

**ANGUS HEALTH AND SOCIAL CARE****INTEGRATION JOINT BOARD – 22 FEBRUARY 2023****ANGUS IJB STRATEGIC FINANCIAL PLAN 2023/24 – 2025/26****REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER****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 2023/24 to 2025/26.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board: -

- (i) Supports the development of improved resource profiles for Older Peoples Services for the April 2023 version of this plan, the proposed treatment of demographic pressures and the risk allowances reflected in this draft;
- (ii) Supports the progression of solutions to resolve Mental Health financial risk sharing with the IJB's Chair and Vice Chair;
- (iii) Supports the continued inclusion and development of planned interventions set out in section 6 and request regular updates on these during 2023/24 (from June 2023);
- (iv) Request that the IJB's Executive Management Team confirm delivery of Management savings (from EMT reviews) by October 2023;
- (v) Request the IJB's local Prescribing Management Group to provide plans to address financial gaps regarding prescribing as part of the next iteration of this plan;
- (vi) Continue to develop the content of the Strategic Commissioning Plan such that it can be reflected in this Strategic Financial Plan and allow the IJB to demonstrate it can move towards a balanced budget; and
- (vii) Notes this draft version of the Strategic Financial Plan, the further work required to develop it and request a final version is brought back to the IJB for approval in April 2023.

2. BACKGROUND

This report sets out a first draft of the next 3-year Strategic Financial Plan (SFP) for the IJB. This plan is intended to be consistent with, and a financial representation of, the IJB's emerging Strategic Commissioning Plan (SCP) from 2023. This draft has been developed in an uncertain and challenging environment and acknowledges that a number of financial risks exist which may be significant enough to require a re-working of the plan. It is important to note that while this draft 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 required. A final version of the plan should be available in April 2023 and will be consistent with the IJB's Strategic Commissioning Plan.

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 this report focussed on the 3-year financial planning horizon. It is also important to note that 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 SFP. Consequently, all future IJB plans and decisions will need to be influenced by the IJB's financial constraints. 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 and Strategic Commitments – including inflationary, demographic, legal/contractual and other pressures. This includes reference to COVID-19;
- Planned Interventions – including updates of previous planned interventions;
- Lead Partner Services, Prescribing and Family Health Services;
- Reserves;
- Risk Assessment;
- Equalities Impact Assessment;
- Directions;
- Summary and Next Steps.

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.

The draft plan has been shared with the IJB's Strategic Planning Group.

3. CURRENT FINANCIAL PERFORMANCE

- 3.1 It is important to note this Strategic Financial Plan is constructed during a period when the IJB is reporting an in-year 2022/23 underspend. However, this position is heavily dependent on non-recurring underspends due to vacancies, levels of unmet need and delays in project work. At this stage there is no overall plan to reduce recurring budgets linked to these factors. It is also important to note the IJB will have reserves at the start of 2023/24. Some of this will be a result of previous year's performance and some of it is linked to Scottish Government allocations. 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 above national weighted averages.
- 3.3 The underlying financial performance in 2022/23 does need to be factored into the IJB's future financial plans. This underlying position is influenced by the factors above and then more recent changes in 2022/23 such as those regarding internal care home provision. Assessing an underlying position is currently quite challenging due to the range of variables in the system (e.g. vacancies, unmet need, post-COVID issues). 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 service demand.	c£0.450m (pressure)	Mainly ongoing pressures within Physical Disability service.
Community Health	Reflects historical good progress in releasing recurring savings.	c£1.630m (benefit)	Consistent with previous versions of Strategic Financial Plan.
Lead Partner Services in Angus	Underlying cost pressures driven (Including Out of Hours)	£0.230m (pressure) (Angus share)	Post COVID-19 the overspend has increased significantly in the Out of Hours Service, with the service undertaking a review.
Lead Partner Services (Elsewhere)	Underlying position includes pressures.	£0.320m (pressure)	Ongoing unresolved saving targets.
Prescribing	The IJB has previously described ongoing issues re Prescribing.	c£0.200m (pressure)	Significant planning risk and an assumption of future higher growth levels.
Family Health Services	Workforce issues are placing specific financial pressures on services.	c£0.750m (pressure)	This reflects an Angus share of current pressures, but there is a risk this pressure increases due to workforce issues. See Section 7.3.

The above assessments contain more uncertainty than pre-COVID due to the challenges noted above. However, in total they suggest an underlying brought forward recurring pressure of c£0.320m.

Subsequent to this report, the IJB will action a partial high-level re-alignment of the offsetting variances between Adult Services and Community Health noted above. While not significant from a service or financial planning perspective, a re-alignment of c£0.5m effective from February 2023 will reflect the historic and cumulative changes in the IJB over a number of years.

Separately, and in advance of the final version of this plan (i.e. for April 2023), it is recommended that the IJB continues to work to address historic resource allocation issues. This will require a rapid conclusion to the review of the Older Peoples Services resource requirements. Beyond April 2023, this will also be progressed through determining realistic and affordable resource profiles for both the Learning and Physical Disability services through associated improvement programmes. 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 increased uncertainties at national level all longer-term planning assumptions used contain a high level of uncertainty. Previously the IJB has noted that it expected a continued level of political support for community health and social care which could have resulted in relatively supportive budget settlements. This is now much less likely given the broader Governmental pressures.

Partner	Year	Position	Risk/Comments
Angus Council & Social Care	2023/24	Reflects IJB "Budget Settlement" report. Includes funds to increases in the Living Wage and Free Personal and Nursing Care (FPNC).	For many services the significant burden of pay inflation is not funded representing a real terms reduction in funding. Allocations re the Living Wage and FPNC will offset the costs associated with these policies.
	Future Years	No information available but only assume funding to support Living Wage and FPNC continue.	This would represent an annual real terms reduction in funding related to unfunded inflationary pressures.
NHS Tayside & Community Health	2023/24	Reflects IJB "Budget Settlement" report. Includes across the board uplift of 2.0%, plus funding to deliver pay awards, although this has not been confirmed by Scottish Government.	Represents a real terms reduction for non-pay costs including drug costs. Separately assume pay award funded.
	Future Years	No agreement reached but assumption of 2.0% increase, plus funding to deliver pay awards.	May represent real terms reduction for non-pay costs. Risk re pay funding.
Scottish Government (SG)	2023/24	Ongoing funding as per previous agreements for programmes including Primary Care Improvement Fund, Action 15 (Mental Health), and District Nursing.	It is expected that these allocations will be matched by commensurate commitments. Due to SG pressures, increased risk these allocations will not be funded as per initial expectations (e.g. re inflation uplifts). This would equate to real terms reduction in funding. There is uncertainty regarding previous Scottish Government commitment to support investments in Mental Health in Primary care.
	Future Years	No further additional allocations assumed.	

4.2 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 funding –The IJB has been in discussions with NHS Tayside and Angus council to seek a resolution to the long-running unresolved funding for Complex Care services with this matter now moving towards resolution.
- 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, information during the pandemic did not lend itself to creating an improved framework for resource planning. At the same time, neither the IJB or NHS Tayside had the capacity to revisit this issue in detail.

However, as we have moved through 2022, NHS Tayside has reported that activity levels (e.g. use of Occupied Bed Days in relevant hospital specialties – largely those described as Unscheduled Care) have increased beyond the pre-COVID 19 activity. For Angus, while there is an increase compared to, say, 2019/20, activity levels are still below the activity at the point of integration (i.e., say, 2016). This issue has been the subject of some debate with NHS Tayside and does represent a financial risk to the wider system. At this point, this issue is described as neutral in this draft of the financial plan.

- 3) There remain significant unresolved financial planning issues, noted in the IJB action points, regarding In Patient Mental Health services currently operationally managed via NHS Tayside. While these services, including any overspend, were financially managed within IJBs up to 2019/20, since 2020/21 they have been financially managed by NHS Tayside. These services currently have a forecast overspend of over c£5.0m for 2022/23. Some of the over spend existed at the point of the creation of IJBs with overspends

increasing thereafter. For a variety of reasons, overspends have then increased over the last 3 years. A good proportion of this increase is currently attributed to COVID-19 and supported by relevant in-year only funding.

While a key expectation of strategic planning and operational management will be to contain this overspend, NHS Tayside and Tayside IJBs have been engaged in lengthy and inconclusive discussions to reach agreement as to how any overspend is managed and funded for both 2022/23 and future years. This represents a significant level of financial uncertainty and risk for both IJBs and NHS Tayside. Due to the lack of progress with this issue at senior manager level, it is a recommendation of this report that, assuming the matter does not otherwise reach a successful conclusion, that the Chief Officer and Chief Finance Officer further progress this issue of Mental Health financial risk sharing in conjunction with the IJB's Chair and Vice Chair.

This plan does recognise this financial risk exposure to the IJB and reflects that Angus is one of 3 IJBs in Tayside who would be party to any agreement and an assumption that any agreement would reflect the relevant background.

5. COST PRESSURES AND STRATEGIC COMMITMENTS

- 5.1 The IJB's Strategic Financial Plans has previously 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 and the plan reflect this, although this has not been confirmed by the Scottish Government.

Angus Council pay awards are subject to agreement in conjunction with Convention of Scottish Local Authorities (COSLA). In 2022/23, pay agreements were significantly above our expectations. However as a one off, the Scottish Government provided funding to Angus Council to cover part of this additional exposure. For 2023/24, we have made an allowance for pay award increases, but there is both a high degree of uncertainty re what any settlement may look like and, for now, there is no assumption that the Scottish Government will provide additional funding to support any uplift. This differential, between uplifts and funding, is a major burden on the IJB's our overall plans.

- **Third Party Inflation** – There is a general expectation that costs will increase to at least allow for basic hourly pay costs going up in line with the Scottish Government's Adult Social Care Pay uplift, i.e. an increase of 3.8% from £10.50 to £10.90). In addition, it is expected that provider's contract uplifts will, as in recent years, be directed by the Scottish Government and be linked to pay costs. However, the non-pay element of contracts is also clearly subject to inflationary pressure that the IJB will have to consider. It is also noted that the differential between the above hourly rate and the Living Wage has now reduced. 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 is 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 c£28.0m 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 linked to the Living Wage components of pressures.

- 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” has assumed 6% in year 1, however given the uncertainty around inflation pressures there is a risk this maybe understated.
- National Insurance Changes – The UK Government has reversed the previous 1.25% national insurance contribution increase and this has resulted in a benefit against Health budgets with this benefit being captured against the budget rollover position and is c£0.4m better than previously anticipated.
- Inflation Charging - Annually, the IJB makes inflation adjustments to the financial contributions made by service users towards the cost of delivery of a range of social care services. This is the subject of an annual report to Angus Council.

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 and Service Pressure

It has remained 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 conditions (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. There will also be changes in pressure on Disability Services and the likes of Mental Health and Urgent Care services.

While this principle may still be valid, the capacity of the IJB to continue to support further increases in demographic pressures is now extremely limited. On that basis, and for this iteration of the financial plan, it is now assumed that only a nominal allowance is made for further demographic pressures. This nominal allowance would have to cover any required increases in budgets across all services and in all settings (i.e. community services, residential services and hospital settings). An overall allowance of c£0.200m per annum for the duration of this plan is allowed for. This is a significant change to the IJB’s overall planning and puts a much-increased focus on services either containing the impact of demographic and service pressures through local re-prioritisation or mitigation of the pressures.

In setting out the above, the following should be noted: -

For Older Peoples Services: -

- An April 2022 request to complete an exercise to re-set baseline budgets has not yet been completed;
- The service did receive a significant increase to home care resources in 2022/23 through the deployment of additional Scottish Government funding (Expanding care at Home);
- The budget for 2023/24 will increase by c£0.250m due to the release of resources from previous reviews of Internal Care Home provision;
- The service has experienced a reduction in its ability to deliver services during 2022/23 and currently there are over c1,500 hours per week of undelivered Older Peoples care.

For other Services: -

- Services such as Mental Health and Alcohol Services (AIDARS) have been in receipt of increased Scottish Government funding in recent years.
- Services including District Nursing and Community Dementia Care have been in receipt of specific Scottish Government allocations over the period to 2022/23.
- Primary Care has received investment into the national Primary Care Investment Fund.
- All services in the Partnership have benefitted from the 2021/22 to 2022/23 Scottish Government funding for Expanding Care at Home, Multi-Disciplinary Teams, Health and Social Care staffing and Chief Social care Officer Funding. That investment totalled over £4.5m on a recurring basis.

- For all services, the future mix of care, and therefore the future deployment of resources, between home care and care homes (for example) will reflect the direction of travel set out in the Strategic Commissioning Plan.
- Separate allowances are made for pressures within overall Prescribing plans.

5.4 Legal / National Priorities

This section notes additional commitments, often linked to additional Scottish Government funding, expected in 2023/24 and beyond as follows:-

- The Scottish Government's budget for 2023/24 announced that Free Personal and Nursing Care allowance would be increased. This reduces the level of charging the IJB receives for services and this requirement is fully offset by a funding allocation (c£0.482m) factored into this plan.
- The Scottish Government are continuing to supporting a 5-year investment in Community District Nursing that should provide up to 5 additional posts within Angus over this duration, with this funding confirmed until the end of 2024/25.
- The IJB has previously received annual increases in likes of Primary Care Improvement Funds (PCIF), Action 15 (Mental Health) and the Carers (Scotland) Act 2016, but the IJB now anticipates that the roll out of additional funding is now complete.

5.5 Remobilisation Costs

The general assumption from the Scottish Government is that, as we move into a post COVID-19 landscape, so most residual COVID-19 related costs will need to be mainstreamed funded. This includes costs for likes of additional PPE costs, testing and some residential setting costs. The IJB has previously allowed for this in our plans and an ear-mark for this is retained in this update.

5.6 Other Pressures

For the duration of the forthcoming Strategic Commissioning Plan, the IJB will need to manage additional, sometimes unforeseen, pressures. Many of these are described in the risk appendix but it is important to note that many risks beyond 2022/23 are not currently reflected in the IJB's financial plans. However, for planning purposes, an IJB high-level overall contingency is now built into the IJB's financial plan to help manage and absorb the impact of some of the following key risks: -

- Premium staffing costs;
- General Practice sustainability;
- Potential long term gaps in Primary Care Improvement Funding (see section 7.3).

Reflecting the potential of the likes of the above risks, but certainly not all risks that the IJB is exposed to, a planning contingency of c£0.400m in 2023/24, increasing to c£0.800m by 2025/26 is now allowed for in the IJB's financial plan. However, it is important to note that, given the overall plan does not balance, the inclusion of this planning contingency does not equate to there being funding available to meet the cost associated with any emerging risk. Generally, the IJB needs to maintain a flexible budget framework such that it is able to address these and other evolving pressures in a responsive and pragmatic manner.

5.7 Clearly the above marks a significant change in the IJB's Strategic Financial Planning. It also is, arguably, a weakening of our Strategic Financial Planning. It will certainly require services to increasingly live within their own means and take much increased responsibility for developing measures to mitigate any forecast impacts. Doing this and reporting this pro-actively at a service level will be important across the IJB, rather than the IJB seeing the development of mitigating / recovery actions defaulting to being a reactive response. Ultimately this change reflects the capacity of the IJB's Strategic Commissioning Plan to deliver the flexibilities required at a pace that pro-actively allows for increases to the planned volume of service we deliver in response to demographic or other service changes.

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 SFP. 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. During 2022 the IJB approved important changes regarding internal care home provision, supported accommodation, extended inpatient review and the stroke pathways. Generally, the progress with savings anticipated in the last version of the SFP, and as reported to the IJB regularly, has been mixed.

The February 2023 finance report to the IJB notes that only c£1.500m of the IJB's planned recurring savings (£3.456m) is forecast to be delivered. This re-creates a significant planning shortfall and the delivery of these targets remains a matter of significant concern for the IJB. In April 2022, the IJB requested that the IJB's Strategic Planning Group develop a response to the evident financial planning shortfalls. That response logically merges into the develop of the IJB's emerging Strategic Commissioning Plan. The list of planned interventions set out below contains concepts rolled forward from previous IJB reports or concepts emerging from the development of the Strategic Commissioning Plan.

6.2 A short update is provided below with respect to each rolled forward planned intervention alongside estimated savings.

6.2.1 Angus Care Model – Internal Care Home Review – This initiative had a target of £0.5m which has largely been delivered in 2022/23 with a balance of £0.1m scheduled to be delivered in 2023/24 recurring. Lead Officer – Head of Service (E McLennan).

6.2.2 Angus Care Model - Residential Care Home Review - Peripatetic Nursing – Progress with this initiative has been delayed since first being supported in 2019. It is now assumed that the IJB's EMT reinstates this work and that previous savings targets are retained but pushed back to 2024/25. 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. 2024/25 – Target - £0.100m recurring. Lead Officer – Head of Service (E McLennan).

6.2.3 Angus Care Model – Psychiatry of Old Age Review – This programme continues to be progressed through the Angus Care Model group with plan to provide an update position to a future IJB Board meeting, noting finance modelling and procurement options still require further development. 2023/24 £0.050m; £0.150m recurring. Lead Officer - Head of Service (E McLennan).

6.2.4 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. A target of this type has been included in previous iterations of the financial plan. It is recommended that the IJB starts to progress the delivery of this savings in the near future. 2023/24 (0.5% of budgets) with ongoing annual targets of 1.0% per annum thereafter. 2023/24 - c£0.320m; future years c£0.670m pa. Lead Officer – Executive Management Team.

6.2.5 Supported Accommodation Review – This programme has been signed off and is being implemented with an anticipated recurring saving target in 2023/24 of c£0.100m. Lead Officer - Head of Service (E McLennan).

6.2.6 Learning Disability (LD) Improvement Plan - The LD Improvement Plan has been shared with the IJB regularly. 2023/24 c£0.100m. (Saving to be updated following approval of separate reports). Lead Officer – Head of Service (Jill Galloway).

6.2.7 Physical Disability (PD) Improvement Plan - The PD Improvement Plan has been shared with the IJB regularly. 2023/24 - £0.100m. (Saving to be updated following approval of separate reports). Lead Officer – Head of Services (J Galloway).

6.3 The following section will, in a future iteration, describe planned interventions that have emerged from the development of the Strategic Commissioning Planning process. They will be subject to consultation as part of that process. At this point these savings have not yet emerged.

- 6.3.1 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. These may feature in imminent iterations of the IJB's Strategic Commissioning Plan.
- 6.4 The above interventions have been described to the IJB previously either in Strategic Financial Plans or other reports or are emerging in the Strategic Commissioning Planning process. Each planned intervention is subject to its own oversight arrangements which may include reporting back to the IJB and 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 bringing the IJB back towards a balanced budget and help the IJB to manage unfunded inflationary and other 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 planned interventions to the overall strategic financial plan, it has previously been agreed that the 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.

7. LEAD PARTNER SERVICES, PRESCRIBING AND FAMILY HEALTH SERVICES

7.1 Lead Partner 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 Lead Partner Services. It is clear from 2022/23 financial reporting that post COVID-19, significant pressure now exists in the regional Out of Hours Services and the service is undertaking a review. If additional investment is required, then this will need to be sourced from all three IJB's in Tayside – all of which are under financial pressure. The end point of any recovery plan may need to include a remodelling of Out of Hours Services.

For Lead Partner services managed in Dundee and Perth, there are some unresolved historical saving shortfalls for Tayside with some of this impact captured in the financial plan.

7.2 Prescribing

Prescribing is a major part of the IJB's financial plan and Angus continues to work closely with colleagues through the regional Prescribing Management Group to develop financial plans for 2023/24 and beyond. While the prescribing position had improved in recent years, from mid 2022/23, it is evident that overall costs have been increasing. Much of this is linked to Prescribing pricing and it is expected that these pressures will continue as we move into future years.

At this stage the draft local prescribing financial framework reflects known funding uplifts and provisional assumptions regarding price and volume changes and a short series of planned savings deliveries. However, the draft requires significant local review and needs to be approved with an increased level of local ownership. The current draft suggests that cost pressures (linked to both volumes and prices) will significantly out-strip funding uplifts (assumed to be 2%). Provisional burdens of c£1.5m in 2023/24 increasing to c£2.5 by 2025/26 are extremely difficult to contain. It is therefore a recommendation of this report that the IJB's local Prescribing Management Group set out plans that will reduce this gap significantly as part of the next iteration of the IJB's overall planning.

It is reasonable to observe that the pressures of the post-COVID-19 landscape and the pressures on Pharmacy staffing have limited the resource directed to developing prescribing change interventions. This challenge is one that will need to be addressed via the IJB's local Prescribing Management Group. Meanwhile, 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.

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 the delivery of plans for 2023/24 but Prescribing reports to the IJB will also set out how the Financial framework for Prescribing can be brought closer to balance.

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 to this contract in monetary terms, it has generally been recognised that those historic funding levels were not sufficient to deliver the full implementation. That is now exacerbated by a risk of these funding levels not being increased by reasonable inflation adjustments. Indirectly this would result in a real terms cut to funding associated with the delivery of Scottish Government priorities. This does represent a financial risk to the IJB and is one of a number of risk areas that drive the creation of an overall IJB planning contingency described earlier.

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). The IJB's financial plans do now reflect an increased local ownership of financial risk associated with costs of the likes of Brechin and Arbroath, noting these models tend to cost more than standard General Practices. The IJB will need to ensure it has accepted plans as to how to manage financial pressures in General Practice going forward, but this risk is also a factor in the creation of the contingency noted just above.

8. 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. Some of these have been actively reduced through Scottish Government intervention in 2022/23 (e.g. COVID reserves and Primary Care Improvement Fund reserves). The IJB's ability to mobilise some reserves is constrained by the availability of workforce and, at times, management capacity and other organisational or service constraints.

Generally, 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, importantly, strategically.

9. RISK ASSESSMENT

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 service pressures. A summary of risks is set out in the separate IJB Finance report. It is anticipated that many of these risks will remain in the final version of this plan.

10. 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 will be 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.

11. 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 Strategic 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	

12. SUMMARY

12.1 This report sets out a draft view of the IJB’s financial plan for 2023/24 to 2025/26 and captures information regarding current financial performance, funding assumptions, cost pressures and planned interventions. In particular it reflects output from the Strategic Commissioning Planning process to date. 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.

A summarised version of the information in appendix 1 is shown below

Financial Year	2023/24	2024/25	2025/26	Recurring
	£k	£k	£k	2025/26 £k
Shortfalls	(4,634)	(6,248)	(8,013)	(8,013)

While the above table sets out the underlying and recurring position, due to the recent pattern of recruitment challenges and the continued impact of recent Scottish Government funding (both factors that could trigger underspends), it is less likely the IJB will overspend in 2023/24. Further, the IJB does have contingency reserves that will support the SFP into the second year of the plan. At that point, the strategic financial planning shortfalls emerge. It is these shortfalls that need to be address by the IJB’s emerging SCP and SDP.

Allowing for one-off underspends and factoring in reserves over the first two years of the plans could be seen to reduce the likely shortfalls as follows, for example: -

Financial Year	2023/24	2024/25	2025/26	Recurring
	£k	£k	£k	2025/26 £k
Shortfalls	(4,634)	(6,248)	(8,013)	(8,013)
Non Recurring Under spends	3,000	1,500	500	0
Revised Shortfall	(1,634)	(4,748)	(7,513)	(8,013)
Planned Use of Reserves	1,634	3,866	0	0
Revised Shortfall	0	(882)	(7,513)	(8,013)

In summary the IJB’s overall position, as represented in this draft plan, is one that shows increasing underlying overspends as the IJB struggles to contain forecast increases in costs (without factoring the impact of all likely risks or demographics) within the available funding.

A short-term reliance on non-recurring underspends and contingency funds is not a strategic solution to the underlying shortfall. As the IJB’s current Strategic Commissioning plan cannot be delivered within them forecast available resources, its is therefore necessary for the IJB to revisit the draft content of the emerging Strategic Commissioning Plan to ensure that, at the point the Strategic Commissioning Plan is subject to approval, so the respective Strategic Financial Plan has moved much closer to a balanced long-term position.

12.2 The report’s primary recommendation is for the IJB to note this draft version of the Strategic Financial Plan and to request a final version be brought back to the IJB in April 2023. However, it is clear that significant gaps remain in this draft plan.

This draft report updates the Strategic Financial plan in a way that is intended to be consistent with the IJB’s current and emerging 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

Angus HSCP - Financial Plan 2023/24 - 2025/26										2023/24								2024/25								2025/26							
(note - some sub-totals omitted to make file easier to present)																																	
Year	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	Family Health Services	Large Hospitals & Mental Health	Gross Total Health	Grand Total	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	Family Health Services	Large Hospitals & Mental Health	Gross Total Health	Grand Total	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	Family Health Services	Large Hospitals & Mental Health	Gross Total Health	Grand Total						
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k						
Brought Forward Budget	65784	55409	13869	8922	21924	35427	16873	152424	208097	68688	56495	14146	9100	22362	36136	16873	155112	213488	70588	57680	14426	9280	23155	36856	16873	158270	218342						
Annual Assumed Budget Uplift																																	
Partner / Scot. Govt. (Service / Inflation)	2422	1108	277	178	438	709	0	2710	4931	1900	1130	280	180	793	720	0	3103	4799	1700	1150	290	190	364	740	0	2734	4223						
Partner / Scot. Govt. (Legal/Contractual)	482	-22	0	0	0	0	0	-22	460	0	55	0	0	0	0	0	55	55	0	0	0	0	0	0	0	0	0						
Partner (Funding Adjustment, Complex Care)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Annual Assumed Budget Uplift	2904	1086	277	178	438	709	0	2688	5391	1900	1185	280	180	793	720	0	3158	4854	1700	1150	290	190	364	740	0	2734	4223						
Available Budget	68688	56495	14146	9100	22362	36136	16873	155112	213488	70588	57680	14426	9280	23155	36856	16873	158270	218342	72288	58830	14716	9470	23519	37596	16873	161004	222565						
Brought Forward Over/(Under) Commitment	450	-1630	850	320	200	750	0	490	320																								
Brought Forward Spend Commitments	66234	53779	14719	9242	22124	36177	16873	152914	208418	70991	55970	15179	9427	23862	36886	16873	158197	218122	73843	57318	15422	9616	25155	37606	16873	161990	224590						
Inflation Pressures																																	
Inflation - Pay	1252	617	270	185	0	0	0	1072	2127	780	629	273	189	0	0	0	1091	1672	799	633	278	192	0	0	0	1103	1702						
Inflation - Third Parties	1705	1076	0	0	0	709	0	1785	3490	1206	764	0	0	0	720	0	1484	2690	1243	599	0	0	0	740	0	1339	2582						
Inflation - NCHC	1860	0	0	0	0	0	0	0	1860	1310	0	0	0	0	0	0	0	1310	1030	0	0	0	0	0	0	0	1030						
Inflation - Prescribing	0	0	0	0	1000	0	0	1000	1000	0	0	0	0	900	0	0	900	900	0	0	0	0	864	0	0	864	860						
Inflation - Other	190	300	90	0	0	0	0	390	514	140	220	70	0	0	0	0	290	380	110	170	50	0	0	0	0	220	290						
Inflation Charging	-700	0	0	0	0	0	0	0	-700	-300	0	0	0	0	0	0	0	-300	-200	0	0	0	0	0	0	0	-200						
Annual	4307	1993	360	185	1000	709	0	4247	8291	3136	1613	343	189	900	720	0	3765	6652	2982	1402	328	192	864	740	0	3526	6264						
New Service Pressures																																	
Demographics	100	100	0	0	0	0	0	100	200	100	100	0	0	0	0	0	100	200	100	100	0	0	0	0	0	100	200						
Demographics -OP	250	0	0	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Legal - Free Personal Care	390	0	0	0	0	0	0	0	390	-84	0	0	0	0	0	0	0	-84	0	0	0	0	0	0	0	0	0						
National Priorities - Action 15/DN/PCIF/Dementia	0	-22	0	0	0	0	0	-22	-22	0	55	0	0	0	0	0	55	55	0	0	0	0	0	0	0	0	0						
Drugs	0	0	0	0	738	0	0	738	738	0	0	0	0	393	0	0	393	393	0	0	0	0	0	0	0	0	0						
Remobilisation Costs	50	150	100	0	0	0	0	250	227	0	0	-100	0	0	0	0	-100	-27	0	0	0	0	0	0	0	0	0						
Other - Risk Contingency	200	200	0	0	0	0	0	200	400	100	100	0	0	0	0	0	100	200	100	100	0	0	0	0	0	100	200						
Annual	990	428	100	0	738	0	0	1266	2183	116	255	-100	0	393	0	0	448	737	200	200	0	0	0	0	0	200	400						
Planned Expenditure	71531	56200	15179	9427	23862	36886	16873	158427	218892	74243	57838	15422	9616	25155	37606	16873	162510	225510	77025	58920	15750	9808	26019	38346	16873	165716	231258						
Initial Annual Shortfall	-2843	295	-1033	-327	-1500	-750	0	-3315	-5404	-3655	-158	-996	-336	-2000	-750	0	-4240	-7168	-4737	-90	-1034	-338	-2500	-750	0	-4712	-8693						
Less Planned Interventions																																	
ACM - Internal Care Home Review	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
ACM - Residential Care Home Review - Nursing	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0						
ACM - Internal Care Home Review	100	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
ACM - Psychiatry of Old Age Review	0	50	0	0	0	0	0	50	50	0	150	0	0	0	0	0	150	150	0	0	0	0	0	0	0	0	0						
EMT Reviews (inc for Hosted Services)	140	180	0	0	0	0	0	180	320	300	370	0	0	0	0	0	370	670	300	380	0	0	0	0	0	380	680						
Supported Accommodation Review	100	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Learning Disability Improvement Plan	100	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Physical Disability Improvement Plan	100	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Non-Recurring (Savings)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Total Interventions	540	230	0	0	0	0	0	230	770	400	520	0	0	0	0	0	520	920	300	380	0	0	0	0	0	380	680						
Revised Planned expenditure	70991	55970	15179	9427	23862	36886	16873	158197	218122	73843	57318	15422	9616	25155	37606	16873	161990	224590	76725	58540	15750	9808	26019	38346	16873	165336	230578						
Revised Shortfall	-2303	525	-1033	-327	-1500	-750	0	-3085	-4634	-3255	362	-996	-336	-2000	-750	0	-3720	-6248	-4437	290	-1034	-338	-2500	-750	0	-4332	-8013						
Adjustment For Hosting	0	0	754	0	0	0	0	754		0	0	727	0	0	0	0	727		0	0	755	0	0	0	0	755							
Final Shortfall	-2303	525	-279	-327	-1500	-750	0	-2331	-4634	-3255	362	-269	-336	-2000	-750	0	-2993	-6248	-4437	290	-279	-338	-2500	-750	0	-3577	-8013						