



AGENDA ITEM NO. 7

REPORT NO IJB 04/24

ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 21 FEBRUARY 2024
BUDGET SETTLEMENTS WITH ANGUS COUNCIL AND NHS TAYSIDE
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The purpose of this report is to update the Integration Joint Board regarding the proposed Budget Settlements between Angus IJB and both Angus Council and NHS Tayside for 2024/25.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board: -

- (i) Noting the views of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£74.725m) for 2024/25 from Angus Council.
- (ii) Noting the views of the Chief Officer and Chief Finance Officer, that Angus IJB should accept the proposed budget offer set out below for 2024/25 from NHS Tayside.

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

2. BACKGROUND

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

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

In reality the budget settlement proposals are derived through a series of discussions with Partners, particularly once Scottish Government budget information is available. Information regarding the 2024/25 budget initially became available as part of the publication of the Scottish Government's overall budget on the 19th of December 2023. This report is based on the position set out at that time, although it is important to note that the overall Scottish Government budget for 2024/25 is still subject to Parliamentary approval. In some previous

years the process of gaining Parliamentary approval has led to adjustments in Health and Social Care Partnership's funding.

3. BUDGET SETTLEMENT WITH ANGUS COUNCIL

3.1 Members will be aware (report 3/23) that in 2023/24, Angus Council initially provided c£68.805m of core recurring financial support to Angus HSCP (This figure was augmented by non-recurring funding). This figure was subject to subsequent amendments including uplifting for 2023/24 Pay Award funding received from the Scottish Government (£0.650m) and to reflect the devolving of Homelessness budgets to the IJB (£0.425m) in 2023/24 and for other minor adjustments. The recurring Angus Council budget/funding the IJB has therefore worked within in 2023/24 is £69.604m.

Members will be aware that in recent years the Scottish Government has provided funds directly to IJBs for functions devolved to IJBs and has channelled some these funds via the Council. This has continued for 2024/25 as set out below.

It is important to note that Angus Council are also required to approve any budget settlement with Angus IJB and this matter will be considered at an Angus Council meeting on 29th February 2024.

3.2 For 2024/25, the position is that Scottish Government budget proposals set out that IJB funding from Angus Council should equal the 2023/24 budget/funding plus the local share of additional funding as noted below. Reflecting this Scottish Government position, the proposed budget settlement for 2024/25, subject to any future clarifications, from Angus Council to Angus IJB will be as follows: -

	£k	Notes
Approved Recurring Budget per report 3/23	68.805	1
In year 2022/23 adjustments		
Angus Council confirmation of devolving Pay Uplifts for 2023/24	0.650	2
Devolution of Homeless Service Resources to Angus IJB	0.425	3
Other Minor Adjustments	(0.276)	4
Final Rollover Budget to 2024/25	69.604	5
Share of Additional Scottish Government Funding (2024/25):		
Free Personal and Nursing Care	0.360	6
Living Wage increase (April 2024)	4.761	7
Expected 2024/25 Recurring Budget/Funding from Angus Council	74.725	8

Notes: -

1. As per report 3/23.
2. Angus Council confirmed allocation to support 2023/24 Pay uplift (subject to finalised workings).
3. Homeless Service agreed to be devolved to Angus IJB in September 23 (Communities report 261/23).
4. Resources transferring to Angus Council include for the centralisation of property maintenance costs (£105k), net funding to Children Family and Justice Service (£62k), funds to support guardianship and corporate appointeeships work (£74k) and adjustments to prior year figures of (£42k), offset by resources transferring to Angus HSCP for other minor See Hear Grant (£7k). Total £276k.
5. Per Angus Council report to be submitted to Angus Council meeting of 29th February 2024.

6. Free Personal and Nursing care (national - £11.5m) – for the uprating of free personal and nursing care payments. Some of this uplift is expected to support uplifts in allowances beyond that previously factored into IJB plans.
7. April 2024 Uplift in Living Wage (national - £230m) – to uplift pay for adult social care workers in commissioned services by 10.1% from £10.90 to £12.00 in line with Scottish Government priorities.
8. A number of figures are currently estimates and will be adjusted to match final Scottish Government figures. Funding shares will be determined by Local Government indicators.

The uplift of the Adult Social Care minimum pay to £12.00 per hour, is an important development for the Social Care workforce and will hopefully assist Angus HSCP and its partners with workforce recruitment and retention issues.

The proposed budget settlement for 2024/25, subject to any future clarifications, from Angus Council to Angus IJB is proposed at £74.725m.

This proposed increased allocation, largely linked to Scottish Government directives, represents a real terms funding reduction as, while it does allow for funding uplifts on some components of pay, there are large parts of the funding settlement that are subject to nil inflation uplift. Offsetting the above, the IJB has had notification that superannuation costs associated with Angus Council employees will fall in 2024/25 so this will help offset some of the unfunded inflationary pressures. In line with expectations, there is no allowance for ongoing increasing service pressures. This impact will all be factored into the overall Strategic Financial Planning work.

- 3.3 It is important to note that some significant risks /issues are associated with this proposed settlement. These include risks associated with the future level of pay awards that will be agreed for Local Authority employed staff and challenging issues regarding the National Care Home Contract for 2024/25. Examples such as these do pose significant financial risk to the Angus IJB. These risks will be replicated elsewhere in Scotland and acceptance of this budget settlement comes with it an acceptance of managing those risks.

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

- 3.4 In considering this budget settlement proposal, the IJB must take into account the prescribed nature of the current Scottish Government budget proposals and the clear and transparent nature of the proposed budget settlement. Overall, this budget settlement is in line with expectations.

Should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, or should Angus Council revisit the expected position, then the proposals set out in this report would require to be revisited.

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

4. BUDGET SETTLEMENT WITH NHS TAYSIDE

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

- 4.2 For 2024/25, the situation is that Scottish Government budget proposals set out that NHS Scotland Health Boards will receive general funding uplifts of 0.0% (zero%) but that, at this stage, it can be assumed that additional funding will be allocated to support pay uplifts.

This budget proposal is significantly weaker than the IJB (and potentially Health Boards and IJBs across Scotland) had anticipated but does reflect the challenging financial environment that the Scottish Government is currently operating in. The intention to offer a 0% general funding uplift has an impact of c£1.0m per annum on the IJB's financial plans. If similar uplifts were then adopted annually, this could equate to an impact of c£3.0m over the lifetime of the next Strategic Financial Plan. On top of existing financial challenges, this will prove particularly challenging to absorb.

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

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

Large Hospital Set Aside (LHSA) – As noted in previous reports to the IJB, there are longstanding issues with regard to this resource. As we moved through 2022/23, activity levels increased above pre-COVID-19 levels but were still below activity levels at the point of integration. This situation will be kept under by the Executive Management team.

Mental Health – As regularly noted in IJB Finance reports, NHS Tayside and Tayside IJBs have yet to reach agreement as to how any overspend regarding In Patient Mental Health is managed and funded in 2023/24 and in future years. These ongoing discussions have been complex and, while this issue remains unresolved in the proposed budget settlement, this issue presents an increased financial risk beyond those captured in the IJB's Strategic Financial Plan.

- 4.4 In considering this budget settlement proposal, the IJB must consider the prescribed nature of the current Scottish Government budget proposals and the clear and transparent nature of the proposed budget settlement. Due to the detail of the Scottish Government's proposed budget, overall, this budget settlement is significantly weaker than expectations.

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

Taking all these factors into account, it is the view of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (0.0% increase) from NHS Tayside with the associated presumption that any agreed pay uplifts will be subsequently funded.

Should the Scottish Parliament subsequently amend the Scottish Government's budget proposals, or should NHS Tayside revisit the expected position, then the proposals set out in this report would require to be revisited.

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

5. PROPOSALS

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

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

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

6. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

7. DIRECTIONS

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

Direction Required to Angus Council, NHS Tayside, or both.	Direction to:	
	No Direction Required	X
	Angus Council	
	NHS Tayside	
	Angus Council and NHS Tayside	

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