



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 22 FEBRUARY 2023
BUDGET SETTLEMENTS WITH ANGUS COUNCIL AND NHS TAYSIDE
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The purpose of this report is to update the Integration Joint Board regarding the proposed Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2023/24.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) Noting the views of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£68.805m) from Angus Council.
- (ii) Noting the views of the Chief Officer and Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside.

With respect to (i) and (ii) above, should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, then the proposed budget settlements set out in this report would require to be revisited. This may include minor rounding adjustments or issues that are not subject to negotiation. In these instances, any amendments will be dealt with through the Chief Officer. More significant adjustments may require to be brought back to the IJB.

2. BACKGROUND

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

The formal process for agreeing the budget settlements is set out in the Integration Scheme and involves Angus IJB requesting a budget from both Partners (a "budget requisition"). This "budget requisition" is submitted to Partners and would then be subject to discussion between both parties in line with locally agreed timescales.

In reality the budget settlement proposals are derived through a series of discussions with Partners, particularly once Scottish Government budget information is available. Information regarding the 2023/24 budget initially became available as part of the publication of the Scottish Government's overall budget on the 15th December 2022. This report is based on the position set out at that time, although it is important to note that the overall Scottish Government budget for 2023/24 is still subject to Parliamentary approval. In some previous years the process of gaining Parliamentary approval has led to adjustments in Health and Social Care funding.

3. BUDGET SETTLEMENT WITH ANGUS COUNCIL

3.1 Members will be aware (report 6/22) that in 2022/23, Angus Council initially provided c£64.902m of core recurring financial support to Angus HSCP (This figure was augmented by non-recurring funding). This figure was subject to subsequent minor amendments. Members will be aware that in recent years the Scottish Government has provided funds directly to IJBs for functions devolved to IJBs and has channelled some these funds via the Council.

It is important to note that Angus Council also require to approve any budget settlement with Angus IJB and this matter will be considered at an Angus Council meeting at the start of March 2023.

3.2 For 2023/24, the position is that Scottish Government budget proposals set out that IJB funding from Angus Council should equal the 2022/23 budget plus some additional funding as noted below. Some of this funding reflects commitments made late in 2022/23 regarding pay uplifts. Reflecting this Scottish Government position, the proposed budget settlement for 2023/24, subject to any future clarifications, from Angus Council to Angus IJB will be as follows:-

	£k	Notes
Approved Recurring Budget from 2022/23	64,902	1
In year 2022/23 minor adjustments		
Prior year adjustment	-10	2
Mental health recovery and renewal	84	3
Final adjustment to SG funding 22-23	26	4
Allocation of Funding For 2022/23 Pay Award	899	5
Rollover Budget to 2023/24	65,901	6
Share of Additional Scottish Government Funding (2023/24):		
Free Personal and Nursing Care	482	7
Living Wage increase (April 2023)	2422	8
In Year Budget	68,805	9

Notes:-

1. As per report 6/22 excluding temporary interim care monies.
2. Prior year adjustment
3. SG monies to support Mental Health Officers
4. Final settlement of SG monies higher than budgeted
5. Per Angus Council report 420/22.
6. Represents recurring effects of budgets rolling over to 2022/23.
7. Free Personal and Nursing care (national - £15.0m) – for the uprating of free personal and nursing care payments. Some of this uplift is expected to support uplifts in allowances beyond that previously factored into IJB plans.
8. April 2023 Uplift in Living Wage (national - £100m) – to uplift pay for adult social care workers in commissioned services by 3.8% from £10.50 to £10.90 in line with the Real Living Wage Foundation and Scottish Government policy.
9. A number of figures are currently estimates and will be adjusted to match final Scottish Government figures. Funding shares will be determined by Local Government indicators.

As the above funds are being channelled via Local Authorities so they form part of the 2023/24 budget settlement proposal. The proposed budget settlement for 2023/24, subject to any future clarifications, from Angus Council to Angus IJB is proposed at £68.805m.

This proposed allocation, largely linked to Scottish Government directives, represents a real terms funding reduction as, while it does allow for funding uplifts on some components of pay, there are large parts of the funding settlement that are subject to nil inflation uplift. There is an offset benefit with IJBs being able to retain funding received from NHS Tayside previously allocated to fund NI increases. Additionally, there is no allowance for ongoing service pressures. This impact will all be factored into the overall Strategic Financial Planning work.

- 3.3 It is important to note that some significant risks remain within this proposed settlement. These include risks associated with unresolved issues including the level of pay award that will be agreed with Local Authority employed staff and challenging issues regarding the National Care Home Contract for 2023/24. Examples such as these do pose significant financial risk to the Angus IJB. These risks will be replicated elsewhere in Scotland and acceptance of this budget settlement comes with it an acceptance of managing those risks.

In addition to the above proposed budget, Angus Council and the IJB remain in discussion regarding a small number of corporate support issues.

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

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

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

4. BUDGET SETTLEMENT WITH NHS TAYSIDE

- 4.1 Generally, while budget settlements with Angus Council are best expressed in monetary terms, settlements with NHS Tayside are generally expressed in percentage terms. This reflects the proliferation of in-year budget allocations that the Scottish Government direct NHS Tayside to pass through to the IJB annually. In previous year's budget settlements with NHS Tayside there were a small number of unresolved residual issues.

- 4.2 For 2023/24, the situation is that Scottish Government budget proposals set out that NHS Scotland Health Boards will receive funding uplifts of 2.0% and that Health Boards should pass on uplifts of at least 2.0% to local Integration Joint Boards. Within NHS Tayside, the current intention is to pass on that 2.0% uplift to local IJBs. This offer reflects the challenging financial environment that NHS Tayside is currently operating. The offer covers all relevant local community health services, Lead Partner services, Prescribing and Family Health Service budgets for 2023/24.

In addition to the above confirmation, at December 2022, the Government noted "the Government has not set out a public sector pay policy alongside the 2023-24 Budget and we will say more on 2023-24 pay (covering Agenda for Change and other staff groups) at an appropriate point in the new year." The IJB's current assumption is that the impact of any pay uplift above 2% will be fully funded by the Scottish Government as has happened in previous years, but this has still to be confirmed.

Given the current rates of inflation, this settlement represents a real terms funding reduction.

Due to the budget composition of the Health side of the IJB (noting the Health part of the IJB is augmented by a number of in-year funding allocations) it is difficult at this stage to exactly

quantify the impact of a 2.0% uplift on budget but it is estimated to be c£2.5m. This uplift is consistent with previous IJB assumptions.

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

Complex Care – The IJB has previously raised this matter with NHS Tayside in terms of seeking an acceptable long-term resolution to the devolution of this resource to Angus IJB so Angus IJB can manage these resources in an integrated context going forward. This matter has progressed significantly during 2022/23 with input from both NHS Tayside and Angus Council's Director of Finance. A full solution is now expected in the near future.

Large Hospital Set Aside (LHSA) – As noted in previous reports (e.g. 81/20) to the IJB, there are longstanding issues with regard to this resource. NHS Tayside has indicated that resources as at 2021/22 set new baselines for these resources and associated funding. This is not something that has yet been formally accepted by Angus IJB. COVID-19 has had an impact on developing proposals for these resources and at the moment this is noted as an issue the IJB will need to revert to. COVID-19 has also had an impact on activity levels – with activity initially falling. As we have moved through 2022/23 activity levels have increased above pre-COVID-19 levels but are still below activity levels at the point of integration.

Mental Health – As regularly noted in IJB Finance reports, NHS Tayside and Tayside IJBs have yet to reach agreement as to how any overspend regarding In Patient Mental Health is managed and funded in 2022/23 and in future years. These discussions have been complex and, while this issue is unresolved in the proposed budget settlement, this unresolved issue presents an increased financial risk beyond those captured in the IJB's Strategic Financial Plan. At the end of 2022, there were diverging views between NHS Tayside and Tayside IJB's regarding potential resolutions to this issue.

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

Taking all these factors into account, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside.

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

- 4.5 It is important to note that due to the nature of Health Service budgets (e.g. more national, regional and local decisions made in year rather than all at the start of the financial year) NHS budgets will continue to evolve during the financial year. Further budget allocations are scheduled for specific issues including District Nursing workforce.

5. PROPOSALS

The recommendations set out in Section 1 of the Report, are subject to the Scottish Parliament formally approving the original annual budget proposals. Should that set of national proposals subsequently be reviewed then the proposed budget settlements set out in this report would require to be revisited. These proposals are also dependent on both partners finalising budgetary frameworks consistent to these proposals.

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

As noted above, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (2.0% increase) from NHS Tayside.

6. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

7. DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Angus Council and NHS Tayside. Due to the nature of this report, no formal direction is required as a result of the report recommendations.

Direction to:	
No Direction Required	X
Angus Council	
NHS Tayside	
Angus Council and NHS Tayside	

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

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