The implications falling out of the COVID-19 situation are exceptionally significant. While this report is largely presented as "business as usual", the implications of COVID-19 are both extraordinary but also still hard to be determine. The scale and breadth of impacts has been described elsewhere. The general assumption is that additional short term costs (which may well stretch in to 2021/22) will continue to be supported directly by additional Scottish Government funding. However longer term resources implications will probably increasingly have to be managed locally. The IJB will have to adjust its strategic and operational plans to respond to COVID and the changing profile of care use noted earlier is one example where the IJB needs to progress proposals.

The IJB will be kept informed of the developing financial implications of COVID-19 through future financial reports to the IJB.

## 10. EQUALITIES IMPACT ASSESSMENT

As set out in the background section of this report, the IJB's Strategic Financial Plan is intended to be consistent with, and a financial representation of, the IJB's Strategic Commissioning Plan. Equalities Impact Assessments were undertaken as part of the development of the IJB's Strategic Commissioning Plan. In addition, this paper reflects the output of previous reports to likes of the IJB and those reports will also have had associated Equalities Impact Assessments. On that basis, the view is that no separate Equalities Impact Assessment is required for this report.

## 11. 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. This report will determine overall directions to Partners with individual programmes and reports to the IJB generating more specific directions.

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

## 12. SUMMARY AND NEXT STEPS

12.1 This report sets out a preliminary view of the IJB's financial plan for 2021/22 to 2023/24 and captures information regarding current financial performance, funding assumptions, cost pressures and planned interventions.

The IJB is fortunate in having reserves that can be called on to balance the plan in the short term. At April 2020, the IJB's contingency reserve was set at £4.5m (approximately 2.5% of turnover). This reflected the level of uncertainty previously foreseen. It is also important to note that much of the possible longer term impacts of COVID-19 on the IJB are not addressed in this report.

A summary of the IJB's financial planning position, based on the information in this report, is shown below:-

Year	2021/22	2022/23	2023/24
	£K	£K	£K
Shortfalls	-543	-2712	-4493
Planned Use of Reserves	543	2712	1245
Revised Shortfall	0	0	-3248
Cumulative Shortfall	0	0	-3248

Note: Contingency reserves currently £4.5m.

From the above it can be seen that the IJB can present a balanced budget for 2021/22 and 2022/23, but only after reliance on short term reserves to offset underlying overspends, and then beyond there are significant recurring shortfalls as previously projected. The position in 2021/22 is projected at being weaker than 2019/20 and 2020/21 (excluding COVID-19) due to factors including increased demographic pressures, assumed inflationary funding being insufficient to meet inflationary pressures and an assumption that many of the service underspends we may have seen in 2019/20 and 2020/21 will not re-appear to the same extent. It is also important to note this plan does assume the delivery of over £2m of savings in 2021/22.

Scottish Government non recurring COVID-19 funding will give the IJB an opportunity to support spend in 2021/22, whilst enabling IJB to progress and delivery a 3 year balanced financial plan.

## 12.2 Next Steps

The report's primary recommendation is the approval of this plan. In order to progress both the delivery of this plan, to close out future financial planning shortfalls and to deliver the IJB's Strategic Commissioning Plan, the IJB also needs to :-

- monitor the implementation of the plan and request the Chief Finance Officer provide regular updates regarding the progress of this plan during 2021/22;
- by August IJB meeting, confirm delivery of Executive Management Team savings for Adult Social Care and Local Community Health Services;
- note that, as per existing Action Points, outstanding pieces of work need to be progressed regarding the Carers Act (to June 2021 IJB) with further work to be progressed re demand management described in separate reports to the IJB;
- notes the forecast financial shortfalls over the duration of the 2021/22 to 2023/24 Strategic Financial Plan and request that the Strategic Planning Group (SPG) consider further options for change that will support the delivery of a balanced long term Strategic Financial Plan in line with the IJB's Strategic Commissioning Plan – noting this will include consideration of high-cost services.

12.3 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. This report will be shared with both Angus Council and NHS Tayside and should be reflected in their respective financial planning.

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List of Appendices:

Appendix 1: IJB Financial Planning Summary  
Appendix 2: IJB Financial Risk Assessment

	2021/22										2022/23										2023/24									
Year	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (D/P) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Gross Total Health Ek	Grand Total Ek	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (D/P) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Gross Total Health Ek	Grand Total Ek	Adult Services Ek	Local Ek	Hosted (Angus) Ek	Hosted (D/P) Ek	PX Ek	FHS Ek	Large Hospitals Ek	Gross Total Health Ek	Grand Total Ek			
Brought Forward Budget	49725	48784	13117	8156	21564	34233	15166	141020	181183	52253	50541	13314	8278	21887	35746	15166	144932	187480	53353	51355	13514	8398	22217	36286	15166	146936	190438			
Annual Assumed Budget Uplift																														
Partner / Scot. Govt. (Service / Inflation)	1637	732	197	122	323	513	0	1887	3381	1100	760	200	120	330	540	0	1950	2904	1100	770	200	130	330	540	0	1970	2924			
Partner / Scot. Govt. (Legal/Contractual)	891	275	0	0	0	1000	0	1275	2166	0	54	0	0	0	0	0	54	54	0	54	0	0	0	0	0	54	54			
Partner (Funding Adjustment, Complex Care)	0	750	0	0	0	0	0	750	750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Annual Assumed Budget Uplift	2528	1757	197	122	323	1513	0	3912	6297	1100	814	200	120	330	540	0	2004	2958	1100	824	200	130	330	540	0	2024	2978			
Available Budget	52253	50541	13314	8278	21887	35746	15166	144932	187480	53353	51355	13514	8398	22217	36286	15166	146936	190438	54453	52179	13714	8528	22547	36826	15166	148960	193416			
Brought Forward Over/(Under) Commitment	800	-1570	40	0	-250	300	0	-1480	-709																					
Brought Forward Spend Commitments	50525	47214	13157	8156	21314	34533	15166	139540	180474	54598	48339	13314	8278	21887	36146	15166	143130	188022	57328	48843	13514	8398	22967	36786	15166	145674	193150			
Inflation Pressures																														
Inflation - Pay	630	470	160	160	0	0	0	790	1304	570	390	180	170	0	0	0	740	1179	584	390	180	130	0	0	0	700	1153			
Inflation - Third Parties	717	250	0	0	0	513	0	763	1480	465	270	0	0	0	540	0	810	1275	467	280	0	0	0	540	0	820	1287			
Inflation - NCHC	1080	0	0	0	0	0	0	0	1080	840	0	0	0	0	0	0	0	840	860	0	0	0	0	0	0	0	860			
Inflation - Prescribing	0	0	0	0	211	0	0	211	211	0	0	0	0	455	0	0	455	455	0	0	0	0	230	0	0	230	230			
Inflation - Other	30	40	20	0	0	0	0	60	75	30	40	20	0	0	0	0	60	75	31	40	20	0	0	0	0	60	76			
Annual	2457	760	180	160	211	513	0	1824	4150	1905	700	200	170	455	540	0	2065	3824	1942	710	200	130	230	540	0	1810	3606			
New Service Pressures																														
Demographics (Older People)	950	100	0	0	0	0	0	100	1050	950	100	0	0	0	0	0	100	1050	950	100	0	0	0	0	0	100	1050			
Additional Home Care (Older People) (2020/21 Growth)	1400	0	0	0	0	0	0	0	1400	200	0	0	0	0	0	0	0	200	0	0	0	0	0	0	0	0	0			
Demographics (Excluding Older People)	300	0	0	0	0	0	0	0	300	300	0	0	0	0	0	0	0	300	300	0	0	0	0	0	0	0	300			
Legal - Carers / Complex Care / Free Personal Care	891	750	0	0	0	0	0	750	1641	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Increased Management and Administrative Resource	100	0	0	0	0	0	0	0	100	0	100	0	0	0	0	0	100	100	0	0	0	0	0	0	0	0	0			
National Priorities - Action 15 / PCIP / District Nursing	0	275	0	0	0	1100	0	1375	1375	0	54	0	0	0	100	0	154	154	0	54	0	0	0	300	0	354	354			
Drugs	0	0	0	0	384	0	0	384	384	0	0	0	0	660	0	0	660	660	0	0	0	0	285	0	0	285	285			
Annual	3641	1125	0	0	384	1100	0	2609	6250	1450	254	0	0	660	100	0	1014	2464	1250	154	0	0	285	300	0	739	1989			
Planned Expenditure	56623	49099	13337	8316	21909	36146	15166	143973	190873	57953	49293	13514	8448	23002	36786	15166	146209	194311	60520	49707	13714	8528	23482	37626	15166	148223	198744			
Initial Annual Shortfall	-4370	1442	-23	-38	-22	-400	0	959	-3393	-4600	2062	0	-50	-785	-500	0	727	-3873	-6067	2472	0	0	-935	-800	0	737	-5328			
Less Planned Interventions																														
ACM - Residential Care Home Review - Peripatetic Nursing	25	0	0	0	0	0	0	0	25	75	0	0	0	0	0	0	0	75	0	0	0	0	0	0	0	0	0			
ACM - Residential Care Home Review (now nil)	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			
ACM - Extended Inpatient Review	0	150	0	0	0	0	0	150	150	0	150	0	0	0	0	0	150	150	0	0	0	0	0	0	0	0	0			
ACM - Psychiatry of Old Age Review	0	50	0	0	0	0	0	50	50	0	150	0	0	0	0	0	150	150	0	0	0	0	0	0	0	0	0			
ACM - Help to Live at Home	0	0	0	0	0	0	0	0	0	50	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0			
Supported Accommodation Review	50	0	0	0	0	0	0	0	50	50	0	0	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0			
Learning Disability Improvement Plan	220	0	0	0	0	0	0	0	220	100	0	0	0	0	0	0	100	100	100	0	0	0	0	0	0	0	100			
Physical Disability Improvement Plan	80	0	0	0	0	0	0	0	80	100	0	0	0	0	0	0	100	100	100	0	0	0	0	0	0	0	100			
Increased Charging/Recoveries	200	0	0	0	0	0	0	0	200	200	0	0	0	0	0	0	200	200	200	0	0	0	0	0	0	0	200			
EMT Reviews (inc for Hosted Services)	250	260	23	38	0	0	0	321	554	250	300	0	50	0	0	0	350	600	250	300	0	0	0	0	0	300	550			
Non-Recurring (Savings)	200	300	0	0	0	0	0	300	500	-200	-150	0	0	0	0	0	-150	-350	0	-150	0	0	0	0	0	-150	-150			
Revised Care Home Commissioning	1000	0	0	0	0	0	0	0	1000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
GP PX (Additional Savings)	0	0	0	0	22	0	0	22	22	0	0	0	0	35	0	0	35	35	0	0	0	0	35	0	0	35	35			
Demand Management / Preventative Approaches	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	2025	760	23	38	22	0	0	843	2626	625	450	0	50	35	0	0	535	1160	650	150	0	0	35	0	0	185	835			
Revised Planned expenditure	54598	48339	13314	8278	21887	36146	15166	143130	188023	57328	48843	13514	8398	22967	36786	15166	145674	193150	59870	49557	13714	8528	23447	37626	15166	148038	197909			
Revised Shortfall	-2345	2202	0	0	0	-400	0	1802	-543	-3975	2512	0	0	-750	-500	0	1262	-2712	-5417	2622	0	0	-900	-800	0	922	-4493			
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	0			
Final Shortfall	-2345	2202	0	0	0	-400	0	1802	-543	-3975	2512	0	0	-750	-500	0	1262	-2712	-5417	2622	0	0	-900	-800	0	922	-4493			

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

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. 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.