



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 23 FEBRUARY 2022

ANGUS IJB STRATEGIC FINANCIAL PLAN 2022/23 – 2024/25

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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 2022/23 to 2024/25.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) Supports work to develop improved resource profiles for Disability Services and Older Peoples Services for embedding in future versions of this plan;
- (ii) Support the continued inclusion and development of planned interventions set out in section 6 and request regular updates regarding these from relevant service and lead officers throughout 2022/23;
- (iii) By the October IJB meeting, ask the IJB's Executive Management Team to confirm delivery of Management savings for Adult Social Care and Local Community Health Services;
- (iv) Noting long term residual shortfalls in this draft of the plan, from December 2022, ask the IJB's Strategic Planning Group to review options to address this; and
- (v) Supports this draft version of the Strategic Financial Plan and request a final version is brought back to the IJB for approval in April 2022.

2. BACKGROUND

As with the plan for 2021/22 (report IJB 4/21), this report sets out a first draft of the next three year strategic financial plan for the IJB. This plan is intended to be consistent with, and a financial representation of, the IJB's Strategic Commissioning Plan, but does also reflect some of the longer term responses to COVID-19. It has been developed in an uncertain environment and acknowledges that a number of financial risks regarding COVID-19 responses and, for example, the outcome of the consultation regarding the National Care Service remain unaddressed. In due course, these issues may be significant enough to require a re-working of the plan.

This plan has been drafted during a period when IJB Management team have continued to focus significantly on COVID-19 responses and therefore the draft was not available as originally planned for the December 2021 IJB meeting. While the plan is intended to be consistent with other reports presented to the IJB, there are many risks and assumptions embedded in the report and further refinements are to be expected. A final version of the plan should be available in April 2022.

This report is presented as a 3 year plan. At times, there is advice to construct longer term financial plans. However, given the current dynamic nature of Health and Social Care, with a lack of clarity regarding funding and service requirements, this report continues the recent IJB pattern of working to a 3 year financial planning horizon. The IJB also needs to note there

may, at times, 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.

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. This draft 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 interventions.
- Hosted Services, Prescribing, Family Health Services and Large Hospital Set Aside.
- COVID-19.
- Reserves.
- Risk Assessment.

Appendix 1 shows the IJB's overall draft Strategic Financial Plan. A commentary on the overall position is included in the "Summary and Next Steps" part of this paper.

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. However this position is heavily dependent on non-recurring underspends (e.g. due to vacancies, delays on project work) and at this stage there is no plan to reduce the recurring budgets for services current with vacancies. It is also important to note the IJB will have significant reserves at the start of 2022/23. Some of this is a result of previous year's performance and much of it is linked to Scottish Government allocations. The Scottish Government are aware of this as a national pattern. Reserves that are not ring fenced 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 (i.e. pre COVID-19).
 - Progress with improving prescribing compared to the earlier years of the IJB, though costs are now marginally drifting further above national weighted averages.
- 3.3 The underlying financial performance in 2021/22 does need to be factored into the IJB's future financial plans. This is currently quite challenging to ascertain due to the impact of COVID-19. Shortcomings in the capacity of the finance teams throughout the COVID-19 pandemic further undermine our ability to develop a detailed underlying picture. However the following material issues are reflected in the IJB's Strategic Financial Plan:-

Service	Position	Impact (£)	Comment
Adult Services	COVID-19 aside, the current assumption is a shortfall due to underlying demand on services.	c£3.200m (pressure)	Mainly on going pressures within Physical Disability service and continued structural imbalance between health and social care parts of the IJB.
Community Health	The IJB has previously made good progress in releasing recurring savings.	c£1.160m (benefit)	Consistent with previous versions of Strategic Financial Plan, noting structural imbalance described above.
Locally Hosted Services	Underlying position assumed breakeven.	£nil	Similar to previous Strategic Financial Plan.
Hosted Services (Elsewhere)	Underlying position includes pressures.	£0.400m (pressure)	Ongoing unresolved saving targets.
Prescribing	Service rolls over into 22/23 marginally under spending.	c£0.300m (benefit)	Significant planning risk and an assumption of future higher growth levels.
Family Health Services	Workforce issues are placing specific financial pressures on services.	c£0.4m (pressure)	There is a risk this pressure increases due to workforce issues.

The above assessments contain more uncertainty than normal due to the complexity of assessing the underlying position due to COVID-19 factors. However, in total they suggest an underlying brought forward recurring pressure of c£2.5m.

Separately, and for the final version of this plan, it is recommended that the IJB continues to work to address historic imbalances in the IJB's allocation of resources. This will be progressed through determining realistic and affordable resource profiles for both the Learning and Physical Disability services through associated improvement programmes. It will also require a review of underlying Older Peoples Services resource requirements. There is no additional funding allowed of this in the IJB's financial plans and these steps are mainly required to formalise resourcing that will be embedded in the final version of this plan.

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, but current assumptions do assume a continued level of political support for community health and social care.

Partner	Year	Position	Risk/Comments
Angus Council & Social Care	2022/23	Reflects IJB "Budget Settlement" report. Includes funds to support system pressures, Carers Act, Free Personal and Nursing Care uplifts and increases in the Living Wage.	For all services the burden of increased National Insurance is not funded centrally; for many services the burden of pay inflation is not funded.
	Future Years	No information available but assumption of funds to support Living Wage, with any Scottish Government allocations being fully ring-fenced.	This more positive assumption comes with a known increased risk.
NHS Tayside & Community Health	2022/23	Reflects IJB "Budget Settlement" report. Represents uplift of 2.0%.	Assumed that National Insurance and pay inflation will be funded.
	2022/23	Assumed resolution of Complex Care Funding (c£0.750m). This has been an ongoing issue since the creation of the IJB.	To be match by a similar cost obligation. See comments below.
	Future Years	No agreement reached but assumption of 1.5% increase with any Scottish Government	Set to match an assumed pay inflation impact. General assumption of political support for

		allocations being fully ring-fenced.	near-inflation uplifts.
Scottish Government (SG)	2022/23	Funding for ring-fenced programmes including Primary Care Improvement Fund, Action 15 (Mental Health), Post Diagnostic Dementia and District Nursing.	It is expected that these allocations will be matched by commensurate commitments.
	Future Years	Assumed further increase in funding to support District Nursing.	

4.2 Separate reports to the IJB describe the commitments being made against additional allocations for 2022/23 including funds to support the Expansion of Care at Home and Multi-Disciplinary Teams. There are two further allocations where funding is still to be formally to be allocated and these are:-

- (i) Health and Social Care Investment - £1.335m.
- (ii) Social Work Capacity - £528k.

The Scottish Government have issued some guidance as to how this funding be applied. While plans are being developed, the general assumption is that this funding will assist offset brought forward over-commitments (i.e. help manage the growth in requirements that has already happened in the system – see section 3 above), support the likes of, otherwise unfunded, pay and National Insurance burdens, as well as meet the conditions of the funding guidance. This will be clarified in future iterations of this report.

4.3 A separate report to the IJB (February IJB, Budget Settlements with Angus Council and NHS Tayside) noted that a small number of budgetary pressures remained under discussion with Angus Council. However the recommendations to that report are to accept the proposed budget settlement with Angus Council without further caveat, assuming no further issues emerge from Scottish Government communications.

4.4 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 2022/23 now assumes that both funding and obligations associated with Complex Care packages are devolved to Angus IJB from 1st April 2022 (at notional value of £0.750m). This remains subject to ongoing discussion with NHS Tayside and Angus Council. It is acknowledged by the Directors of Finance of both Angus Council and NHS Tayside that this is a priority for all parties to resolve.
- 2) Large Hospital Set Aside resources - This issue was explored in report IJB 81/20 and retrospective issues remain unresolved. Due to the impact of COVID-19 on hospital activity patterns, recent information does not lend itself to creating an improved framework for resource planning. In addition, the IJB has not had capacity to revisit this issue with NHS Tayside to date. The impact of this is therefore described as neutral in this draft of the financial plan.
- 3) There remain unresolved financial planning issues, noted in the IJB action points, regarding In Patient Mental Health services previously hosted in Perth and Kinross IJB but now operationally managed via NHS Tayside. While these services, including any overspends, were financially managed within IJBs up to 2019/20, for 2020/21 and 2021/22 they have been financially managed by NHS Tayside. These services currently have a forecast overspend of over £3.5m for 2021/22. Some of the overspend existed at the point of the creation of IJBs with overspends continuing through to 2019/20 and, for a variety of reasons, increasing over the last 2 years. While a key expectation of strategic planning and operational management will be to contain this overspend, NHS Tayside is now seeking to reach agreement with IJBs as to how any overspend is managed and funded in future years and this may present an increased financial risk burden going forward. As part of developing future iterations of the IJB’s Strategic Financial Plan, we will seek to clarify this issue and risk and are in dialogue with NHS Tayside to enable us to do this and to bring a position back to the IJB.
- 4) NHS Tayside’s financial plan for 2020/21 included an allocation for “Shifting the Balance of Care”. Angus IJB did not receive a share of this allocation and it is now assumed that the balance of this funding will no longer be made available by NHS Tayside to IJBs.

5. COST PRESSURES AND STRATEGIC COMMITMENTS

5.1 The IJB's Strategic Financial Plans routinely reflect a series of inflationary, demographic, legal/contractual and other cost pressures. These pressures, and the mitigation of them described elsewhere, remain an important factor within financial planning. Many pressures are subject to some continued uncertainty and this represents an ongoing risk for the IJB.

The allocation of funds to services to support pressures is assumed to be dependent on:-

- for internally funded pressures/ discretionary commitments, the satisfactory progress with the delivery of planned interventions within the financial plan that assist fund those pressures; and
- appropriate detailed approval of plans under the authority of the Chief Officer.

5.2 Inflationary Pressures

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

- Staff Pay Inflation – Ultimately linked to public sector, Angus Council and NHS Scotland agreements, plus net impact of any incremental point adjustments. As noted above, NHS pay agreements beyond planned uplifts of 2% will be funded by the Scottish Government. Angus Council pay awards are still subject to agreement in conjunction with Convention of Scottish Local Authorities (COSLA). There was an exposure to an above planned uplift in 2021/22 but this has now been absorbed into plans. Given the inflation environment, this is now an area of increased risk.
- Third Party Inflation – There is a general expectation that costs will increase to at least allow for pay costs going up in line with the Living Wage (see above funding expectations) and that uplifts may, as in recent years, be directed by the Scottish Government (described as "Annual Adult Social Care Pay Uplift"). However the non-pay element of contracts will also be subject to inflationary pressure. It is important that the IJB considers these non-pay pressures, considers how this issue may be treated nationally and, for now, an allowance is made for this in attached plans. Again, given the inflation environment, this is an area of higher risk than in previous years.
- National Care Home Contract Inflation (NCHC) – At the time of writing, there was no agreed national contract uplift, although this is expected to be imminent and will reflect Living Wage pressures and the inflation pressure on non-pay costs (including energy and insurance). With over £25m of commitments linked to the NCHC, it is a key part of the IJB's financial plan. Noting pressures within this contract, this remains an area of longer term financial and contractual risk for the IJB. For both the NCHC and Third Party Inflation, Scottish Government funding supports a proportion of the uplift.
- National Insurance Changes - From 6 April 2022 National Insurance contributions will increase by 1.25%. In future years this will migrate into a new Health and Social Care Levy. This change has an effect on staff costs and third party contracts and the National Care Home Contract. The impact of this is allowed for alongside any known associated funding (currently limited to NHS employed staff).
- Other Inflation Pressures – The IJB has always allowed for an element of other inflationary type pressures (i.e. for "Other" costs). Pressures may be linked to the Consumer Price Index which is subject to higher pressure currently than in previous years and the allowance for "other inflationary pressures" is uplifted accordingly.

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, albeit may see changes in acuity. This principle is clearly 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 continue to evolve.

For now it is assumed the immediate (first year) demographic pressures regarding care at home pressures are fully contained within recent Scottish Government funding. This includes for Older People, Learning and Physical Disability and Mental Health. The national funding available, alongside funds for Multi-Disciplinary Teams is deemed to largely accommodate most community based (including care home) demographic pressures for the 2022/23. A further small allowance has been included for general demographic growth. Separately funds will be available from the Scottish Government to support an increased investment in Community Nursing in each of the three years of the financial plan (c£54k per annum).

Community health and adult social care demographic growth pressures are allowed for from 2023/24 in line with previous plans. It remains a strategic challenge for the IJB to continue to respond and contain this future growth and progression with planned interventions should strategically support future growth in home care.

There is a further issue regarding inpatient hospital services. As this bed base remains constant, so the average level of acuity increases with more patients and service users being managed in other settings. A small allowance is made for this increased acuity in each year of this plan.

Separate allowances are made for pressures within 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 would be considered in separate reports to the IJB.

- 5.4 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). These have been evident from 2020 and were partly recognised in the IJB's strategic plan for 2021/22. That funding has allowed the IJB to support increase in likes of management, improvement, governance and administrative staff.

It is now assumed that this increase in planned resources is largely complete with an element of any national funding also being set aside for management and overhead type issues. The IJB has previously agreed that 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 new resources as a contribution to those costs, where allowable and appropriate. This helps create a more sustainable and resilient infrastructure for the IJB.

5.5 Legal / National Priorities /Complex Care / Free Personal Care Pressures

This section notes additional commitments, often linked to additional Scottish Government funding, expected in 2022/23 and beyond as follows:-

- The Carers (Scotland) Act 2016 – Uplifts in commitment to reflect increased funding from 2022/23 – c£486k. This will cover inflationary and other pressures and a further report is expected to cover inflationary and other existing and emerging pressures.
- The Scottish Government's budget for 2022/23 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£484k) is factored in here.
- Complex Care – As noted in the "Funding Assumptions" section, a cost equivalent to an assumed funding settlement with NHS Tayside is included here.

- Primary Care Improvement Plans – The IJB does expect to receive a further incremental increase in funding (c£300k) from 2022/23 beyond original expectations.
- The Scottish Government are supporting a 5 year investment in Community District Nursing that should provide up to 5 additional posts within Angus over this duration.

5.6 Other Pressures

For the duration of the forthcoming Strategic Plan, the IJB will need to manage additional, sometimes unforeseen, pressures. Many of these are described in the risk appendix and it is important to note that many risks beyond 2021/22 are not currently reflected in the IJB's financial plans. 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.

5.7 Remobilisation Plans

Additional recurring Scottish Government funding from 2021/22 now supports some of the recurring impacts of COVID-19. However, there are still a few pressures not captured within these funding streams such as PPE, testing, some costs within residential settings and digital technology. It has been assumed 2022/23 remobilisation costs continue to be supported directly by Scottish Government funding (including funds held in reserves), but there are recurring pressures beyond 2022/23.

5.8 Strategic Commitments

The IJB has had a long standing commitment in its strategic commissioning plan to develop its prevention agenda. However, to date this has not been fully progressed. The last Strategic Financial plan (April 2021) noted that “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.”

Since then the Scottish Government have supported investment as described elsewhere in this report and the IJB has progressed proposals regarding care home provision within Angus. Proposals such as this would allow the IJB to commit to investment in its prevention agenda and future iterations of this plan would reflect any separate IJB decisions regarding this.

6. PLANNED INTERVENTIONS

6.1 This section sets out the position regarding 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 supported by additional Scottish Government funding. Meanwhile the progress with planned interventions, intended to support the IJB's overall multi-year financial plan, has been much weaker than was anticipated in April 2021. This does re-create gaps within the IJB's financial plan.

The last finance report to the IJB (report 67/21) noted that only 42% of the IJB's planned recurring savings for 2021/22 (£1.351m) was forecast to be delivered. This re-creates a significant planning shortfall and this remains a matter of significant concern for the IJB. While the circumstances that the IJB has had to operate under over the last 23 months partly explain delays in progressing planned interventions, there was evidence of a slowdown prior to 2020.

As noted, the IJB receives regular updates regarding planned interventions through specific reports and Strategic planning updates. Most of the planned savings, unless otherwise stated, are sourced from previous financial plans or other IJB reports.

6.2 A short update is provided below with respect to each issue alongside estimated savings.

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 significantly delayed since first being supported in 2019. It is now recommended the previous savings targets are retained but pushed back to 2023/24. Financial modelling and discussions with providers require further development and this will be subject of separate reports to the IJB. The intention remains to improve care and

- sustainability, while containing overall costs. 2023/24 - £0.100m recurring. Lead Officer – Head of Health and Community Care Services (G Bowie).
- 6.2.2 Angus Care Model – Internal Care Homes Review – This has been subject to a recent consultation and future iterations of this plan will reflect IJB's decisions regarding this review.
- 6.2.3 Angus Care Model – Stroke Rehabilitation Pathway – This was the subject of a report to the IJB in August 2021 (report 46/21). The proposals regarding this change are still being progressed and this is now included in the IJB's financial plan with an effective date of mid-2022/23. It is reasonable to assume that non-recurring underspends may emerge in advance of that date due to interim measures in place. 2022/23 - £0.070m; £0.140m recurring. Lead Officer – Head of Health and Community Care Services (J Galloway).
- 6.2.4 Angus Care Model – Extended Inpatient Review - This proposal continues to be 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. Changes such as this are dependent on a more settled post-COVID 19 regarding, for example, occupancy levels. As such this intervention has an implementation date of later in 2022/23. 2022/23 £0.100m; £0.300m recurring. Lead Officer – Head of Health and Community Care Services (J Galloway).
- 6.2.5 Angus Care Model – Psychiatry of Old Age Review – This programme continues to be progressed through the Angus Care Model group. Due to COVID-19 related delays, implementation has been delayed. Service, finance modelling and procurement options still require further development. 2023/24 £0.100m; £0.200m recurring. Lead Officer – Head of Health and Community Care Services (J Galloway).
- 6.2.6 Angus Care Model – Care at Home: 2023/24 - Progress with this has been further delayed due to COVID-19 and issues re IT support. Updates will continue to be provided to the IJB. 2023/24 - £0.030m; £0.050m recurring. Lead Officer – Head of Community Health and Care Services (G Bowie).
- 6.2.7 Increased Charging/Recoveries - This relates to reports presented to Angus Council meetings. (Note – as this is largely an inflation adjustment, in future reports this factor may be described in that section of the report). 2022/23 - £0.200m; similar adjustments in future years until known otherwise.
- 6.2.8 Executive Management Team (EMT) Reviews - These form a key part of the overall financial plan. While not a strategic intervention, incremental savings identified and progressed by management teams form part of this plan. It is important to note that this is separate and in addition to all other plans listed here. This could and should include embedding 2021/22 under spends where practical. A target of this type has been included in previous iterations of the financial plan. However, in 2020/21 and 2021/22 shortfalls were evident particularly with respect to Adult Services. This target has previously been included as a 1% saving per annum on operational spends budgets. For 2023/23 only it is included as 0.5% target across all services increasing to a 1% target for future years. The IJB's EMT will work towards confirming these savings by the October IJB meeting. For hosted services, targets are intended to bridge any gap between increased funding and annual pressures. 2022/23 - c£0.300m; c£1.500m over duration of plan. Lead officer – Executive Management Team.
- 6.2.9 Supported Housing - Status noted in December 2021 Strategic Planning Update. 2023/24 - £0.050m; £0.100m recurring. Lead Officer – Head of Health and Community Care Services (G Bowie).
- 6.2.10 Learning Disability (LD) Improvement Plan - The LD Improvement Plan has been shared with the IJB regularly. 2022/23 c£0.208m; 2023/24 - £0.101m. Lead Officer – Head of Community Health and Care Services (G Bowie).
- 6.2.11 Physical Disability (PD) Improvement Plan - The PD Improvement Plan has been shared with the IJB regularly. 2022/23 and 2023/24 - £0.100m per annum. Lead Officer – Head of Community Health and Care Services (G Bowie).
- 6.2.12 Non-Recurring Benefits: 2022/23 - £2.000m non-recurring, linked to recruitment challenges and short term delays in project work. It is assumed this will re-balance over the next 18 months and this one-off factor will be reversed over 2023/24 and 2024/25. This is a significant support for the 2022/23 plan, but is deemed relatively low risk due to conditions in early 2022.

In addition, overall planning could reflect an assumption that there will be slippage on new funds/ Scottish Government allocations in 2022/23. While this has not been estimated yet, and is not shown in appendix 1, it is noted in the summary section of this report.

- 6.3 The above interventions have been described to the IJB previously either in Strategic Financial Plans or other reports. Each planned intervention is subject to its own oversight arrangements which may include reporting back to the IJB. Each intervention will be subject to its own risks re timing and deliverability and these will continue to be highlighted to the IJB.

In the context of the overall financial plan, these interventions are key in bring the IJB back towards a balanced budget and help the IJB to manage unfunded inflationary and demographic pressures and make any required investments. It is therefore important that the IJB re-assert its commitment to their inclusion in this draft of the Strategic Financial Plan.

Given the importance of these planned interventions to the overall strategic financial plan, it is now intended that from this version of the plan that should any planned interventions need to be revisited by the IJB (e.g. in terms of deliverability), then part of that consideration will be the description and approval of alternative measures to address any gaps that may otherwise emerge in the IJB's plans.

- 6.4 Due to likes of impact of COVID-19, 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, single handed care and demand management. Not all of these will deliver savings with any certainty, all require further working up. It is recommended that from December 2022, the IJB ask the Strategic Planning Group to revisit these and other issues.

7. HOSTED SERVICES, PRESCRIBING AND FAMILY HEALTH SERVICES

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 additional Scottish Government funding (noted above) and 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 2022/23 and beyond. While the prescribing position has clearly improved in recent years, Angus costs per weighted patient are still subject to a number of risks, remain slightly above the national average and are now drifting further above the national average. While there are a number of reasons for variation, this recent pattern is not one mirrored in other IJBs in Tayside.

The financial framework developed for prescribing locally reflects known funding uplifts and assumptions regarding price and volume changes and a short series of planned savings deliveries. However it is reasonable to observe that the pressures of COVID-19 and the pressures on Pharmacy staffing have limited the resource directed to developing prescribing change interventions. This challenge is one that will be addressed via the IJB's local Prescribing Management Group.

In the short term it is anticipated that the good work to develop long term clinical buy-in for prescribing improvement 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 the prescribing financial framework.

In the medium term (e.g. from 2023/24) 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 pressures.

It is also important to recognise the increased financial risks associated with new drugs recommended for adoption in Primary Care across Scotland. This is a key unresolved risk for the IJB and may need to be considered by the IJB going forward.

Half-yearly prescribing reports to the IJB will more fully describe plans for 2022/23 and beyond, including recognising opportunities to reinvest in evidenced based alternatives to prescribing.

7.3 Family Health Services

One of the main financial challenges in Family Health Services over the duration of this plan relates to the continued phased introduction of the 2018 General Medical Services contract. This contract is running behind schedule nationally due to COVID-19 and recruitment issues. While the Scottish Government have honoured historic funding commitments, it has generally been recognised that those historic funding levels were not sufficient to deliver the full implementation. For 2022/23, as noted above, it is expected that the Government will top up previous funding commitments. This will help support the funding of the final configuration of the contract implementation, but financial risks do remain.

There is also a significant 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 due to workforce challenges within General Practice, specifically in Angus, and discussions regarding risk sharing. The IJB may wish to consider broader plans to address this current and evolving risk.

8. COVID-19

The service implications falling out of COVID-19 remain significant. The financial impacts are equally significant. To date the financial impact of COVID-19 has been reflected as follows:-

- Significant re-direction of resources during 2021/22 including from care homes to care at home services and project/improvement oriented work to COVID-19 responses.
- Application of Scottish Government funding to support increased demand and requirements emanating from COVID-19, to the extent that Scottish Government funding is appropriate to be used for this purpose.

However the general assumption remains that additional short term costs (which will stretch into 2022/23) will continue to be supported directly by additional Scottish Government funding (including funds held in reserves). While some longer term COVID-19 impacts are already captured in the funded plans, there are other long term COVID-19 related issues that remain unclear (as noted under "Remobilisation Plans"). A notional allowance is made for these potential costs for now, but it is reasonable to assume that longer term resources implications will probably increasingly have to be managed locally. The IJB will have to continue to adjust its strategic, operational and financial plans to respond to COVID-19 impacts.

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

9. IJB RESERVES

The IJB holds a number of ring-fenced reserves. Most of these are linked to Scottish Government ring-fenced allocations where the IJB is obliged to retain unspent funds for future years for specific purposes. This group of reserves have increased in size in recent years and the Scottish Government are aware and accepting of this. The IJB's ability to mobilise some reserves is constrained by the impact of COVID-19, managerial capacity and, importantly, the availability of workforce.

That said the IJB will continue to manage reserves as best it can to ensure they are deployed on a timely basis in line with Scottish Government stipulations and to support the IJB operationally and strategically.

Separately the IJB retains a Strategic Planning Reserve managed by the Strategic Planning Group and a contingency reserve that is required to offset, on a time limited basis only, future risks and shortfall in strategic financial plans.

10. RISK ASSESSMENT AND COVID-19 IMPLICATIONS

This draft plan is produced in a complicated and uncertain environment. As such it contains many risks and assumptions. Risks clearly exist throughout this type of planning including risks regarding funding, inflation, and COVID-19. A summary of risks is set out in appendix 2. It is anticipated that many of these risks will remain in the final version of this plan.

11. EQUALITIES IMPACT ASSESSMENT

As set out earlier, 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 the IJB and those reports will have associated Equalities Impact Assessments. On that basis, the view is that no separate Equalities Impact Assessment is required for this report.

12. 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 final version of the financial plan will determine overall directions to Partners with individual programmes and reports to the IJB generating more specific directions. This version is a draft so does not generate a "direction".

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

13. SUMMARY AND NEXT STEPS

- 13.1 This report sets out a draft view of the IJB's financial plan for 2022/23 to 2024/25 and captures information regarding current financial performance, funding assumptions, cost pressures and planned interventions. Appendix 1 brings together all of the above, but this needs to be seen in the context of the risks set out in appendix 2.

Noting the recurring shortfalls that emerge, the IJB is fortunate in having reserves that can be called on to balance the plan over the three years. At April 2021, the IJB's contingency reserve was set at £4.75m (approximately 2.5% of turnover). This reflected the level of uncertainty previously foreseen.

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

Financial Year	2022/23	2023/24	2024/25
	£k	£k	£k
Shortfalls	(1,072)	(3,762)	(6,549)
Slippage on New Allocations	500	0	0
Planned Use of Reserves	572	3,762	416
Revised Shortfall	0	0	(6,133)
Cumulative Shortfall	0	0	(6,133)

Note: Contingency reserves currently £4.75m.

From the above it can be seen that the IJB can present a balanced budget for 2022/23 based on a high-level assumption of slippage on new allocations and use of reserves. Then, utilising

contingency reserves the IJB can cover forecast over-commitments for 2023/24, but the underlying over-commitments re-assert themselves once time-limited reserves are consumed with a potential recurring shortfall from 2024/25 of c£6m. This remains as previously projected with the weakening position reflecting increased demographic pressures and unfunded inflationary pressures no longer being offset by Scottish Government funding increases or the required volume of planned interventions.

In effect, without further interventions, future service pressures will remain unfunded and not manageable within available resources unless the IJB is able to resolve these issues.

13.2 Next Steps

The report's primary recommendation is for the IJB to support this draft version of the Strategic Financial Plan and to request a final version be brought back to the IJB in April 2022. In order to progress to a final version of the financial plan, and to continue work to close out future financial planning shortfalls and to deliver the IJB's Strategic Commissioning Plan, the IJB also needs to :-

- Conclude budget settlements with NHS Tayside and Angus Council. These are generally documented separately.
- Support work to develop improved resource profiles for Disability Services and Older Peoples Services for embedding in future versions of this plan.
- Support the continued inclusion and development of planned interventions set out in section 6 and request regular updates regarding these from relevant service and lead officers throughout 2022/23.
- Conclude discussion with NHS Tayside to devolve the resources associated with Complex Care to Angus IJB.
- By the October IJB meeting, ask the IJB's Executive Management Team to confirm delivery of Management savings for Adult Social Care and Local Community Health Services.

13.3 Generally, with long term gaps set out in the financial plans, the IJB would request further development of opportunities and plans to close out those long term gaps. However the IJB has to acknowledge the management team is dealing with a backlog of actions resultant from COVID-19 and still has a challenging agenda to deal with in terms of all the planned interventions set out in section 6. Therefore, and exceptionally, it is suggested that the IJB focus on dealing with any backlog of actions and existing planned interventions rather than develop further opportunities.

From December 2022, it is suggested the IJB can then come back to the long term financial gap and through the Strategic Planning Group start to consider other opportunities such as around Medicines Management, workforce productivity reviews, the benefits of increased collaboration or digital opportunities, single handed care and demand management.

13.4 This draft report updates the Strategic Financial plan in a way that is intended to be consistent with the IJB's current and evolving Strategic Commissioning Plan; noting that the Strategic Commissioning Plan does of course, influence the Strategic Financial Plan. This draft plan will be shared with both Angus Council and NHS Tayside and the final version of this plan should be reflected in their respective financial planning.

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List of Appendices:

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

Appendix 1

Angus HSCP - Financial Plan 2022/23 - 2024/25 (note - Some sub-totals omitted to make file easier to present.)	2022/23								2023/24								2024/25							
Year	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (D/P) £k	PX £k	FHS £k	Large Hospitals & Mental Health £k	Grand Total £k	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (D/P) £k	PX £k	FHS £k	Large Hospitals & Mental Health £k	Grand Total £k	Adult Services £k	Local £k	Hosted (Angus) £k	Hosted (D/P) £k	PX £k	FHS £k	Large Hospitals & Mental Health £k	Grand Total £k
Brought Forward Budget	55680	51461	13920	8473	22253	37888	13557	193084	65382	55003	14321	8728	22698	38946	13557	208196	66505	55887	14531	8858	23155	39526	13557	211427
Annual Assumed Budget Uplift																								
Additional Scottish Government Funding	8732	1228	0	0	0	0	0	9960	-477	0	0	0	0	0	0	-477	0	0	0	0	0	0	0	0
Partner / Scot. Govt. (Service / Inflation)	0	1029	278	169	445	758	0	2477	1600	830	210	130	457	580	0	3654	1700	840	220	130	364	590	0	3684
Additional National Insurance	0	280	123	86	0	0	0	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partner / Scot. Govt. (Legal/Contractual)	970	255	0	0	0	300	0	1525	0	54	0	0	0	0	0	54	0	55	0	0	0	0	0	55
Partner (Funding Adjustment, Complex Care)	0	750	0	0	0	0	0	750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Assumed Budget Uplift	9702	3542	401	255	445	1058	0	15112	1123	884	210	130	457	580	0	3231	1700	895	220	130	364	590	0	3739
Available Budget	65382	55003	14321	8728	22698	38946	13557	208196	66505	55887	14531	8858	23155	39526	13557	211427	68205	56782	14751	8988	23519	40116	13557	215166
Brought Forward Over/(Under) Commitment	3210	-1160	0	400	-305	400	0	2545																
Brought Forward Spend Commitments	58890	50301	13920	8873	21948	38288	13557	195629	67059	53349	14441	8828	22915	39646	13557	209268	70709	53844	14531	9158	23458	40526	13557	215189
Inflation Pressures																								
Inflation - Pay	679	586	250	177	0	0	0	1510	658	443	180	130	0	0	0	1279	690	441	190	130	0	0	0	1312
Inflation - Pay National Insurance	230	280	123	86	0	0	0	629	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inflation - Third Parties	1250	349	0	0	0	758	0	2357	1150	298	0	0	0	580	0	2028	1150	304	0	0	0	590	0	2044
Inflation - NCHC	1410	0	0	0	0	0	0	1410	1040	0	0	0	0	0	0	1040	1069	0	0	0	0	0	0	1069
Inflation - Prescribing	0	0	0	0	329	0	0	329	0	0	0	0	344	0	0	344	0	0	0	0	353	0	0	353
Inflation - Other	120	140	60	0	0	0	0	276	60	60	30	0	0	0	0	128	60	60	30	0	0	0	0	128
Annual	3689	1355	433	263	329	758	0	6511	2908	801	210	130	344	580	0	4819	2969	805	220	130	353	590	0	4906
New Service Pressures																								
Additional Scottish Government Funding	4408	1228	0	0	0	0	0	5636	-477	0	0	0	0	0	0	-477	0	0	0	0	0	0	0	0
Demographics (Older People)	1140	100	0	0	0	0	0	1240	950	100	0	0	0	0	0	1050	950	100	0	0	0	0	0	1050
Demographics (Excluding Older People)	100	0	0	0	0	0	0	100	300	0	0	0	0	0	0	300	300	0	0	0	0	0	0	300
Legal - Carers / Complex Care / Free Personal Care	870	750	0	0	0	0	0	1620	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National Priorities - Action 15 / District Nursing	0	255	0	0	0	600	0	855	0	54	0	0	0	300	0	354	0	55	0	0	0	0	0	55
Drugs	0	0	0	0	658	0	0	658	0	0	0	0	229	0	0	229	0	0	0	0	235	0	0	235
Other /Remobilisation Costs	0	0	120	0	0	0	0	33	100	100	-120	0	0	0	0	167	0	0	0	0	0	0	0	0
Annual	6518	2333	120	0	658	600	0	10142	873	254	-120	0	229	300	0	1623	1250	155	0	0	235	0	0	1640
Planned Expenditure	69097	53989	14473	9136	22935	39646	13557	212283	70840	54404	14531	8958	23488	40526	13557	215711	74928	54804	14751	9288	24046	41116	13557	221735
Initial Annual Shortfall	-3715	1014	-152	-408	-237	-700	0	-4087	-4335	1483	0	-100	-333	-1000	0	-4284	-6723	1978	0	-300	-527	-1000	0	-6569
Less Planned Interventions																								
ACM - Residential Care Home Review - Peripatetic Nursing	0	0	0	0	0	0	0	0	100	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0
ACM - Stroke Rehabilitation Pathway	0	70	0	0	0	0	0	70	0	70	0	0	0	0	0	70	0	0	0	0	0	0	0	0
ACM - Extended Inpatient Review	0	100	0	0	0	0	0	100	0	200	0	0	0	0	0	200	0	0	0	0	0	0	0	0
ACM - Psychiatry of Old Age Review	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0	100	0	100	0	0	0	0	0	100
ACM - Care at Home	0	0	0	0	0	0	0	0	30	0	0	0	0	0	0	30	20	0	0	0	0	0	0	20
Increased Charging/Recoveries	200	0	0	0	0	0	0	200	200	0	0	0	0	0	0	200	200	0	0	0	0	0	0	200
EMT Reviews (inc for Hosted Services)	130	170	32	8	0	0	0	317	250	340	0	0	0	0	0	590	250	340	0	0	0	0	0	590
Supported Accommodation Review	0	0	0	0	0	0	0	0	50	0	0	0	0	0	0	50	50	0	0	0	0	0	0	50
Learning Disability Improvement Plan	208	0	0	0	0	0	0	208	101	0	0	0	0	0	0	101	0	0	0	0	0	0	0	0
Physical Disability Improvement Plan	100	0	0	0	0	0	0	100	100	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0
Non-Recurring (Savings)	1400	300	0	300	0	0	0	2000	-700	-150	0	-200	0	0	0	-1050	-700	-150	0	-100	0	0	0	-950
GP PX (Additional Savings)	0	0	0	0	20	0	0	20	0	0	0	0	30	0	0	30	0	0	0	0	10	0	0	10
Total Interventions	2038	640	32	308	20	0	0	3015	131	560	0	-200	30	0	0	521	-180	290	0	-100	10	0	0	20
Revised Planned expenditure	67059	53349	14441	8828	22915	39646	13557	209268	70709	53844	14531	9158	23458	40526	13557	215189	75108	54514	14751	9388	24036	41116	13557	221715
Revised Shortfall	-1677	1654	-120	-100	-217	-700	0	-1072	-4204	2043	0	-300	-303	-1000	0	-3762	-6903	2268	0	-400	-517	-1000	0	-6549
Adjustment For Hosting	0	0	88	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Final Shortfall	-1677	1654	-32	-100	-217	-700	0	-1072	-4204	2043	0	-300	-303	-1000	0	-3762	-6903	2268	0	-400	-517	-1000	0	-6549

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Current Financial Performance			
Data Quality	Medium	N/A	These issues continue to have potential to undermine reporting/planning.
Income Arrangements / Levels	Medium	c£0.2m (recurring)	The IJB is working with Angus Council to develop an Income management improvement plan with work commencing following a delay due to COVID-19.
Funding Assumptions			
Unresolved budget settlement issues with NHS Tayside (e.g. Complex Care, Large Hospital Set Aside)	Medium	c£500k (recurring)	Complex Care – At the start of the 7 th 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 – Work to progress this agenda has been affected by COVID-19. Noting that most previous information did suggest Angus had 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 / risk sharing may be subject to reviews at regional or national level.	Medium	Not known	The level of funding Angus IJB receives from Partners could be subject to review.
Cost Pressures			
COVID-19 – ongoing uncertainty re the financial impact on longer term cost base.	Medium	TBC (From 2023/24)	Recent SG funding has resolved many COVID-19 funding concerns, but not all. Short term reserves expected to cover 2022/23 impacts.
Mental Health – In Patients	Medium	TBC	NHS Tayside seeking agreement with IJBs as to how associated overspends are managed in future with a notional allowance for this built into plans.
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.
Prescribing – National recommendation for the prescribing of new drugs in Primary Care is an additional burden.	Medium	TBC	Issues such as this will be considered via the Tayside Prescribing Management Group.
Prescribing – New Opiate Substitution Treatments may require funding support.	Medium	TBC	Developing situation with short term Scottish Government supporting this.
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.
Community Nursing – Job re-evaluations may require reworking of workforce models.	Low	TBC	Current expectations are that any impact will be contained through workforce re-modelling.
Workforce and recruitment issues may have a knock on effect on IJB costs beyond service delivery issues.	Medium	c£500k + (recurring)	The IJB faces a number of workforce issues (e.g. General Practice, Independent Sector) and requires good workforce planning to mitigate these risks.
Demographic Pressures – e.g. in Older People Services reflecting population changes	High	c£1.0m+ (recurring)	The risk of ongoing growth will be a continued feature of IJB plans.
Ongoing inflation pressures re the National Care Home Contract.	Medium	Not known	Estimates factored into plans and may be partially offset by increased Scottish Government funding. Where necessary mitigating action may be required.
Brexit related Impacts – A range of IJB costs could be affected.	Medium	Not known	While Brexit impacts are a factor, they are now treated as part of the operating environment and this point will be removed as a separate risk going forward.
Primary Care Improvement Plan (From 2023/24, noting short term resources in place until 2022/23)	Medium	Not known	Subject of separate IJB reports, with additional SG funding providing at least a partial solution.
Planned Interventions			
Some IJB savings programmes behind schedule from 2019/20 due to COVID-19. Reviews may be required.	High	Up to £1.0m (recurring)	Delays have been experienced due to COVID-19 with the scale of risks becoming clearer in our financial plan.
Management / Programme Management / Project Support capacity issues	High	Included above	COVID-19 continues to divert management capacity which has exacerbated existing delays.
Other			
Review of Integration Scheme	Medium	Not known	A comprehensive review of the Scheme may identify additional risks and opportunities.
National Care Service	TBC	TBC	There may be implications for funding arrangements or managing issues such as changes to “Charging” arrangements.
Corporate Support (Inc. Procurement, Property, Legal)	Medium	Not known	Some progress made; current risks include Procurement, Property and Legal. These have a detrimental impact on the IJB’s ability to deliver a balanced financial plan.
Change of residence status (to Angus from another area for service user)	tbc	tbc	Refers to risk of service users originating outside Angus, changing residence status to Angus at point of receipt of care.