



## **AGENDA ITEM NO 10**

**REPORT NO IJB 25/25**

### **ANGUS INTEGRATION JOINT BOARD**

**30 APRIL 2025**

#### **BUDGET SETTLEMENT - ANGUS COUNCIL**

**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

#### **1. ABSTRACT**

- 1.1 The purpose of this report is to update Angus Integration Joint Board (AIJB) regarding the proposed Budget Settlement between Angus IJB and Angus Council for 2025/26.

#### **2. ALIGNMENT TO THE STRATEGIC PLAN**

- 2.1 This report contributes to the following strategic enablers in the AIJB Strategic Commissioning Plan: -
- Deliver financial sustainability; and
  - Seeking to achieve best value and cost effectiveness.

#### **3. RECOMMENDATION**

- 3.1 It is recommended that the Integration Joint Board note the views of the Chief Officer and the Chief Finance Officer, that Angus IJB should accept this proposed budget offer (£78.992m) for 2025/26 from Angus Council.

#### **4. BACKGROUND**

- 4.1 On an annual basis, Angus IJB has to agree a budget settlement with Angus Council regarding resources that will be devolved from Partners to the IJB to support the delivery of local Health and Adult Social Care Services.
- 4.2 The formal process for agreeing the budget settlement is set out in the Integration Scheme and involves Angus IJB requesting a budget from 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.
- 4.3 The budget settlement proposals are derived through a series of discussions with Partners, particularly once Scottish Government budget information is available. Information regarding the 2025/26 budget initially became available as part of the publication of the Scottish Government's overall budget on the 4th of December 2024. That information included a description as to how Local Authorities should determine funding allocations to IJBs. This report is based on the most up to date Scottish Government budget position following Parliamentary approval. Any variances from the Angus Council report 56/25, which was considered and agreed by Angus Council on 27 February 2025, are noted below.
- 4.4 This issue is discussed on an annual basis and report 04/24 considered the 2024/25 Budget Settlement.

## 5. CURRENT POSITION

### BUDGET SETTLEMENT WITH ANGUS COUNCIL

- 5.1 Members will be aware (report 04/24) that in 2024/25, Angus Council provided c£74.725m of core recurring financial support to Angus HSCP. This figure was subject to subsequent amendments including additional Scottish Government funding (£0.672m), centralisation of non-funded pension costs (£0.075m), uplifting for 2024/25 Pay Award funding received from the Scottish Government (£0.165m) and other minor adjustments. The recurring Angus Council budget/funding the IJB has therefore worked within for 2024/25 is £75.356m.
- 5.2 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 of these funds via the Council. This has continued for 2025/26 as set out below.
- For members' information, Angus Council have already considered and supported this budget settlement but are aware that Angus IJB had still to consider these proposals.
- 5.3 For 2025/26, the national position is that Scottish Government budget proposals set out that IJB funding from Angus Council should equal the 2024/25 funding plus the local share of additional funding as noted below. Reflecting this Scottish Government position, the proposed budget settlement for 2025/26, subject to any future clarifications, from Angus Council to Angus IJB will be as follows: -

	£m	Notes
Approved Recurring Budget per report 04/24	74.725	1
2024/25 Grant Adjustment	0.672	2
Centralisation of Non funded pension costs	(0.075)	3
Angus Council confirmation of devolving Pay Uplifts for 2024/25	0.165	4
Other Minor Adjustments	(0.131)	5
Final Rollover Budget to 2025/26	75.356	
Share of Additional Scottish Government Funding (2025/26):		
Free Personal and Nursing Care	0.318	6
Living Wage increase (April 2024)	2.966	7
Expected 2025/26 Recurring Budget/Funding from Angus Council	78.640	8
Additional Funding - Employer's National Insurance	0.357	9
Other minor adjustments	(0.005)	10
Final Recurring Budget/Funding from Angus Council	78.992	

#### Notes: -

1. As per report 04/24.
2. Additional Scottish Government grant funding as per circular 2/2024.
3. Centralisation of Non funded pension costs.
4. Angus Council confirmed allocation to support 2024/25 pay uplift.
5. Miscellaneous in year virements including facilities management (£9k), transfer to Legal (£44k), reduction of Scottish Government MHO funding (£84k) and SDS funding (£6k).
6. Free Personal and Nursing care (national - £10.0m) – for the uprating of free personal and nursing care payments. Some of this uplift is expected to support uplifts in allowances beyond that previously factored into IJB plans.
7. April 2025 Uplift in Living Wage (national - £125m) – to uplift pay for adult social care workers in commissioned services by 5.0% from £12.00 to £12.60 in line with Scottish Government priorities.
8. Funding as described by Angus Council report 56/25.
9. Additional funding received from Scottish Government in relation to 60% of additional Employer's National Insurance Contributions costs for Council employed staff.
10. Minor in year property adjustments.

- 5.4 The uplift of the Adult Social Care minimum pay to £12.60 per hour, is an important arrangement for the Social Care workforce and the associated funding will assist Angus HSCP and its partners with workforce recruitment and retention issues.
- 5.5 The additional burden of increased Employer's National Insurance Contributions will be factored into the overall Strategic Financial Planning work however the funding received from Scottish Government will only cover 60% of the additional cost for staff directly employed through Angus Council. There is no funding available to support the increased costs within commissioned services which does have a significant financial impact on Angus IJB.
- 5.6 The proposed budget settlement for 2025/26, subject to any final clarifications, from Angus Council to Angus IJB is proposed at £78.992m.
- 5.7 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. In line with expectations, there is no allowance for ongoing increasing service pressures and the position regarding Employers National Insurance contributions is noted above. This impact has been recognised in reports describing the IJB's overall Strategic Financial Planning work.
- 5.8 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 2025/26. The key additional risk in 2025/26, compared to previous years, is the additional burden of Employers National Insurance Contributions. The IJB's approach to this is described in separate reports. 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 the challenge of managing those risks.
- 5.9 In addition to the above proposed budget, Angus Council and the IJB remain in discussion regarding a small number of corporate support issues.
- 5.10 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, while this budget represents a real-terms funding reduction, this budget settlement is in line with expectations.
- 5.11 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.

## **6. PROPOSALS**

- 6.1 As described within this report, it is proposed that the IJB accept the proposed budget settlement with Angus Council for financial year 2025/26.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The impact of this proposed budget settlement has largely been reflected in associated Strategic Financial Planning reports to the IJB (including report 6/25). With the budget settlement proposals representing a real-terms reduction in funding, this does place a financial burden in the IJB as reflected in the IJBs Strategic Financial Planning.

## **8. RISK MANAGEMENT**

- 8.1 The three-year updated AIJB Strategic Financial Plan report, provided separately to the April 2025 IJB, includes a summary of risk management and financial risks.

## **9. PUBLIC HEALTH IMPLICATIONS**

- 9.1 There are no direct public health implications arising from the recommendations of this report.

## **10. CLIMATE SUSTAINABILITY IMPLICATIONS**

- 10.1 There are no direct environmental implications arising from the recommendations of this report.

## **11. EQUALITY IMPACT ASSESSMENT, CHILDREN'S RIGHTS AND FAIRER SCOTLAND DUTY**

- 11.1 Due to the content of this report, an Equality Impact Assessment is not required.

## **12. COMMUNICATION AND ENGAGEMENT (IF APPLICABLE)**

- 12.1 This matter has been discussed by the IJB's Chief Officer and Chief Financial Officer and has already been reflected in IJB Strategic Financial Planning Reports (e.g. report 6/25 and the equivalent April 2025 update).

## **13. DIRECTIONS**

- 13.1 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 Angus Integration Joint Board to one or both of Angus Council and NHS Tayside.

<b>Direction Required to Angus Council, NHS Tayside or Both</b>	<b>Direction to:</b>	
	No Direction Required	X
	Angus Council	
	NHS Tayside	
	Angus Council and NHS Tayside	

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