



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 23 FEBRUARY 2022
BUDGET SETTLEMENTS WITH ANGUS COUNCIL AND NHS TAYSIDE
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The purpose of this report is to update the Integration Joint Board regarding the proposed Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2022/23.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) Noting the views of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£65.382m) from Angus Council.
- (ii) Noting the views of the Chief Officer and Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues regarding complex care resources.

With respect to (i) and (ii) above, should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, then the proposed budget settlements set out in this report would require to be revisited. This may include minor rounding adjustments or more significant adjustments that may require to be brought back to the IJB.

2. BACKGROUND

On an annual basis, Angus IJB has to reach a budget settlement with both Angus Council and NHS Tayside regarding resources that will be devolved from both Partners to the IJB to support the delivery of local Health and Adult Social Care Services.

The formal process for agreeing the budget settlements is set out in the Integration Scheme and involves Angus IJB requesting a budget from both Partners (a "budget requisition"). This "budget requisition" is submitted to Partners and would then be subject to discussion between both parties in line with locally agreed timescales. In reality the budget settlement proposal are derived through a series of discussion with Partners, particularly once Scottish Government budget information is available. Information regarding the 2022/23 budget initially became available as part of the publication of the Scottish Government's overall budget on the 9th December 2021. This report is based on the position set out at that time, although it is important to note that the overall Scottish Government budget for 2022/23 is still subject to Parliamentary approval. In previous years the process of gaining Parliamentary approval has led to adjustments in Health and Social Care funding.

3. BUDGET SETTLEMENT WITH ANGUS COUNCIL

- 3.1 Members will be aware that in 2021/22, Angus Council provided c£51.530m of core recurring financial support to Angus HSCP (report 91/21). In addition, members will be aware that in recent years the Scottish Government has provided funds directly for functions devolved to IJBs and has channelled some these funds via the Council.

It is important to note that Angus Council also require to approve any budget settlement with Angus IJB and this matter will be considered at an Angus Council meeting at the start of March 2022.

- 3.2 For 2022/23, the position is that Scottish Government budget proposals set out that IJB funding from Angus Council should equal the 2021/22 budget plus the additional funding as noted below. Some of this funding reflects commitments made in 2021/2 and, in this case, these have been reflected as late adjustments to 2021/22 budgets. Reflecting this Scottish Government position, the proposed budget settlement for 2020/21, subject to any future clarifications, from Angus Council to Angus IJB will be as follows:-

	£k	Notes
Recurring Budget from 2021/22	51530	1
In year minor adjustments	-11	2
Share of Additional Scottish Government Funding (2021/22):		
Living Wage increase (April 2021)	727	3
Living Wage Increase (December 2021)	3434	4
Rollover Budget to 2022/23	55680	5
Share of Additional Scottish Government Funding (2022/23):		
Free Personal and Nursing Care	484	6
Carer's Act	486	7
Expanding Care at Home	2958	8
Living Wage increase (April 2022)	3434	9
Health and Social Care Investment	1335	10
Social Work Capacity	528	11
Rollover Recurring Budget	64905	
Interim Care	477	12
In Year Budget	65382	13

Notes:-

1. As per report 91/21.
2. Minor adjustments regarding Children's Services.
3. Retrospective adjustment re uplifts from April 2021.
4. Retrospective adjustment re uplifts from December 2021.
5. Represents recurring effects of budgets rolling over to 2022/23.
6. Free Personal and Nursing care (national - £15.0m) – for the uprating of free personal and nursing care payments. Some of this uplift is expected to support uplifts in allowances beyond that previously factored into IJB plans.
7. Carer's Act (£20.4m) – for the ongoing extension of the provisions within the Carer's Act. The majority of this funding relates to adult services and a nominal element related to children's services. The IJB makes provision for the children's service element through its overall contract.
8. Expanding Care at Home (£124.0m) – as reported separately to the IJB.
9. April 2022 Uplift in Living Wage (£144m) – to uplift living wage to c£10.50 in line with Scottish Government policy.

10. Health and Social Care Investment (£56m) – to support overall provision of health and social care.
11. Social Work Capacity Funding (£22m) – to support overall social care capacity.
12. Interim Care – Non-recurring allocation to support discharge of patients from hospitals.
13. A number of allocations are currently estimates and will be adjusted to match final Scottish Government figures. Funding shares will be determined by Local Government indicators.

As the above funds are being channelled via Local Authorities so they form part of the 2022/23 budget settlement proposal. Angus Council are planning that, in line with Scottish Government expectations, all the above funding be passed on to Angus IJB.

Reflecting section 3.2, the proposed budget settlement for 2022/23, subject to any future clarifications, from Angus Council to Angus IJB will be £65.832m.

This proposed allocation, largely linked to Scottish Government directives, is a helpful uplift in terms of both support for inflation pressures (i.e. the funding to sustain the Living Wage) and funding being made available to recognise the pressures that exist in Social Care services nationally.

- 3.4 Separately, it is important to note that during 2021/22 there were a small number of budget pressures under discussion with Angus Council regarding support services covered within the IJB's Integrations Scheme. From 2021/22, Angus Council did agree to invest in the support of both Finance and Procurement to assist the IJB. Beyond this issues re Finance and Procurement, there are some further issues to still address where temporary solutions have previously been agreed. These will be revisited during 2022/23.

It is important to note that some significant risks remain within this proposed settlement. These include risks associated with unresolved issues including the level of pay award that will be agreed with Local Authority employed staff, funding the impact of National Insurance changes and agreements regarding the National Care Home Contract for 2022/23. Examples such as these do pose significant financial risk to the Angus IJB. These risks that will be replicated elsewhere in Scotland and acceptance of this budget settlement comes with it an acceptance of managing those risks.

In addition to the above proposed budget, Angus Council and the IJB remain in discussion to consider the possible re-alignment of some budgets currently devolved to the IJB. This may involve some resources reverting to Angus Council if it is deemed management oversight will be better or more appropriately delivered through Angus Council. Examples may include shares of corporate obligations.

- 3.5 In considering this budget settlement proposal the IJB must take into account the prescribed nature of the current Scottish Government budget proposals and the clear and transparent nature of the proposed budget settlement.

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

Taking all these factors into account, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer from Angus Council.

4. BUDGET SETTLEMENT WITH NHS TAYSIDE

- 4.1 Generally, while budget settlements with Angus Council are best expressed in monetary terms, settlements with NHS Tayside are best expressed in percentage terms. This reflects the proliferation of in-year budget allocations that are largely directed to be passed by NHS Tayside to the IJB by Scottish Government. In previous year's budget settlements with NHS Tayside, including 2021/22, a small number of residual issues have remained unresolved.

- 4.2 For 2022/23, the situation is that Scottish Government budget proposals set out that NHS Scotland Health Boards will receive funding uplifts of 2.0% and that Health Boards should pass on uplifts of at least 2.0% to local Integration Joint Boards. Within NHS Tayside, the current intention is to pass on that 2.0% uplift to local IJBs. This offer reflects the challenging financial environment that NHS Tayside is currently operating. The offer covers all relevant local community health services, hosted services, Prescribing and Family Health Service budgets for 2022/23.

Due to the budget composition of the Health side of the IJB (noting the Health part of the IJB is augmented by a number of in-year funding allocations) it is difficult at this stage to exactly quantify the impact of a 2.0% uplift on budget but it is estimated to be c£2.0m. This uplift is consistent with previous IJB assumptions in that the uplift is currently linked to pay inflation assumptions set out in the Scottish Public Sector Pay Policy. It has been confirmed that if the final Agenda for Change pay negotiations result in a further burden then the Scottish Government have indicated the uplift will be revised upwards. Equally it is currently assumed that the impact of National Insurance changes on health provision will also be funded nationally.

- 4.3 Separately, it is important to note that there are a small number of unresolved budget issues with regard to the NHS Tayside budget settlement. These are noted below and some will need resolved in near future.

Complex Care – The IJB has previously raised this matter with NHS Tayside in terms of seeking an acceptable resolution to the devolution of this resource to Angus IJB so Angus IJB can manage these resources in an integrated context going forward. This matter is currently the subject of ongoing discussion with NHS Tayside and Angus Council's Director of Finance and it is a recommendation of this report that an early and satisfactory resolution is sought for this issue as part of the 2021/22 budget settlement discussions.

Large Hospital Set Aside (LHSA) – As noted in previous reports (e.g. 81/20) to the IJB, there are longstanding issues with regard to this resource. NHS Tayside has indicated that resources as at 2021/22 set new baselines for these resources and associated funding. This is not something that has yet been formally accepted by Angus IJB. COVID-19 has had an undoubted impact on activity levels and developing proposals for these resources and at the moment this is noted as an issue the IJB will need to revert to.

- 4.4 In considering this budget settlement proposal the IJB must take into account the prescribed nature of the current Scottish Government budget proposals and the clear and transparent nature of the proposed budget settlement.

Taking all these factors into account, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues regarding complex care resources noted above.

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

- 4.5 It is important to note that due to the nature of Health Service budgets (e.g. more national, regional and local decisions made in year rather than all at the start of the financial year) NHS budgets will continue to evolve during the financial year. Further budget allocations are scheduled for specific issues such as increased Primary Care Improvement Fund and Action 15 (Mental Health) funding, new Alcohol and Drugs monies to support further investment in a range of community-based interventions and additional funds to support District Nursing.

5. DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to

one or both of Angus Council and NHS Tayside. Due to the nature of this report, no formal direction is required as a result of the report recommendations.

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

However, on an annual basis Angus IJB has previously issued annual “directions” reflecting budget settlements to both Angus Council and NHS Tayside regarding services to be delivered through both Partners. While the process for issuing “directions” to Partners is now evolving, as per previous years, the Chief Officer may still issue a “direction” to both Angus Council and NHS Tayside reflecting overall budget settlements.

6. PROPOSALS

The recommendations set out in Section 1 of the Report, are subject to the Scottish Parliament formally approving the original annual budget proposals. Should that set of national proposals subsequently be reviewed then the proposed budget settlements set out in this report would require to be revisited.

As noted above, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£65.382m) from Angus Council.

As noted above, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside, subject to satisfactory resolution of the unresolved budget issues regarding complex care resources.

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