



**ANGUS HEALTH AND SOCIAL CARE  
INTEGRATION JOINT BOARD – 7 DECEMBER 2022  
FINANCE REPORT – 2022/23**

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

**ABSTRACT**

The purpose of this report is to provide Angus Integration Joint Board (IJB) with an update on the financial position of Angus IJB including financial projections for 2022/23, the impact of COVID-19 on the IJB financial position, an update on reserves, financial planning, financial risks and governance.

**1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) Accept the overall projected financial position of Angus IJB for 2022/23;
- (ii) Agree that the Out of Hours Service will develop a financial recovery plan by February 2023 and that confirmation of progress will be provided to the February 2023 IJB meeting;
- (iii) Support the recommendation to increase the IJB's contingency reserve by c£0.250m to retain it at 2.5% of turnover in line with the IJB's reserves policy.

**2. BACKGROUND**

The report describes the most recent financial monitoring and projection information for Angus IJB for financial year 2022/23, based on information to the end of October 2022, including NHS Directed Services, Angus Council Directed Services, the financial impact of COVID-19, reserves, financial planning and financial risk.

Information contained within this report reflects estimates for the whole of 2022/23 and consequently, given the stage in the financial year, further reviews of projections will be undertaken which will lead to future adjustments in information.

The IJB's detailed projected financial position for 2022/23 is set out in Appendix 1. This shows that the overall projected financial position for Angus IJB for the year to March 2023 is a projected breakeven position. This is after assuming funding in excess of c£3m will be used to support whole system pressures that exist within the IJB partners (Angus Council and NHS Tayside) and throughout Health and Social Care Partnerships in Tayside.

**3. CURRENT POSITION**

**NHS Directed Services**

- 3.1 Local Hospital and Community Health Services** – Continues to reflect progress made in both this year and previously with the majority of services currently projecting under spends or breakeven positions. However this projected underspend is higher than expected with a large amount of this relating to unfilled vacancies linked to staff turnover and recruitment challenges across various services equating to c£2.3m.

The main exception to the above continues to be Psychiatry of Old Age where the service continues to experience high levels of acuity and complexity. On-going recruitment challenges has resulted in supplementary staffing being used to cover service gaps and this has led to the projected over spend for 2022/23. The Angus Care Model review of these services has been re-established with the intention to provide an update to the IJB in February 2023.

Collectively these factors contributed to the reported projected under spend of c£1.9m, with much of that non-recurring. This under spend is consistent with the IJB's overall financial plan in that it is intended to offset overspends elsewhere (e.g. within Adult Services).

**3.2 Lead Partner Services in Angus** - The impact of COVID-19 Remobilisation has been significant within Out of Hours (OOH) Services with changes to the patient pathway as a direct consequence of COVID-19 now embedded in the service model leading to the service projected overspend in 2022/23 of c£1.000m. Although the service has been reviewing the workforce model it has not been able to turn this work around as quickly as expected. The OOH Service are asked to develop a financial recovery plan for approval by the IJB'S Executive Management Team so that the required reassurance regarding future plans can then be provided to the IJB in February 2023.

Forensic Services continue to have core operational workforce issues with supplementary staffing being used to cover these service gaps to ensure the workforce is safe. The outcome of which is a projected overspend in 2022/23 of c£0.240m.

Tayside Continence Service is experiencing high levels of product price inflation resulting in a projected overspend of £0.071m. Across Scotland all continence services are experiencing these pressures. There is a national contract for these products which was due to be re tendered at the end of September 2022, however this has been delayed due to national procurement capacity issues and revised timelines are unclear.

As a result of these in year pressures, the combined effect of the above is one of a reported year end overspend of c£0.333m for the Angus share of these costs. There are some agreed local funds to offset these costs.

**3.3 Lead Partner Services in Dundee/Perth** - As the IJB will be aware a number of devolved services are managed by other IJBs on behalf of Angus IJB. The projected year end position for these services is an under spend of c£0.168m, as detailed in Table 1 below.

The impact of the COVID-19 remobilisation plans continues to contribute to an increased pressure against Dietetics and Public Dental Services, along with unresolved saving targets with these overspends mainly offset by a range of service under spends some of which relate to unfilled vacancies linked to recruitment issues.

<b>Table 1 - Lead Partner Services in Dundee and Perth IJBs on Behalf of Angus IJB</b>	<b>Annual Budget (£k)</b>	<b>Projected (Over) / Under (£k)</b>
<b>Angus Share of Lead Partner Services in Dundee</b>		
Palliative Care	6,950	48
Brain Injury	1,671	110
Sexual & Reproductive Health	2,386	230
Psychological Therapies	0	0
Dietetics (Tayside)	3,590	(150)
Other Services Hosted in Dundee	2,983	381
Balance of Savings Target	(546)	(546)
Grand Total	17,034	72
<b>Angus Share (27.1%)</b>	<b>6,169</b>	<b>111</b>
<b>Angus Share of Lead Partner Services in Perth</b>		
Podiatry (Tayside)	3,340	409
Prison Health Services	4,408	169
Public Dental Service	2,384	(120)
Other Services Hosted in Perth	162	1
Balance of Savings Target	(249)	(249)
Grand Total	10,045	210
<b>Angus Share (27.1%)</b>	<b>2,722</b>	<b>57</b>
<b>Total Angus Share of Lead Partner Services</b>	<b>8,891</b>	<b>168</b>

**3.4 Family Health Services (FHS) Prescribing** - COVID-19 initially caused significant disruptions to patterns of spend within Prescribing. Revised financial plans submitted to October Prescribing Management Group assume we will see 4.5% volume growth in 2022/23 as we move closer to previous spending patterns. Prescribing data available to August shows higher volumes compared with the previous year, but lower than allowed for in the 2022/23 financial plan. The recently updated plans also capture 2022/23 Scottish Government drug price adjustments. The most recent weighted average price per prescription, which also reflects the tariff reduction, is however higher than financial planning expectations.

The year end projection reflects actual prescribing information for April to August, remains close to the forecast variance per the financial plan, which would be expected with only 5 months of actual Prescribing data available.

Generally, progress has previously been achieved by implementing both a regional prescribing work plan alongside a targeted local approach and, while both approaches have been hindered by COVID-19, improvement work is increasingly being reinstated. However, workforce issues may undermine the capacity to support some prescribing improvement measures.

While the above makes comparison with local budgets difficult, the IJB can also compare its costs with Scottish averages. In financial year 2019/20 these costs were managed down to c3-5% above national average. Latterly, this trend has been running at about 6% over the national average placing an additional burden on the IJB. This should trigger an additional level of local review in local Prescribing Management forums and an updated local Prescribing Management Quality Assurance Group Workplan is currently being developed.

**3.5 General Medical Services (GMS) and Family Health Services** – As noted in previous reports, the IJB is exposed to over spends attributable to the Angus share of costs associated with the provision of GMS in the likes of Brechin and Abbey Medical Centre in Arbroath where NHS Tayside is directly managing GMS, this includes costs associated with improvement work and addressing any backlog.

Longer term risks remain regarding the challenges re General Practitioner recruitment, the introduction of the new GMS contract (report IJB 19/21) and the underlying growth in Premises costs including responding to direction of travel set out in the National Code of Practice for GP Premises 2017 regarding ownership models for General Practice buildings.

As previously noted there may be future discussion re risk sharing arrangements for Primary Care (including GMS) services with neighbouring IJBs.

**3.6 In Patient Mental Health Services** - As the IJB is aware Inpatient Mental Health Services are currently operationally managed by NHS Tayside. However, resources do remain formally devolved to the IJB for Strategic Planning.

As noted previously, an agreement was reached regarding financial management overspend of these resources for 2021/22. NHS Tayside and Tayside IJBs are now seeking to reach an agreement as to how any overspend is managed and funded in 2022/23 and in future years. These discussions have been complex and this may present an increased financial risk beyond those captured in the IJB's Strategic Financial Plan. At present there remain diverging views between NHS Tayside and Tayside IJB's regarding potential resolutions to this issue.

**3.7 Large Hospital Services** – As at April 2022 this budget has been re-set at £8.569m based on a notional value due to the impact COVID-19 has had on hospitals activity patterns.

Large Hospital Set Aside resources include a limited number of secondary care services – principally Emergency Department, General Medicine, Geriatric Medicine and Respiratory. In October 2022, NHS Tayside indicated that they were looking at cost pressures within “Unscheduled Care” to see if IJBs could support these pressures of c£10m. Reports noted “...current engagement with IJBs (is) to identify and implement actions to reduce costs within acute hospitals. In the absence of deliverable actions in the short-term, the Board would look to IJBs to provide financial support for these delegated service costs while pathways are reset, whether that be from the projected 2022/23 IJB core budget underspends or from IJB reserves.” Angus IJB are following this issue up with NHS Tayside.

- 3.8 Overall Position Regarding NHS Directed Services** – The overall reported projected 2022/23 position suggests an under spend of c£1.501m. It is important to remind ourselves that looking at this figure in isolation from Angus Council Adult Services is not entirely meaningful and the IJB did plan for under spends on the above resources to offset Angus Council Adult Services overspends.

### **ADULT SERVICES**

- 3.9 Angus Council Directed Services (Adult Services)** - For financial year 2022/23 Adult Services is projecting a yearend under spend of c£1.488m.

As previously advised the demand for care at home services continues to exceed the available capacity within the Partnership, and if the capacity was there it might be reasonable to assume additional annualised costs of up to c£2.3m. The Partnership continues to develop and implement plans to close the gap between capacity and demand.

As has been noted previously demographics continues to be the largest pressure on resources. The impact of COVID-19 has seen a shift in demand between Care Homes and Care at Home with budgets adjusted to reflect this change.

COVID-19 Provider Support costs are captured against individual service areas and estimates for this spend continue to be dependent on the data intelligence system for quantifying the costs. Elements of the Provider Support (including Social Care Staff Support Fund) will continue until March 2023 therefore high-level projections of expected costs have been made. There is always an acknowledged scope for movement on these estimates and we will continue to monitor closely.

As noted in the Board's Action points, work has continued within Older People services to review activity data with the outcome of developing improved resource profiles. Baseline service user data has now been collated and this will be set against budgets to determine resource demands and spending trends.

Pressures continue to remain within the Physical Disability service following the 2022/23 budget realignment exercise. As noted at previous meetings, the service has developed an Improvement Plan, however progress on the implementation of the plan has been delayed due to workforce recruitment challenges, however a new member of staff will be commencing in December and this will enable this work to progress in the new year. As part of this plan a review of activity data will be undertaken to help develop improved resource profiles.

The IJB continues to be in discussions with NHS Tayside and Angus council to seek a resolution to the long-running unresolved funding for Complex Care services. The latest rounds of discussions, which are progressing at a Director of Finance level, have been ongoing since February 2022 and have not yet concluded.

- 3.10 Centrally Managed Budget** - the Centrally Managed Budget continues to reflect previous progress with saving (as per the IJB's financial plan). In addition it now captures future commitment to support system working pressures as previously reported in report (66/22).

It is important to recall that the IJB's Strategic Financial Plan did anticipate recurring overspends regarding Adult Services with offsetting under spends elsewhere in the IJB. While in year this is less of a factor, this structural imbalance requires to be addressed within the IJB's overall financial framework on a permanent bases and this will be progressed moving forward.

- 3.11 Overall Position Regarding the IJB** - The overall projected year end position is a break even position. This is after assuming, as per the October 2022 IJB, that funding in excess of c£3m will be used to support whole system pressures that exist within the IJB partners (Angus Council and NHS Tayside) and throughout Health and Social Care Partnerships in Tayside.

- 3.12 Financial Impact of COVID-19** – The Partnership submits a monthly remobilisation financial plan to the Scottish Government regarding the estimated financial impact of COVID-19. The October position suggests local COVID-19 costs of c£3.048m and costs of c£0.239m per annum for 2023/24. As previously noted the Scottish Government is largely expecting IJB's to mainstream recurring COVID-19 related spend as soon as is practical.

As previously noted the Scottish government has advised that all unused COVID-19 reserves will revert back to Scottish government.

The financial risks regarding COVID-19 in 2022/23 and beyond include the impact on our independent sector providers as interim financial support evolves. There are increasing emerging workforce issues that may be partly attributable to COVID-19 related effects. These issues are common across Scotland and continue to be part of regular discussion and reporting between all IJBs and the Scottish Government.

**3.13** Progress with Strategic Financial Plan (Planned Interventions) –Table 2 provides an update of the current financial position against “Phase 1” planned interventions.

**Table 2 - Planned Interventions – Phase 1**

Assumed Savings	3 Yr Total	Current Projection	Status
	£m	£m	
ACM - Care Home Review - Nursing	0.100	0	IJB EMT still reviewing
ACM - Internal Care Home Review	0.500	0.500	Approved - IJB February 2022, on target to achieve
ACM - Stroke Rehabilitation Pathway	0.140	0.140	Approved – IJB October 2022
ACM - Extended Inpatient Review	0.300	0.300	Approved – IJB October 2022
ACM - Psychiatry of Old Age Review	0.200	0	Due to IJB - February 2023
ACM - Care at Home	0.050	0	Progress TBC – IJB February 2023
EMT Reviews (inc for Hosted Services)	1.497	0.060	Due to IJB - December 2022
Supported Accommodation Review	0.100	0.100	Approved - IJB June 2022 estimated to be on target
Learning Disability Improvement Plan	0.309	0	Progress TBC - IJB February 2023
Physical Disability Improvement Plan	0.200	0	Progress TBC - IJB February 2023
Other	0.060	0	
<b>Total Recurring</b>	<b>3.456</b>	<b>1.100</b>	

The above table focuses on the 3 year saving initiatives with £1.100m being delivered to date. The shortfalls associated with these planned interventions will significantly impact on the strategic plan over 2023/24 and 2024/25. In year, non-recurring savings will offset the above shortfall.

As previously reported we agreed to provide an update on progress against “EMT” reviews. Unfortunately the IJB has not made the expected progress against these planned interventions due to a capacity constraints within the Management, Services and Finance teams to take this forward. It is proposed the “EMT” reviews are given priority and addressed through a series of detailed meetings held jointly with Management, Services and Finance over the coming weeks looking at opportunities to confirm the deliver on these savings targets by mid January. With the IJB underspending and the knowledge of the pressures on the multi-year financial plan, there remains a commitment and the opportunities to identify and deliver the “EMT” planned savings.

The IJB should expect to receive updates regarding Care at Home and the Learning and Physical Disability Improvement programmes and the associated savings at its February 2023 meeting.

As previously noted the overall financial plan sets out a recurring shortfall from 2024/25 onwards of c£6.270m after assuming the full delivery of the above “Phase 1”.

**3.14 Strategic Financial Plan** – As IJB members will be aware, in previous years the IJB has received a draft 3-year financial plan at December meetings in advance of final updated Strategic Financial Plans being shared at April IJB meetings. Due to circumstances, including staffing challenges and evolving funding issues, it has not been possible to prepare an interim 3 year financial plan for this meeting. However, appendix 5 provides a high financial planning update.

An interim financial plan will be shared at the IJB's February 2023 meeting in advance of a final proposal to the April 2023 IJB meeting. It is anticipated that draft financial plans will be shared with the IJB's Strategic Planning Group in advance of being submitted to the IJB and those plans will be consistent with the IJB's emerging Strategic Commissioning Plan.

#### 4. FINANCIAL IMPLICATIONS

From the above it can be seen that the IJB is currently forecasting a breakeven position after adjusting for in excess of £3m towards supporting whole system working. This contrast with the small forecast overspends set out in the IJB's Strategic Financial Plan for 2022/23 (compiled before the conclusion of the 2021/22 year end) with the main difference attributable to issues such as:

- Unfilled vacancies linked to staff turnover and recruitment challenges c£3.1m;
- Reduce uptake of care home beds c£1.0m.

All projections are preliminary at this point and subject to multiple risks as noted earlier.

#### 5. RISK

**5.1 Corporate Risk** - Angus IJB formally monitors its corporate risks through the Angus Clinical, Care and Professional Governance group. Appendix 2 details the current financial risks with no change from that previously reported. Many of the finance risks are IJB wide risks including funding levels and risks regarding financial planning.

<b>Risk Description</b>	Failure to develop and implement a balanced financial plan will lead to a risk of unsustainable services.
<b>Risk Category</b>	Strategic
<b>Inherent Risk Level</b>	Likelihood 5 x Impact 5 = Risk Scoring 25 (very high risk level). No change.
<b>Mitigating Actions</b>	Funding - Ongoing dialogue with NHST, Angus Council and, via national forums, Scottish Government. (Noting increased risk).  Progress with Strategic Commissioning and Financial Plan - Monitor via management forums and report to IJB regularly.  Resolve outstanding budget issues – Ongoing dialogue with NHS Tayside.  Financial Governance – Long standing issues monitored via Audit Committee.
<b>Residual Risk Level</b>	Likelihood 5 x Impact 4 = Risk Scoring 20 (very high risk level). No change.
<b>Planned Risk Level</b>	Likelihood 4 x Impact 4 = Risk Scoring 16 (high risk level). No change.

As previously noted, there remain a number of long term financial governance issues. The IJB's Audit Committee is monitoring these but progress over a number of years had been limited. A summary of the main issues is set out in Appendix 4. With the recent consideration of the IJB's Risk Appetite and the separate reporting of risk issues via the IJB's Audit Committee, the associated action has now been removed.

**5.2 Unresolved Budgets** - There remain unresolved budgetary issues with NHS Tayside as follows:-

- Large Hospital Set Aside Resources;
- Complex Care Historic Funding ;
- In Patient Mental Health – Financial Management and Funding Issues.

These will continue to be progressed with partners.

**5.3 Scottish Government Funding Risks** - As previously noted there is a real risk that the Scottish Government may further reduce or withdraw funding previously allocated to or assumed by the IJB, NHS Tayside and Angus Council and hence this will continue to be monitored and reported to the IJB.

## **6. PROPOSALS**

The recommendations for approval in this report are set out in Sections 3.2, 3.15 and Appendix 3.

## **7. EQUALITY IMPACT ASSESSMENT**

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

## **8. DIRECTIONS**

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Angus Council and NHS Tayside. The table below reflects the nature of the recommendations in this report.

<b>Direction Required to Angus Council, NHS Tayside or Both</b>	<b>Direction to:</b>	
	No Direction Required	X
	Angus Council	
	NHS Tayside	
	Angus Council and NHS Tayside	

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List of Appendices:

- Appendix 1: Angus Health and Social Care Partnership Financial Monitoring Report 2022/23
- Appendix 2: Angus Health and Social Care Partnership Financial Risk Assessment 2022/23
- Appendix 3: IJB Reserves 2022/23
- Appendix 4: Financial Governance
- Appendix 5: Strategic Financial Planning Update

## Appendix 1 Angus Health and Social Care Partnership Financial Monitoring Report 2022/23

Angus Health & Social Care Partnership - Financial Monitoring Report 2022/23						
	Adult Services		Angus NHS Directed Services		HSCP	
	Annual Budget £k	Projected (Over) / Under £k	Annual Budget £k	Projected (Over) / Under £k	Annual Budget £k	Projected (Over) / Under £k
<b>Local Hospital and Community Health Services</b>						
<b>Older Peoples Services</b>						
Psychiatry Of Old Age			5,564	(140)	5,564	(140)
Medicine For The Elderly			6,257	750	6,257	750
Minor Injuries + Illness Units			1,918	275	1,918	275
Community Nursing			5,505	170	5,505	170
Management & Admin	2,215	(111)			2,215	(111)
Care at Home	5,165	70			5,165	70
Intermediate Care	393	0			393	0
Community Support	835	4			835	4
Supported Accommodation	522	18			522	18
Internal Residential	4,208	(50)			4,208	(50)
Care and Assessment	30,384	1,692			30,384	1,692
Community Mental Health	2,371	307			2,371	307
<b>Older Peoples Service</b>	<b>46,094</b>	<b>1,930</b>	<b>19,243</b>	<b>1,055</b>	<b>65,337</b>	<b>2,985</b>
<b>General Adult Psychiatry</b>	<b>3,582</b>	<b>(27)</b>	<b>3,361</b>	<b>200</b>	<b>6,943</b>	<b>173</b>
Admin Community Support	2,946	72			2,946	72
Non Residential Care	7,943	(677)			7,943	(677)
Residential Care	6,499	706			6,499	706
Learning Disability(Angus)			614	25	614	25
<b>Learning Disability</b>	<b>17,388</b>	<b>100</b>	<b>614</b>	<b>25</b>	<b>18,002</b>	<b>125</b>
<b>Physical Disabilities</b>	<b>5,375</b>	<b>(685)</b>	<b>0</b>	<b>0</b>	<b>5,375</b>	<b>(685)</b>
<b>Substance Misuse</b>	<b>1,714</b>	<b>35</b>	<b>1,378</b>	<b>5</b>	<b>3,092</b>	<b>40</b>
<b>Community Services</b>						
Physiotherapy			2,551	130	2,551	130
Occupational Therapy	1,536	87	700	97	2,236	184
Joint Store	765	0			765	0
Anti-Coagulation			237	61	237	61
Primary Care			1,687	0	1,687	0
Carers	691	0			691	0
Homelessness	940	16			940	16
Other Community Services			1,202	120	1,202	120
<b>Community Services</b>	<b>3,932</b>	<b>103</b>	<b>6,377</b>	<b>408</b>	<b>10,309</b>	<b>510</b>
<b>Planning / Management Support</b>						
Ijb Management	2,184	32	1,836	203	4,020	235
<b>Planning / Management Support</b>	<b>2,184</b>	<b>32</b>	<b>1,836</b>	<b>203</b>	<b>4,020</b>	<b>235</b>
<b>Local Hospital and Community Health Services</b>			<b>32,810</b>	<b>1,896</b>		
<b>Lead Partner Services - Angus</b>						
Forensic Service			1,075	(240)	1,075	(240)
Out of Hours			8,693	(1,000)	8,693	(1,000)
Speech Therapy (Tayside)			1,250	49	1,250	49
Locality Pharmacy			2,652	0	2,652	0
Tayside Continence Service			1,546	(71)	1,546	(71)
Hosted Services Centrally Managed Budget			(356)	32	(356)	32
Hosted Services Recharges to Other IJBs			(10,832)	897	(10,832)	897
<b>Lead Partner Services in Angus</b>	<b>0</b>	<b>0</b>	<b>4,027</b>	<b>(333)</b>	<b>4,027</b>	<b>(333)</b>
<b>Lead Partner Services - Dundee/Perth</b>	<b>0</b>	<b>0</b>	<b>8,891</b>	<b>168</b>	<b>8,891</b>	<b>168</b>
GP Prescribing			22,480	(184)	22,480	(184)
Other FHS Prescribing			(556)	175	(556)	175
General Medical Services			19,154	(220)	19,154	(220)
Family Health Services			16,273	0	16,273	0
In Patient Mental Health Services			0	0	0	0
Large Hospital Set Aside			8,569	0	8,569	0
<b>Total</b>	<b>80,269</b>	<b>1,488</b>	<b>111,648</b>	<b>1,501</b>	<b>191,917</b>	<b>2,989</b>
<b>Centrally Managed</b>						
Existing Commitments	2,812	1,268	961	(186)	3,773	1,082
Future Commitments				(4,071)	0	(4,071)
<b>Grand Total</b>	<b>83,081</b>	<b>2,756</b>	<b>112,609</b>	<b>(2,756)</b>	<b>195,690</b>	<b>0</b>



## Appendix 2 Angus Health and Social Care Partnership Financial Risk Assessment 2022/23

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.
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.
<b>Funding Assumptions</b>			
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 <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 – 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.
<b>Cost Pressures</b>			
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 will 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 initially be considered via the Tayside Prescribing Management Group, but then will need IJB consideration.
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 (Future years)	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.
Primary Care Improvement Fund (From 2023/24)	Medium	Not known	This issue is being considered regionally and is understood to be replicated across Scotland.
Future funding levels.	Medium	Not Known	Developing situation with Scottish Government changing funding allocations. Potential implications for IJB.
<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)	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.
<b>Other</b>			
Review of Integration Scheme	Medium	Not known	A comprehensive review of the Scheme may identify additional risks and opportunities.
National Care Service	Low	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.

### Appendix 3: IJB Reserves 2022/23

The IJB's Reserves Policy sets out that the IJB may hold both "ear-marked" reserves and general reserves. Ear-marked reserves will generally be for specific projects or issues, ear-marked due to specific constraints or ear-marked due to funding factors. General reserves are intended to assist the IJB manage its overall resources over the longer term.

**Contingency Reserves** – The IJB holds a contingency reserve of £5.250m (2.5% of turnover). At any time the IJB may require to commit this reserve to address developing situations and should the IJB overspend in a financial year then the IJB's contingency reserves would be required to offset any in year overspend. This would only provide short term relief to ongoing financial pressures.

As the IJB's turnover increases annually by inflation and other factors, it is recommended to increase the IJB's contingency by c£0.250m to retain it at 2.5% of turnover in line with the IJB's reserves policy.

**Ear-marked Reserves** - Evolving financial plans exist for each reserve to ensure this funding is mobilised effectively in a way that meets Scottish Government criteria, is sustainable and delivers good value for money. It should be noted that all of the "ear-marked reserves" funding allocated by the Scottish Government must be used on the specific allocation criteria and hence these funds are ring fenced for this purpose only. The following details are provided re some specific Ear marked reserves

**COVID-19 Reserves** – See section 3.12.

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

**Strategic Plan Reserve** - Opening value at 1 April 2022 - £2.290m; increased by £0.500m in October 2022. This resource is managed over the duration of the Strategic Financial Plan (now to March 2026) and overseen by the Strategic Planning Group (SPG).

**Financial Planning Reserve 2022/23** - £1.090m. In April 2022 the IJB agreed to create this reserve with the application of these funds to be considered in due course. This reserve was referred to in the report 66/22.

**Property Reserve** – £3.300m. This reserve has been created as per previous report (26/22) which noted the reserves was created to "support future property and accommodation commitments with intention of releasing revenue funds to support the IJB's Strategic Financial Plan..." and it has subsequently been noted this reserve could also be used flexibly to support some strategic aspects of the IJB's Primary Care Premises Strategy.

**Local Primary Care Reserve** – £0.700m. This reserve has been created as per previous report (66/22) which noted the reserve was created to "support future primary care investment funds".

#### Appendix 4: Financial Governance

With respect to governance issues, there are a number of long-standing issues that remain unresolved and it has been previously agreed that it would be helpful to highlight these to the IJB. The issues and some commentary are detailed below.

Issue	Status / Background to Status	Implications of Status	Action Required	Commentary
Development of Large Hospital Set Aside arrangements in conjunction with NHS Tayside	Limited Progress - See separate IJB report (81/20) – A complicated concept that requires resolution between NHS Tayside and all local IJBs. Coordinated management resource is required to resolve this and that has been challenging over the last 6 years.	The lack of progress undermines the IJB's ability to fully direct resources within the IJB's Strategic Plan. Noting that pre-COVID 19 information did suggest Angus has reduced its use of Acute Services since the inception of integration.	CO/CFO - An improved dialogue between NHS Tayside and local IJBs, which itself requires all parties to be able to dedicate coordinated resource to progress this.	Subject to a separate update report to the June 2021 IJB (17/21). The Partnership is in discussions with NHS Tayside on this issue including work through Planned Care and Unscheduled Care Boards. However, this was delayed by COVID-19. Resolution of this may be subsequent to resolution of In Patient Mental Health issues. This now links to broader Unscheduled Care issues.
Development of improved Hosted Services arrangements in conjunction with neighbouring IJBs	Limited Progress – This requires proportionate improved coordination between all 3 IJBs. This is planned to be the first area where local improvement will be taken forward once capacity allows for it, planned coming months.	The lack of progress undermines the IJB's ability to fully direct resources within the IJB's Strategic Plan.	CO/CFO - IJB intends to develop a consolidated information set regarding locally hosted services covering Finance, Performance and Risks.	Work progressing with other HSCTPs following the updated Integration Scheme regarding finance, strategic and governance reporting for hosted services. Proposal currently being developed due for completion February 2023.
Review Corporate Support arrangements with Partners.	Limited Progress -- This requires resolution between the IJB and its partners. Coordinated management resource is required to resolve this and that has been challenging over the last 6 years.  The revised Integration Scheme notes... "The Parties agree that the Chief Officer will have appropriate corporate support and a senior team of 'direct reports' in order to fulfill their accountability for the Strategic Plan and for the safe, efficient and effective operational management and performance of integrated services and to provide the IJB oversight of delegated, inpatient mental health, inpatient learning disability and inpatient drug and alcohol functions, to the population of Angus."	Shortcomings within corporate support have been a regular feature of risks identified within the IJB. These shortcomings undermine the ability to the IJB to deliver its Strategic Plan and a balanced long-term financial position.  The revised Integration Scheme does not provide a ready-made solution or vehicle for solution of this long-standing issue.	CO - Ideally a comprehensive response to be considered with both partners simultaneously as part of a review of the Integration Scheme.	While the Integration Scheme has progressed, it provides no ready-made vehicle for a solution to this issue. This is a missed opportunity and the IJB and partners will have to continue to work together to address this issue as the provision of support services remains outstanding and continues to be an area of risk and uncertainty for the IJB. Requires the formal approval of the new IS and management resource in all partners to take this forward collectively.
Development of Performance and Resources oversight function.	Limited Progress – Capacity to develop proposals has been limited.	The development of improved oversight will strengthen the overall governance arrangements of the IJB.	CO – To be progressed in 2022/23.	At November 2022, the IJB's Management Team has now considered this issue and will, in due course, share a finalised proposal with the IJB.

These issues continue to be monitored by the IJB's Audit Committee. Many are complex, require concurrent joint working with Partners and the IJB's ability to progress sensor managers up matters can be affected by capacity constraints. Progress on some outstanding governance improvements has been inhibited by the pressures of dealing with COVID-19.

## APPENDIX 5 – STRATEGIC FINANCIAL PLANNING UPDATE

In most previous years, the IJB has received a draft financial strategic planning update to its December meeting in advance of a finalised plan at the subsequent April meeting. The draft plan is currently delayed due to a combination of capacity issues and lack of clarity regarding funding and other planning factors. The following provides a brief update as to the current position.

**POSITION AS DESCRIBED AT APRIL 2022** - At April 2022, the IJB projected recurring shortfalls of c£3.3m by 2023/24 and c£6.3m by 2024/25.

**UPDATES REGARDING 2022/23 PLANNING** - The following need to be acknowledged: -

- Of the assumed savings of £3.456m in the April 2022 plans, only £1.1m has been confirmed.
- However, the IJB is underspending this year and some of that will contribute to closing out this gap of £2.345m (£3.456m less £1.1m).
- We now know that some of our assumptions of recurring costs from 2022/23 are overstated and this would help to reduce our projected shortfall on a recurring basis.
- Equally some of our assumptions regarding pay inflation have understated that impact and, if this is not fully funded, this will widen the projected shortfall.
- In April 2022, the IJB acknowledged it has some weaknesses in its budgetary framework. This included in Older People Services, Learning and Physical Disabilities (all Social Care). These shortcomings, and the associated uncertainties, have not yet been resolved.

### UPDATES REGARDING 2023/24 AND BEYOND PLANNING

Due to wider economic factors we now expect previous funding and inflationary assumptions to require significant revision. Inflation will require cost estimates to be adjusted but more relevantly there is an increased risk that funding uplifts diverge from inflationary pressure – i.e. the IJB has to manage real terms cuts in funding, alongside demographic pressures. It is extremely difficult to make useful estimates regarding this in advance of clarity from the Scottish Government regarding funding and planning assumptions. However, every 1% real terms reduction in the IJB's projected budget per annum equates to c£2m. If revised economic factors trigger a reduction of just 1% per annum in budgets uplifts (and it could be much greater), that would add a c£4m additional deficit on the previous c£6.3m shortfall. On that basis the budget shortfall could be c£10m by 2024/25 (previously c£6.3m) and c£15m by 2025/26. However, this is a very provisional estimate.

### UNCERTAINTIES

While there are clear uncertainties in the above, there are other risks and uncertainties including: -

- The impact of pressures on the IJB's partners (Angus Council and NHS Tayside).
- The specific risks regarding unresolved budget issues with NHS Tayside including regarding Complex Care, Mental Health. Large Hospital Set Aside resources and, most recently, unscheduled care.
- The uncertain impact on financial planning of the wide-spread recruitment challenges that the IJB is now seeking to manage.

### PROGRESS WITH CLOSING THE GAP

In April 2022, the IJB asked the Strategic Planning Group (SPG) to develop proposals to close out the previous financial planning gap. While the SPG has considered this at a series of meetings, and with this issue now being linked into the development of the Strategic Commissioning Plan, to date progress with the development of options to close out future gaps has been limited, not sufficient to close out the April 2022 gap and certainly not sufficient to close out the updated estimates of the gap.

The IJB will soon be required to agree its Strategic Commissioning Plan for the period 2023/24 to 2025/26. The IJB's Integration Scheme (June 2022 version) includes the following... "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." This highlights the need for any approved Strategic Commissioning Plan to be supported by a sustainable Strategic Financial Plan and the need for the Strategic Commissioning Plan to be as bold as is required to allow Angus IJB to continue to deliver the required services on a sustainable basis. All future IJB plans and decisions will need to be influenced by the IJB's financial constraints.