



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 26 APRIL 2023

ANGUS IJB STRATEGIC FINANCIAL PLAN 2023/24 – 2025/26 UPDATE

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 and to seek approval for the contents of the plan as set out at this time.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board: -

- (i) Request that the IJB's Executive Management Team confirm delivery of 2023/24 Management savings (from EMT reviews) by August 2023;
- (ii) Request an update on the steps being taken to update the Strategic Financial Plan at the June 2023 IJB meeting; and
- (iii) Note this updated version of the Strategic Financial Plan, adopt this plan as the IJB's formal budget for financial year 2023/24 only, and request that a further iteration of this Strategic Financial Plan is brought forward, alongside a further version of the IJB's Delivery Plan, and possibly the Strategic Commissioning Plan if required, for the August 2023 IJB meeting.

2. BACKGROUND

This report includes some repetition of information shared at the February 2023 IJB (report 4/23) so this report can largely be read as a stand-alone document.

This report sets out an updated 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 Strategic Commissioning Plan (SCP) from 2023/24. This version has continued to be developed in an uncertain and challenging environment and acknowledges that a number of financial risks remain. These risks could be significant enough to eventually require a re-working of the plan.

While 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 updated Strategic Financial Plan. A commentary on the overall position is included in the "Summary and Next Steps" part of this paper.

The updated 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 under spends due to unfilled vacancies and levels of unmet need. 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 needs 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. unfilled 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£0.085m (pressure)	Mainly ongoing pressures within Physical and Learning Disability services and continued structural imbalance between health and social care part of the IJB
Community Health	Reflects historical good progress in releasing recurring savings.	c£1.120m (benefit)	Consistent with previous versions of Strategic Financial Plan, noting structural imbalance described above.
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.	£0.170m (pressure)	Ongoing unresolved saving targets and service pressures.
Prescribing	The IJB has previously described ongoing issues re Prescribing.	c£1.200m (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£1.000m (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£1.395m.

Separately, it is noted that the previously described review of the Older Peoples Services resource requirements still requires to be concluded. Beyond April 2023, similar reviews 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 for this in the IJB's financial plans and these steps are mainly required to formalise baseline budgets.

The IJB does generally have some budgets in place that are not reflective of recent patterns of spend. Given the overall financial challenges that the IJB has to address, it should be expected that any further updates of this financial plan do reflect a comprehensive reviews of baseline service commitments.

4. FUNDING ASSUMPTIONS (BUDGET SETTLEMENTS)

4.1 The following outlines current funding agreements or assumptions within the IJB's financial plans. 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 economic pressures and therefore all longer-term planning assumptions contain a high level of uncertainty.

Partner	Year	Position	Risk/Comments
Angus Council & Social Care	2023/24	As per report 3/23.	Since report 3/23, further SG funds to support inflationary pressures have been confirmed for 23/24. For many services the burden of inflation is still not properly funded representing a real terms reduction in funding.
	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	As per report 3/23. Represents 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 still uncertainty regarding previous Scottish Government commitment to support some investments for example Mental Health and Primary care.
	Future Years	No further additional allocations assumed.	

4.2 Report 3/23 to the February IJB (Budget Settlements with Angus Council and NHS Tayside) noted a small number of unresolved budgetary issues. These will continue to be progressed with both partners and include:-

- 1) Complex Care funding –The IJB has reached an acceptable resolution with NHS Tayside and Angus Council on the devolution of the funding for Complex Care services with this matter now concluded.
- 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 financial plan. The IJB is currently in discussion with NHS Tayside to seek to develop a new way of describing this arrangement.

- 3) At April 2023, there remain significant unresolved financial planning issues, as 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 and potentially beyond. 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 had been seeking to reach an agreement as to how overspends within these services would be managed and funded in 2022/23 and in future years (up to c£5m pressure). While no final agreement had been reached at the point of writing this report, the overall issue of financial risk sharing regarding In Patient Mental Health Services may present an increased financial risk beyond those captured in the IJB's Strategic Financial Plan. This plan does recognise this financial risk exposure to the IJB, alongside other financial risks, 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 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 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 – The Scottish Government have again issued guidance regarding the funding uplift payable to Adult Social Care providers. This averages at approximately 4.5% with most of the increase being linked to the Adult Social Care Pay uplift (i.e. an increase in the hourly Adult Social Care pay rate by 3.8% from £10.50 to £10.90). 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£29.0m 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 – Off-setting the above, the IJB increases its charges for services (Adult Social Care) on an annually basis reflecting the inflation pressure noted above. This was agreed via Angus Council (report 51/23), meeting 2nd March 2023.

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£0.100m due to the final release of resources from previous reviews of Internal Care Home provision and this is in addition to the £0.150m released in 2022/23.
- 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.

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 service pressure 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.

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 expected to grow 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 earmark 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;
- New Primary Care Drug treatment net costs.

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£0.500m in 2023/24, increasing to c£1.000m 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.

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 Strategic Financial Plan, and as reported to the IJB regularly, has been mixed.

The list of planned interventions set out below at 6.2 reflects intentions rolled forward from previous IJB reports.

The IJB has previously requested that the IJB's Strategic Planning Group develop a response to the evident financial planning shortfalls. That response would logically merge into the develop of the IJB's emerging Strategic Commissioning Plan. Progress with this issue has been very limited and at this point, there are no additional interventions captured in this plan that reflect the output of the development of the IJB's Strategic Commissioning Plan. This represents a major weakness in this Strategic Financial Plan.

6.2 A short update is provided below with respect to each rolled forward planned intervention alongside estimated savings. This is largely unchanged from the draft Strategic Financial Plan (report 4/23).

6.2.1 Angus Care Model – Internal Care Home Review – This initiative had a target of £0.500m which has largely been delivered in 2022/23 with a balance of £0.100m 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 do form part of this plan. It is important to note that this is separate and in addition to all other plans listed here. Going forward, it is expected these reviews deliver cost-reducing savings (i.e. reduce costs from baseline spend levels). The IJB's EMT will work towards confirming 2023/24 savings prior to the August IJB meeting, noting this was previously October 2023. It is possible this intervention will require to be increased depending on the state of the overall Strategic Financial Plan. 2023/24 (0.5% of budgets) with ongoing annual targets of 1.0% per annum thereafter. 2023/24 - c£0.340m; future years c£0.700m per annum. 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 - 2023/24 c£0.150m and a further c£0.151m in 2024/25). The LD Improvement Plan has been shared with the IJB regularly (report 11/23). Lead Officer – Head of Service (E McLennan).
- 6.2.7 Physical Disability (PD) Improvement Plan – 2023/24 - £0.100m; and 2024/25 - £0.100m per annum The PD Improvement Plan has been shared with the IJB regularly (report 11/23). Lead Officer – Head of Services (E McLennan).
- 6.2.8 Prescribing – 2023/24 - £0.100m as described in the local Prescribing Financial Framework. Lead Officer – Angus Prescribing Management Group.
- 6.3 The above interventions have been described to the IJB previously. 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. The IJB re-affirmed its commitment to retain these interventions in this plan in report 4/23. 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. Further, there are potential emerging pressures regarding regional Prisoner Healthcare Services.

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, significant underlying cost pressures have been evident from mid 2022/23. Much of this is linked to Prescribing pricing and it is expected that these pressures will continue as we move into future years.

The local prescribing financial framework, developed collaboratively with the regional Tayside Prescribing Management Group, reflects known funding uplifts and assumptions regarding price and volume changes, a short series of planned savings deliveries and known issues regarding the national Community Pharmacy Scotland contract. This framework suggests that cost pressures (linked to both volumes and prices) will significantly out-strip funding uplifts (assumed to be 2%). The current burden of c£2.0m in 2023/24 increasing to c£2.6m by 2025/26 is a major factor in the overall financial pressure the IJB has to manage through the duration of this plan It remains a recommendation from report 4/23 that the IJB's local Prescribing Management Group provide plans to address financial gaps regarding prescribing. While this was initially requested for this report, that action currently remains work in progress.

It is reasonable to note that 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.

Previous reports have highlighted the importance of recognising the increased financial risks associated with new drugs treatments recommended for adoption in Primary Care across Scotland. This is a key unresolved risk for the IJB and the whole system in Tayside. Many of the new drug treatments recommended for introduction involve additional net resources while others do incur additional drug costs but result in offsetting savings in the whole system. This risk warrants increased understanding within the IJB and could usefully be the subject of a development update for Board members. It is currently very challenging to describe how further national drug recommendations can be accommodated within the overall resources of Angus IJB without de-stabilising other services.

Half-yearly prescribing reports to the IJB will more fully describe the delivery of plans for 2023/24 and the June 2023 Prescribing reports to the IJB should be expected to set out how the Financial framework for Prescribing will be brought closer to balance.

7.3 Family Health Services

As noted previously, 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 are not sufficient to deliver the full implementation. 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 Practice. It is incumbent on the IJB's Management team to develop plans that ensure these services are delivered both safely but also economically. This will alleviate the financial pressures on the whole IJB and minimise the impact on other services.

Equally it is incumbent on the Primary Care function within Angus to do all it can to develop proposals to ensure the sustainability of local Primary Care services. This will include developing the 2018 GMS contract requirements (Primary Care Improvement Plan), developing recruitment and retention responses and ensuring the IJB has a well-developed GMS premises strategy.

These risks are a factor in the creation of the contingency noted just above.

8. IJB RESERVES

The IJB holds a number of ring-fenced reserves. Many 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 updated 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 Appendix 2.

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

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.

This updated version of the IJB's Strategic Financial Plan is complementary to the IJB's Strategic Commissioning Plan and therefore this report does not generate a separate 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 an updated view of the IJB's financial plan for 2023/24 to 2025/26 and captures updated information regarding current financial performance, refined funding assumptions and information, cost pressures and planned interventions. In particular it reflects output from the Strategic Commissioning Planning development process and the latest version of that plan. Appendix 1 brings together all of the above, acknowledging 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 2025/26
	£k	£k	£k	£k
Shortfalls	(5,119)	(6,405)	(8,056)	(8,056)

While the above table sets out the underlying and recurring position, due to the recent pattern of recruitment challenges and the 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 through the IJB's SCP and SDP.

Allowing for one-off under spends 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 2025/26
	£k	£k	£k	£k
Shortfalls	(5,119)	(6,405)	(8,056)	(8,056)
Non Recurring Under spends	3,000	1,500	500	0
Revised Shortfall	(2,119)	(4,905)	(7,556)	(8,056)
Planned Use of Reserves	2,119	4,331	0	0
Revised Shortfall	0	(574)	(7,556)	(8,056)

In summary the IJB's overall position, as represented in this strategic financial 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.

The presented short-term reliance on non-recurring underspends and contingency funds is not a strategic solution to the underlying shortfall. It is therefore the case that the IJB's current Strategic Commissioning Plan (2023/24 to 2025/26) cannot be confirmed as being deliverable within the forecast available resources. Therefore, it will be necessary for the IJB to revisit the content of the Delivery Plan and this Strategic Financial Plan. This will be to ensure that further iterations of these documents can align such that the IJB can be assured that the Strategic Commissioning Plan can be delivered within the available resources over the period 2023/24 to 2025/26. It is further possible, that the IJB may have to revisit the content of the Strategic Commissioning Plan itself if a sustainable position cannot otherwise be confirmed.

It is reasonable to project that looking forward, and in order to live within available resources, the IJB will have to consider changes that are potentially inconsistent with the strategic commissioning aspirations. It will also be necessary for the IJB to ensure that where the IJB's limited capacity is supporting service change or development, then those service changes and developments support the IJB to live within its available resources.

An update on steps being taken to update the Strategic Financial Plan will be shared at the June 2023 IJB meeting.

- 12.2 This report's primary recommendation is for the IJB to note this version of the Strategic Financial Plan, to adopt it as the IJB's formal budget for financial year 2023/24 only, and that a further iteration of this Strategic Financial Plan is brought forward, alongside a further version of the IJB's Delivery Plan, and possibly the Strategic Commissioning Plan if required, for the August 2023 IJB meeting.

This 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 updated plan will be shared with both Angus Council and NHS Tayside and this version of this plan should be reflected in their respective financial planning.

REPORT AUTHOR: ALEXANDER BERRY, Chief Finance Officer
EMAIL DETAILS: tay.angushscp@nhs.scot

List of Appendices:

Appendix 1: Updated IJB Financial Planning Summary
Appendix 2: IJB Financial Risk Assessment

Appendix 1

Angus HSCP - Financial Plan 2023/24 - 2025/26

(note - some sub-totals omitted to make file easier to present)

Year	2023/24									2024/25									2025/26								
	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	FHS	Large Hospitals & Mental Health	Gross Total Health	Grand Total	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	FHS	Large Hospitals & Mental Health	Gross Total Health	Grand Total	Adult Services	Local	Lead Partner Services (Angus)	Lead Partner Services (D/P)	PX	FHS	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	65901	56512	13834	9095	22011	36654	16873	154979	210795	69413	59125	14721	9697	22451	37387	16873	160254	218936	71313	60360	15011	9887	23155	38137	16873	163423	223794
Annual Assumed Budget Uplift																											
Partner / Scot. Govt. (Service / Inflation)	3030	2540	887	602	440	733	0	5202	7586	1900	1180	290	190	704	750	0	3114	4803	1700	1210	300	200	364	760	0	2834	4315
Partner / Scot. Govt. (Legal/Contractual)	482	73	0	0	0	0	0	73	555	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	3512	2613	887	602	440	733	0	5275	8141	1900	1235	290	190	704	750	0	3169	4858	1700	1210	300	200	364	760	0	2834	4315
Available Budget	69413	59125	14721	9697	22451	37387	16873	160254	218936	71313	60360	15011	9887	23155	38137	16873	163423	223794	73013	61570	15311	10087	23519	38897	16873	166257	228109
Brought Forward Over/(Under) Commitment	-85	-1120	850	170	1200	1000	0	2100	1395																		
Brought Forward Spend Commitments	65816	55392	14684	9265	23211	37654	16873	157079	212190	70857	59354	15744	9867	24451	38387	16873	164676	224055	73374	61063	15987	10064	25355	39137	16873	168479	230199
Inflation Pressures																											
Inflation - Pay	1636	2046	890	602	0	0	0	3538	4525	790	674	293	197	0	0	0	1164	1740	802	684	297	201	0	0	0	1182	1764
Inflation - Third Parties	1635	1113	0	0	0	733	0	1846	3481	1152	790	0	0	0	750	0	1540	2692	1186	619	0	0	0	760	0	1379	2565
Inflation - NCHC	2240	0	0	0	0	0	0	0	2240	1370	0	0	0	0	0	0	0	1370	1070	0	0	0	0	0	0	0	1070
Inflation - Prescribing	0	0	0	0	800	0	0	800	800	0	0	0	0	450	0	0	450	450	0	0	0	0	300	0	0	300	300
Inflation - Other	190	320	70	0	0	0	0	390	529	140	240	50	0	0	0	0	290	390	100	190	40	0	0	0	0	230	300
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	5001	3479	960	602	800	733	0	6574	10875	3152	1704	343	197	450	750	0	3444	6342	2958	1493	337	201	300	760	0	3091	5799
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	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
Legal - Free Personal Care	390	0	0	0	0	0	0	0	390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National Priorities - Action 15/District Nursing/PCIF/Dementia	0	73	0	0	0	0	0	73	73	-84	55	0	0	0	0	0	55	-29	0	0	0	0	0	0	0	0	0
Drugs	0	0	0	0	540	0	0	540	540	0	0	0	0	454	0	0	454	454	0	0	0	0	464	0	0	464	464
Remobilisation Costs	50	150	0	0	0	0	0	150	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other - Risk Contingency	0	400	100	0	0	0	0	500	427	0	400	-100	0	0	0	0	300	373	0	200	0	0	0	0	0	200	200
Annual	640	723	100	0	540	0	0	1363	1930	16	555	-100	0	454	0	0	609	998	100	300	0	0	464	0	0	764	864
Planned Expenditure	71457	59594	15744	9867	24551	38387	16873	165016	224995	74025	61613	15987	10064	25355	39137	16873	169029	231400	76432	62856	16324	10265	26119	39897	16873	172334	236865
Initial Annual Shortfall	-2044	-469	-1023	-170	-2100	-1000	0	-4762	-6059	-2712	-1253	-976	-177	-2200	-1000	0	-5606	-7606	-3419	-1286	-1013	-178	-2600	-1000	0	-6077	-8756
Less Planned Interventions																											
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 - Residential Care Home Review - Peripatetic Nursing	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0	0	100	100	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	150	190	0	0	0	0	0	190	340	300	400	0	0	0	0	0	400	700	300	400	0	0	0	0	0	400	700
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	150	0	0	0	0	0	0	0	150	151	0	0	0	0	0	0	151	151	0	0	0	0	0	0	0	0	0
Physical Disability Improvement Plan	100	0	0	0	0	0	0	0	100	100	0	0	0	0	0	0	100	100	0	0	0	0	0	0	0	0	0
Prescribing	0	0	0	0	100	0	0	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Interventions	600	240	0	0	100	0	0	340	940	651	550	0	0	0	0	0	550	1201	300	400	0	0	0	0	0	400	700
Revised Planned expenditure	70857	59354	15744	9867	24451	38387	16873	164676	224055	73374	61063	15987	10064	25355	39137	16873	168479	230199	76132	62456	16324	10265	26119	39897	16873	171934	236165
Revised Shortfall	-1444	-229	-1023	-170	-2000	-1000	0	-4422	-5119	-2061	-703	-976	-177	-2200	-1000	0	-5056	-6405	-3119	-886	-1013	-178	-2600	-1000	0	-5677	-8056
Adjustment For Hosting	0	0	747	0	0	0	0	747		0	0	712	0	0	0	0	712		0	0	739	0	0	0	0	739	
Final Shortfall	-1444	-229	-276	-170	-2000	-1000	0	-3675	-5119	-2061	-703	-264	-177	-2200	-1000	0	-4344	-6405	-3119	-886	-274	-178	-2600	-1000	0	-4938	-8056

Appendix 2 IJB Financial Risk Assessment 2022/23

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact (£k)	
Current Financial Performance			
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.
Funding Assumptions			
Unresolved budget settlement issues with NHS Tayside (e.g. Large Hospital Set Aside, Inpatient Mental Health)	Medium	TBC (recurring)	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. NHS Tayside seeking agreement with IJBs as to how associated overspends are managed in future with a notional allowance for this built into plans.
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.
Cost Pressures			
COVID-19 – ongoing uncertainty re the financial impact on longer term cost base.	Medium	TBC	The impact on our independent sector providers as interim financial support evolves
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.
Workforce - 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.
Workforce - 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 - 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	Medium (Future years)	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.
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.
Planned Interventions			
Some IJB savings programmes behind schedule. 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.
Other			
Review of Integration Scheme	Medium	Not known	A comprehensive review of the implementation 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. At this time the pace of change associated with NCS is uncertain.