

ANGUS COUNCIL

SPECIAL ANGUS COUNCIL – 29 FEBRUARY 2024

DEVOLVED BUDGET TO ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP INTEGRATED JOINT BOARD FOR 2024/25

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

1.1 This report summarises the proposed revenue budget being devolved to the Angus Health and Social Care Partnership Integration Joint Board (IJB) for 2024/25 which has responsibility for delivery of Adult Care Services.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

2.1 This report contributes as a whole to the Council Plan.

3. RECOMMENDATION(S)

3.1 That Council:-

- (i) Note the contents of this report;
- (ii) Approve the proposed 2024/25 Revenue Budget allocation from the Council as set out in Section 6 of this report, subject to recommendation (iii);
- (iii) Agree that the 2024/25 Revenue Budget allocation from the Council be provisional at this time pending confirmation of the Local Government Finance Order and any associated terms of the local government grant settlement affecting the Council and the IJB;
- (iv) Note that a further report seeking approval of a final 2024/25 revenue budget allocation for the Angus IJB will, if any changes to the proposals in the report are necessary, be brought to an appropriate Committee as soon as possible after the Local Government Finance Order is approved by the Scottish Parliament;
- (v) Approve the 2024/25 Provisional Capital Budget as set out in Appendix A.

4. BACKGROUND

4.1 The Integration Joint Board's Chief Officer has had responsibility for Adult Care Services from 1 April 2016. These arrangements are governed by the Angus Integration Joint Board (IJB).

4.2 As part of this arrangement, the revenue budget associated with Adult Care services is devolved to the IJB. The IJB does not at present deliver services itself but instead provides these through Angus Council and NHS Tayside. To facilitate this, the IJB prepares a Strategic Commissioning Plan and supporting Strategic Financial Plan which demonstrates how it will utilise the totality of its devolved resources. The Strategic Commissioning and Financial Plans identify:-

- The resources associated with services that are being commissioned through each of the parent bodies, Angus Council and NHS Tayside;
- The manner in which these services are to be delivered by the parent bodies.

4.3 In the initial period of integration, resources devolved to the IJB and directed back to Angus Council and NHS Tayside did not significantly vary from historic patterns. This has changed as the IJB has developed integrated services more fully reflecting the proposals within the Angus Health and Social Care Partnership Strategic Plan.

5. 2024/25 DEVOLVED BUDGET PROCESS

5.1 This section details the individual elements comprising the movement in the IJB's proposed devolved revenue budget between 2023/24 and 2024/25.

Scottish Government Integration Funding

5.2 The Scottish Government's finance settlement announcement in December 2023 included three matters pertinent to finalisation of the IJB's devolved budget:-

- Confirmation of a cash decrease of 0.3% in the Council's core government grant allocation after taking into account new responsibilities and ring-fenced sums, leaving the Council with a significant funding gap as outlined in the Provisional Revenue and Capital Budgets 2024/25 – Background and Setting of the Council Tax (Report 63 / 24). This highlights the context within which discussions on the IJB's devolved budget have taken place.

- The inclusion of a net £241.5m nationally in recognition of specific pressures affecting IJBs and to facilitate investment and expansion of health & social care provision. It is highlighted that the funding consists of the following specific elements:-
 - Free Personal and Nursing care (£11.5m) – for the uprating of free personal and nursing care payments. The impact of this is within resources devolved to the IJB and it is, therefore, appropriate for the funding to be devolved;

 - Living Wage (£230.0m) – for the delivery of a £12.00 minimum Living Wage for adult social care workers in commissioned services. The impact of this is within resources devolved to the IJB and it is, therefore, appropriate for the funding to be devolved. It is highlighted that this funding has not yet been distributed to local authorities by the Scottish Government but an assumed share of this funding has been made for the purposes of this report.

5.3 In light of the above, the £241.5m funding provision is wholly applicable to the IJB 2024/25 revenue budget. It is highlighted that correspondence from the Scottish Government Director of Health and Social Care Finance, Digital and Governance notes that this funding is in effect ringfenced "...Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5 million greater than 2023/24 recurring budgets...".

Cost Pressures

5.4 On an annual basis the IJB faces a number of cost pressures with long term planning to address these outlined in the Angus IJB Strategic Financial Plan. Within Social Care, these include pay inflation pressures for employees employed through Angus Council and inflation related issues for contracts delivered through third party providers (including the National Care Home Contract). The IJB also continues to see an increase in demand for adult social care services linked to demographic changes in, for example, the older people population.

5.5 The latest IJB Strategic Financial Plan was reported to the IJB in August 2023. It sets out a series of pressures that will have to be managed within the IJB in the coming years. An assessment of the cost pressures arising for the IJB is set out in the table below to give context to the budget provision being made by Angus Council.

Table 1 – HSCP IJB Cost Pressures / Funding

	2024/25 Impact £m
Cost Pressure	
Inflation - employed staff	0.663
Inflation – third party contracts	4.914
Inflation – other services	0.141
Review of Charges Income	(0.114)
Service Pressures	0.380
Strategic Financial Plan Total Pressures	5.984
Scottish Government Finance Settlement	
Living Wage Increase to £12.00	4.761
Free Personal & Nursing Care Uprating	0.360
Total Scottish Government Funding	5.121

5.6 Specific funding has been provided in the Finance Settlement by the Scottish Government, as noted in the table above, which offsets some of the funding pressures evident for the IJB. It is highlighted that the Council's Change Programme includes an amount equivalent to the Council's share of the total exposure to cost pressures (i.e. both Health Service and Adult Services) within the IJB draft Strategic Financial Plan as a savings target attributed to the Angus Health & Social Care Partnership.

Budget Savings

5.7 The Integration Scheme sets out the governance process for the development of the devolved budget from the Council to the IJB. Discussions have been ongoing between the Council and the IJB to progress towards an agreed devolved budget for 2024/25. The development of the devolved IJB budget has also been progressed through the Council's normal budget setting arrangements and draft proposals were considered through the Policy & Budget Strategy Group (PBSG).

5.8 The IJB has budget pressures to consider beyond Adult Services given its wider service delivery remit. In recognition of the respective budget pressures on the IJB and Council, the IJB is progressing and developing a number of proposals in response to the above noted cost pressures across its wider service remit in order that they can be contained within its currently devolved resources i.e. a cash flat funding proposal prior to consideration of increased Scottish Government funding. It will therefore be for the IJB to determine the extent of savings that are delivered specifically from the Adult Services budget. This will be considered alongside the progression of the IJB's Strategic Commissioning Plan. This includes the increases in charges proposed by officers in the "Review of Angus Council Charges for Support and Care Services and Residential Fees 2024/25" report, on this Agenda. The IJB's most recent Strategic Financial Plan contained projected funding shortfalls in 2024/25 and beyond. The impact of the Finance Settlement implications outlined in this paper onto those shortfalls will need to be considered by the IJB.

5.9 It should be noted that an updated Strategic Financial Plan will be considered by the IJB Board on 21 February 2024. This will necessitate revision of the IJB's cost pressures and related Change Programme savings subsequent to the Council's Council Tax setting meeting.

6. FINANCIAL IMPLICATIONS (2024/25 DEVOLVED BUDGET)

Revenue Budget

6.1 As noted above, the additional funds being provided nationally to support integration are being channelled through the Local Government Finance Settlement. In light of the funding announcements noted in Section 4 above, and the agreed approach to savings / cost pressures, the table below outlines the proposed funding to the IJB for 2024/25.

Table 2 – Calculation Of Devolved Budget 2024/25

	Note	£m
2023/24 Revenue Budget		68.805
Homelessness virement from Other Housing		0.425
Carers virement to Children, Families & Justice		(0.087)
Suicide Prevention virement from Children, Families & Justice		0.025
See Hear Grant		0.007
Virements for posts funding		(0.074)
Centralisation of Property Maintenance		(0.105)
2023/24 Grant Adjustment		(0.042)
Revised 2023/24 Revenue Budget		68.954
2023/24 Pay Award	1	0.650
Scottish Government Funding Distributed:		
Free Personal and Nursing Care	2	0.360
Scottish Government Funding To Be Distributed:		
Living Wage Increase to £12.00	3	4.761
Total Additional Funding		5.771
2024/25 Proposed Revenue Budget (Provisional)		74.725

Notes:-

1. Share of Scottish Government 2023/24 pay award funding applicable to IJB.
2. Confirmed share of national total per Finance Circular 8/2023.
3. The distribution of this has still to be agreed by the Settlement & Distribution Group and COSLA Leaders and an assumption based on previous distributions has been made.

6.2 In light of the above, it is proposed that the Council will provide a devolved revenue budget of £74.725 million for 2024/25, albeit this may be subject to revision for finalised grant distributions from the Scottish Government. The position detailed in the various budget papers reflects this proposal noting that the IJB will not approve the devolved budget package from Angus Council until its 21st February 2024 Board meeting.

6.3 At the time of writing this report the local government finance settlement and the conditions attached to it remain provisional and won't be confirmed until the Scottish Parliament approves the Local Government Finance Order in late February 2024. Experience from recent years suggests that changes to the settlement and conditions attached to it affecting IJBs could arise before the Order is agreed and for this reason the Council is being asked to approve the 2024/25 Devolved Revenue Budget on a provisional basis. Approval of a final Devolved Budget to the Angus IJB, if any changes to the proposals in the report are necessary, will be via a further report to an appropriate Committee once the Local Government Finance Order has been agreed.

Capital Budget

6.4 Angus Council provides capital resources to the IJB to allow the improvement and creation of assets to facilitate service delivery. The provisional capital budget for 2024/25 for the IJB is set out in Appendix A.

7. RISK MANAGEMENT

7.1 There are a number of risks to Angus Council evident in the budget provision for the IJB in this report as detailed below.

Cost Pressures

7.2 As noted above the new cost pressures are estimates only and further work is required to review these in detail. It may be that such review determines that the extent of these is in excess of the current estimate.

Savings Requirement

7.3 In order for the IJB to work within a cash limited budget for 2024/25, and in line with the IJB's Strategic Commissioning Plan, they will continue to manage a challenging savings and cost containment programme of measures across the whole of the IJB, as noted above.

Approval by the Integration Joint Board

7.4 The 2024/25 budget package has been accepted at an officer level for progressing to seek formal approval by the IJB. This will not, however, be formally presented to the IJB until 21 February 2024, prior to the Council Tax setting meeting. There is risk that the IJB does not approve the proposed devolved budget and seeks to reopen dialogue with the Council. In the event of an issue a verbal update will be provided in this regard at the Council Tax Setting meeting.

Budget Risk Sharing

7.5 It should be noted that Angus Council's and NHS Tayside's financial relationship with the IJB is described in the Integration Scheme which each of the parties approved. The current Integration Scheme sets out that any ultimate overall overspend (i.e. which cannot be managed through corrective action or use of available IJB reserves) in relation to devolved budgets is shared between the funding partners on the basis of their proportionate share of how the total resources available to the IJB are directed in the financial year in question. In financial year 2023/24 this risk share was in the order of 38% Angus Council and 62% NHS Tayside. This risk sharing means that Angus Council has an exposure to financial risk should an ultimate overall overspend arise across the whole IJB regardless of the IJB activity from which the overspend originates. This does of course mean that NHS Tayside is similarly exposed, and as the larger funding partner NHS Tayside bears the majority of the risk relating to ultimate overall overspends. This approach does however help support the principles of Integration such that the resources of each funding partner gradually lose their identity so that the funding package is looked at as a whole.

7.6 Should an overall underspend ultimately result at the year-end, the impact on the financial positions of both the Council and the NHS would be neutral and per the Integration Scheme the underspend would be retained within IJB reserves. At 31 March 2023 the Angus IJB had a General Reserve (contingency) of £6.450m.

8. ENVIRONMENTAL IMPLICATIONS

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

9. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

9.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for this specific report as an overall assessment covering the Council's budget as a package has been prepared (Report 64/24 refers).

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:-

- Scottish Government Local Government Finance Circular No. 8/2023;
- Angus IJB Strategic Financial Plan 2023/24 – 2025/26.

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List of Appendices:-

Appendix A – IJB Provisional Capital Budget 2024/25