

Angus IJB – Revision of Integration Scheme – Addendum to Report IJB 24/22

A report regarding a proposed revision of the Angus IJB Integration Scheme will be submitted to Angus IJB in April 2022. This scheme sets out the agreement between both parties of the IJB. i.e. Angus Council and NHS Tayside.

With regard to section 9 (Finance), IJB members should be aware of the following amendment (purple text).

9.18 Where an unplanned year end overspend in the Integration Joint Board's budget is projected the Chief Officer and the Chief Finance Officer must present a recovery plan to the Integration Joint Board and the Parties to address in year overspends and any recurring overspends for future financial years.

9.19 In the event that the recovery plan is unsuccessful, and an overspend is evident at the year end, uncommitted reserves held by the Integration Joint Board would firstly be used to address any overspend. If, after the application of reserves, there remains a forecast overspend, a revised Strategic Plan must be developed to enable the overspend to be managed in subsequent years.

9.20 In the event that an overspend is evident following the application of a recovery plan, use of reserves or where the Strategic Plan cannot be adjusted, the overspend will be shared in proportion to the spending Direction for each Party for that financial year, adjusting these spending directions to ensure the Parties budgets are on a like for like basis. **Where the parties make additional payments to cover an overspend then, by agreement, these additional payments may have to be repaid in future years.**

This additional wording does have financial implications for Angus IJB. In setting out the implications below, it is worth noting the following:-

1. Other IJB Integration Schemes in Scotland (but not Tayside) have wording to similar effect.
2. If Angus IJB underspends, it currently retains that under spend.
3. This has been a factor that NHS Tayside have been interested to add into the revised scheme and has been agreed for inclusion by both parties in the version of the Integration Scheme out for consultation.
4. Angus IJB has under spent in recent years and has twice agreed to return some reserves to the IJB parties.

Noting both points 1 & 2 above, it is reasonable for the IJB's parties to consider the inclusion of this additional wording such that any additional payments may, by agreement, be repaid in future years. This does of course have financial implications for Angus IJB.

Financial Implications for Angus IJB

- The proposed clause will only become effective after sections 9.18 and 9.19 have been implemented. So that implies the IJB has gone as far as amending its Strategic Plan and has still overspent. In those circumstances, it may be questionable if repaying any ongoing overspends to partners/parties (or indeed having this as a possibility) would be conducive to the sustainable delivery of local health and social care services.
- The potential need to make repayments to partners/parties could, in future, start to be a significant factor in IJB decision making and could start to influence the direction of travel

that may not be conducive to the sustainable delivery of local health and social care services.

- The IJB may see this clause added into the governance framework (i.e. the Integration Scheme) at the same time as issues with regard to budget issues regarding Large Hospital Set Aside, Complex Care and Mental Health funding remain unresolved.
- The proposed clause includes the phrase "by agreement" but does not set out how an agreement will be reached or who the agreement is between or, if it involves three parties, whether that agreement need to be unanimous. Nor does the clause determine when an agreement about repayment has to be reached (i.e. at the end of the financial year a payment is made, or at a subsequent date). Noting this clause will only ever become effective at a challenging time for the IJB (i.e. when it has been in an overspending position), then clarity regarding the decision making around this clause should ideally be built into the clause at the outset.
- The IJB should note that Angus IJB has occasionally made repayments to partners/parties due to in-year financial reporting. Any consideration of a transaction of this type in the future may need to be refined in future if this additional clause is embedded in the final integration Scheme.
- The IJB should note there is currently potential uncertainty about the accounting treatment of any funding that may have to be repaid. For example, does that funding meet the criteria of income recognition and could the repayment clause generate a contingent liability.

Other Comments

The Angus IJB Strategic Financial Plan currently does not envisage an over spend until 2024/25 when a substantial recurring over-commitment emerges.

It is possible that nationally governance frameworks may evolve as National Care Service arrangements are developed.

It is important to keep in mind this new amendment only becomes effective if the IJB has failed to live within it means. At the point this happens, given it is more likely from 2024/25, it is difficult to predict the financial pressures the IJB partners/parties will be under.

Importantly, the Integration Scheme is a document setting out an agreement between Angus Council and NHS Tayside (the parties) and ultimately the wording will be subject to agreement between those parties.