

SPECIAL ANGUS COUNCIL – 2 MARCH 2023

DEVOLVED BUDGET TO ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP INTEGRATION JOINT BOARD FOR 2023/24

REPORT BY DIRECTOR OF FINANCE

ABSTRACT

This report summarises the proposed revenue budget being devolved to the Angus Health and Social Care Partnership Integration Joint Board (IJB) for 2023/24 which has responsibility for delivery of Adult Care Services.

1. RECOMMENDATION

It is recommended that the Council:

- a. Note the contents of this report;
- b. Approve the proposed 2023/24 Revenue Budget allocation from the Council as set out in Section 5 of this report, subject to recommendation c);
- c. Agree that the 2023/24 Revenue Budget allocation from the Council be provisional at this time pending confirmation of the Local Government Finance Order and any associated terms of the local government grant settlement affecting the Council and the IJB;
- d. Note that a further report seeking approval of a final 2023/24 revenue budget allocation for the Angus IJB will, if any changes to the proposals in the report are necessary, be brought to an appropriate Committee as soon as possible after the Local Government Finance Order is approved by the Scottish Parliament;
- e. Approve the 2023/24 Provisional Capital Budget as set out in Appendix A;

2. ALIGNMENT TO ANGUS COUNCIL PLAN / LOCAL OUTCOME IMPROVEMENT PLAN (LOIP)

This report contributes as a whole to the Council Plan / LOIP.

3. INTRODUCTION

The Integration Joint Board's Chief Officer has had responsibility for Adult Care Services from 1 April 2016. These arrangements are governed by the Angus Integrated Joint Board (IJB).

As part of this arrangement, the revenue budget associated with Adult Care services is devolved to the IJB. The IJB does not at present deliver services itself but instead provides these through Angus Council and NHS Tayside. To facilitate this, the IJB prepares a Strategic Commissioning Plan and supporting Strategic Financial Plan which demonstrates how it will utilise the totality of its devolved resources. The Strategic Commissioning and Financial Plan identify:

- The resources associated with services that are being commissioned through each of the parent bodies, Angus Council and NHS Tayside;
- The manner in which these services are to be delivered by the parent bodies.

In the initial period of integration, resources devolved to the IJB and directed back to Angus Council and NHS Tayside did not significantly vary from historic patterns. This has changed as the IJB has developed integrated services more fully reflecting the proposals within the Angus Health and Social Care Partnership Strategic Plan.

4. 2023/24 DEVOLVED BUDGET PROCESS

This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2022/23 to 2023/24.

Scottish Government Integration Funding

The Scottish Government's finance settlement announcement in December 2022 included three matters pertinent to finalisation of the IJB's devolved budget:-

- Confirmation of a cash increase of 0.3% in the Council's core government grant allocation after taking into account new responsibilities and ring-fenced sums, leaving the Council with a significant funding gap as outlined in the Provisional Revenue and Capital Budgets 2023/24 – Background Report and Setting of the Council Tax 2023/24 (Report 54/23). This highlights the context within which discussions on the IJB's devolved budget have taken place.
- The inclusion of a net £95.0m nationally in recognition of specific pressures affecting IJBs and to facilitate investment and expansion of health & social care provision. It is highlighted that the funding consists of the following specific elements:-
 - Free Personal and Nursing care (£15.0m) – for the uprating of free personal and nursing care payments. The impact of this is within resources devolved to the IJB and it is therefore appropriate for the funding to be devolved;
 - Living Wage (£100.0m) – for the delivery of a £10.90 minimum Living Wage for adult social care workers in commissioned services. The impact of this is within resources devolved to the IJB and it is therefore appropriate for the funding to be devolved. It is highlighted that this funding has not yet been distributed to local authorities by the Scottish Government;
 - Interim Care (minus £20.0m) – for the delivery of interim care for health and social care clients. This was non-recurring funding provided for 2022/23 only and thus requires to be removed for 2023/24. The impact of this is within resources devolved to the IJB and it is therefore appropriate for reduction in funding to be devolved;
- The inclusion of £140.0m revenue grant and £120.6m capital grant nationally in 2023/24 to support national pay deals. As agreed through Report 420/22, an element of this funding (£0.899m) is to be allocated to the IJB which will address a proportion of their pay pressures. It is therefore appropriate for this element of funding to be devolved.

In light of the above, the net £95.0m funding provision is wholly applicable to the IJB 2023/24 revenue budget as well as the £0.899m allocation identified in Report 420/22. It is highlighted that correspondence from the Deputy First Minister to Council Leaders notes that this funding is in effect ringfenced "the funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs...".

Cost Pressures

On an annual basis the IJB faces a number of cost pressures with long term planning to address these outlined in the Angus IJB Strategic Financial Plan. These include pay inflation pressures for employees employed through Angus Council and inflation related issues for contracts delivered through third party providers (including the National Care Home Contract). The IJB also continues to see an increase in demand for adult social care services linked to demographic changes in, for example, the older people population.

It is noted that the most recent IJB draft Strategic Financial Plan was shared with the IJB in February 2023. It sets out a series of pressures that will have to be managed within the IJB in the coming years. An

assessment of the cost pressures arising for the IJB within Adult Services only is set out in the table below to give context to the budget provision being made by Angus Council.

Table 1 – HSCP IJB Cost Pressures

Cost Pressure	£000	2023/24 Impact £000
Inflation - employed staff		1,252
Inflation – third party contracts		3,565
Inflation – other services		190
Charges		(700)
Service Pressures		790
Other Services Risks		200
Strategic Financial Plan Total		5,297
<u>Finance Settlement</u>		
Living Wage Increase to £10.90	(2,422)	
Free Personal & Nursing Care Uprating	(482)	(2,904)
Net Pressure		2,393

Specific funding has been provided in the Finance Settlement by the Scottish Government, as noted in the table above, which offsets some of the funding pressures evident for the IJB. It is highlighted that the Council's Change Programme includes an amount equivalent to the Council's share of the total exposure to cost pressures (i.e. both Health Service and Adult Services) within the IJB draft Strategic Financial Plan as a savings target attributed to the Angus Health & Social Care Partnership.

Budget Savings

The Integration Scheme sets out the governance process for the development of the devolved budget from the Council to the IJB. Discussions have been ongoing during 2022/23 between the Council and the IJB to progress towards an agreed devolved budget for 2023/24. The development of the devolved IJB budget has also been progressed through the Council's normal budget setting arrangements and draft proposals were considered through the Policy & Budget Strategy Group (PBSG).

The IJB has budget pressures to consider beyond Adult Services given its wider service delivery remit. In recognition of the respective budget pressures on the IJB and Council, the IJB is progressing and developing a number of proposals in response to the above noted cost pressures across its wider service remit in order that they can be contained within its currently devolved resources i.e. a cash flat funding proposal prior to consideration of increased Scottish Government funding. It will therefore be for the IJB to determine the extent of savings that are delivered specifically from the Adult Services budget. This will be considered alongside the development of the IJB's Strategic Commissioning Plan. This includes the increases in charges proposed by officers in the "Review of Angus Council Charges for Support and Care Services and Residential Fees 2023/24" report, on this Agenda. The IJB's Strategic Financial Plan contains projected funding shortfalls in 2023/24 and beyond. The impact of the Finance Settlement implications outlined in this paper onto those shortfalls will need to be considered by the IJB.

5. 2023/24 DEVOLVED REVENUE BUDGET

Scottish Government Integration Funding

As noted above, the additional funds being provided nationally to support integration are being channelled through the Local Government Finance Settlement. In light of the funding announcements noted in Section 4 above, and the agreed approach to savings / cost pressures, the table below outlines the proposed funding to the IJB for 2023/24.

Table 2 – Calculation Of Devolved Budget 2023/24

	Note	£000	£000
2022/23 Revenue Budget		65,306	
Budget virement from Children, Families & Justice		84	
Confirmed share of national totals included as estimates in Report 60/22		89	
Revised 2022/23 Revenue Budget			65,479
Scottish Government Funding Distributed:			
Free Personal and Nursing Care	1	482	
Interim Care (one off 2022/23 only)	1	(480)	
Adjustment to share of national funding totals		3	
Distributed Funding			5
Allocation of Funding For 2022/23 Pay Award			
	2		899
Scottish Government Funding To Be Distributed:			
Living Wage Increase to £10.90	3		2,422
Total Additional Funding			3,326
2023/24 Proposed Revenue Budget (Provisional)			68,805

Notes:-

1. Confirmed share of national total per Finance Circular 11/2022.
2. Per Report 420/22.
3. The distribution of this has still to be agreed by the Settlement & Distribution Group and an assumption based on previous distributions has been made.

In light of the above, it is proposed that the Council will provide a devolved revenue budget of £68.805m for 2023/24, albeit this may be subject to revision for finalised grant distributions from the Scottish Government. The position detailed in the various budget papers reflects this proposal noting the IJB Board still requires to approve the devolved budget package from Angus Council at a future IJB Board meeting.

At the time of writing this report the local government finance settlement and the conditions attached to it remain provisional and won't be confirmed until the Scottish Parliament approves the Local Government Finance Order in late February 2023. Experience from recent years suggests that changes to the settlement and conditions attached to it affecting IJBs could arise before the Order is agreed and for this reason the Council is being asked to approve the 2023/24 Devolved Revenue Budget on a provisional basis. Approval of a final Devolved Budget to the Angus IJB, if any changes to the proposals in the report are necessary, will be via a further report to an appropriate Committee once the Local Government Finance Order has been agreed.

6. 2023/24 PROVISIONAL CAPITAL BUDGET

Angus Council provides capital resources to the IJB to allow the improvement and creation of assets to facilitate service delivery. The provisional capital budget for 2023/24 for the IJB is set out in Appendix A.

7. RISKS

There are a number of risks to Angus Council evident in the budget provision for the IJB in this report as detailed below.

Cost Pressures

As noted above the cost pressures are estimates only and further work is required to review these in detail. It may be that such review determines that the extent of these is in excess of the current estimate.

Savings Requirement

In order for the IJB to work within a cash limited budget for 2023/24, and in line with the IJB's Strategic Commissioning Plan, they will continue to manage a challenging savings and cost containment programme of measures across the whole of the IJB, as noted above.

Approval by the Integration Joint Board

The 2023/24 budget package has been accepted at an officer level for progressing to seek formal approval by the IJB. This will not, however, be formally presented to the IJB Board until 22nd February 2023, prior to the Council Tax setting meeting. There is risk that the IJB does not approve the proposed devolved budget and seeks to reopen dialogue with the Council. A verbal update will be provided in this regard at the Council Tax Setting meeting if required.

Budget Risk Sharing

It should be noted that Angus Council's and NHS Tayside's financial relationship with the IJB is described in the Integration Scheme which each of the parties approved. The current Integration Scheme sets out that any ultimate overall overspend (i.e. which cannot be managed through corrective action or use of available IJB reserves) in relation to devolved budgets is shared between the funding partners on the basis of their proportionate share of how the total resources available to the IJB are directed in the financial year in question. In financial year 2022/23 this risk share was c33% Angus Council and c67% NHS Tayside. This risk sharing means that Angus Council has an exposure to financial risk should an ultimate overall overspend arise across the whole IJB regardless of the IJB activity from which the overspend originates. This does of course mean that NHS Tayside is similarly exposed, and as the larger funding partner NHS Tayside bears the majority of the risk relating to ultimate overall overspends. This approach does however help support the principles of Integration such that the resources of each funding partner gradually lose their identity so that the funding package is looked at as a whole.

Should an overall underspend ultimately result at the year-end, the impact on the financial positions of both the Council and the NHS would be neutral and per the Integration Scheme the underspend would be retained within IJB reserves. At 31 March 2022 the Angus IJB had a General Reserve (contingency) of £5.250m.

8. FINANCIAL IMPLICATIONS

There are no additional financial implications arising from the recommendations of this report. The proposed devolved budget as outlined in this report is considered from a Council officer perspective to be reasonable and fair given the local government funding context it is set in but will be challenging to deliver.

9. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required for this specific report as an overall assessment covering the Council's budget as a package has also been prepared (Report 56/23 refers).

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NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.