

Integration Joint Board

Report By: Sharon Wearing, Chief Officer Finance and Resources

Contact: Sharon Wearing, Chief Officer Finance and Resources

Tel: 0141 287 8838

RESOURCES FINANCIAL ALLOCATION AND BUDGETS 2016-17

Purpose of Report:	To set an interim budget for the IJB for 2016-17 and to direct the Council and Health Board to spend the budget in line with the Strategic Plan.
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Recommendations:	<p>The IJB is asked to:</p> <ul style="list-style-type: none"> i) Note the contents of the report. ii) Agree an interim net budget of £394,970,500 to Glasgow City Council and direct that this funding is spent in line with the Strategic Plan. iii) Note that the Health Board have provided an indicative budget at this stage only, and still have a savings gap to close. iv) Agree an interim budget of £631,234,900 which excludes the “set aside” budget to NHS Greater Glasgow and Clyde and direct that this funding is spent in line with the Strategic Plan. v) Note that a further report on the budget and due diligence process will be required in June 2016 when it is expected we will have a finalised contribution from the Health Board.
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Implications for IJB:

Financial:	The IJB is being asked to set an interim budget at this stage in line with the recommendations above.
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Personnel:	n/a
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Legal:	We are only able to set an interim budget at this stage with a final budget being set by the end of June 2016
Economic Impact:	n/a
Sustainability:	n/a
Sustainable Procurement and Article 19:	n/a
Equalities:	n/a
Implications for Glasgow City Council:	Direction will be given to Glasgow City Council to spend the interim budget in line with the strategic plan.
Implications for NHS Greater Glasgow & Clyde:	Direction will be given to NHS Greater Glasgow and Clyde to spend the interim budget in line with the strategic plan.

1. Background

- 1.1 The Health Board and Local Authority will delegate functions and make payments to the Integration Joint Board in respect of those functions as set out in the integration scheme. Additionally, the Health Board will also, “set aside” an amount in respect of large hospital functions covered by the integration scheme.
- 1.2 The Integration Joint Board will make decisions on integrated services based on the strategic plan and the budget delegated to it. The Integration Joint Board will publish an Annual Financial Statement setting out the total resources included in the Strategic Plan. The Integration Joint Board will also give direction and make payment where relevant to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan. This should be completed by the 1 April each year.

2. Financial Allocation from Glasgow City Council

- 2.1 The financial forecast for Glasgow City Council has identified a spending gap of £130million, of which £83 million relates to 2016-17 and £47 million relates to 2017-18.
- 2.2 The Local Government Finance (Scotland) order 2016 was approved by the Scottish Parliament on 25 February 2016. Three key commitments have been identified to be funded through the 2016-17 settlement. One relates to the additional funding provided through the Health Board to support the development of Integration Joint Boards and specifically to make progress on charging thresholds for all non-residential services to address poverty and introduce the living wage for all social care workers as a key step to improving the quality of social care. The other two commitments relate to pupil teacher ratios and maintaining the council tax freeze.
- 2.3 Any Council which did not accept the complete package of commitments would not receive its share of the available funding. The Scottish Government will review the delivery of these commitments during 2016-17 and have reserved the right to remove access to or recover that element of additional funding support related to each specific commitment on a proportional basis if any council fails to deliver any element of the commitment. The Council Leader formally agreed to these commitments on 9 February 2016.
- 2.4 On 10 March 2016, the Council agreed its budget for 2016-17. Included within this, the Council has identified appropriate budgets within Social Work Services, Development and Regeneration Services and Land and Environmental Services to be designated as the Council’s contribution to the IJB in line with the Integration Scheme.

2.5 The total net budget is £394,970,500 and is as detailed below:-

	Gross	Income	Net
Social Work Services	£570,739,900	£179,057,600	£391,682,300
Development and Regeneration Services Aids and Adaptations	£2,000,000	£0	£2,000,000
Land and Environmental Services Assisted Garden Maintenance	£1,288,200	£0	£1,288,200
Total	£574,028,100	£179,057,600	£394,970,500

2.6 The letter at Appendix A(i) from the Executive Director of Financial Services confirms the amount. The budgets have been uplifted for pay inflation and cost savings. Appendix A(ii) provides the detail of the savings options that were agreed.

2.7 The services within the Strategic Plan will reflect the budget delegated by the Council. The net budget direction to the Council will at this stage remain unchanged but may be updated during the year.

3. Financial Allocation from NHS Greater Glasgow and Clyde Board

3.1 During February 2016, the Health Board's financial projection for 2016-17 identified the need to deliver cash releasing savings of £69 million in year to break-even.

3.2 The Scottish Government wrote to Health Boards on the 14th March 2016 to confirm that they are required to delegate the full £250 million included in initial budget allocations to their Integration Authorities. Copy of the letter is attached at Appendix B. The Health Board has confirmed the allocation of funding for Social Care will be passed over in full. This funding is subject to a separate report to the IJB. The letter also confirms that Health Boards and Integration Authorities should now be setting allocations for delegated health services for 2016-17 to allow Integration Authorities to set budgets and sign off on the due diligence process, subject to subsequent final confirmation of the Health Board allocation.

3.3 As part of the overall financial planning process, Directors and Management are working to identify and design savings schemes to address the financial gap. These will be finalised and presented to the Health Board in due course, together with analysis of impacts and risks.

- 3.4 One of the key risks that the Health Board will face in 2016-17 is the Integration of Health and Social Care. The Health Board is responsible for allocations to the new Integration Joint Boards. In approving the Integration Schemes the Health Board agreed in principle to allocations which reflected Integration Joint Board's financial and savings plans for 2016-17 with the likelihood of enabling financial balance to be achieved in 2016-17 and the IJB to be established on a financially viable basis.
- 3.5 The Health Board recognise that the financial planning process is proving to be challenging and the outcome of this process will form the 2016-17 Financial Plan and underpin the Local Development Plan (LDP). This work will not be completed prior to 1 April 2016 to allow the IJB to set its budget and produce its annual financial statement in relation to the strategic plan. It is expected to be at the Health Board meeting of 21st June 2016 before the budget for the IJB is finally approved. In the interim, the Chief Executive has issued a letter to Chief Officers which is attached at Appendix C. The letter provides an update on where the Health Board is currently at in relation to their financial planning process for 2016-17 and provides an indicative allocation of budget uplift and cost pressures across the Integration Joint Boards.
- 3.6 For Glasgow City IJB, the indicative allocation is £7.3 million uplift with cost pressures of £18.06 million leaving a gap of £10.76 million to be closed with identified savings schemes and changes on a whole system which reflect viable cost reductions.
- 3.7 The savings identified to date classed as "green and amber" rated, as presented in the letter from the Chief Executive, are £39.1 million in total. Further schemes rated "green, amber and red" totalling £15 million have been identified and are at different stages of development.
- 3.8 The Scottish Government has informed NHS Boards that the submission of the Local Development Plan has now been delayed from the 4th March to the end of March to recognise the challenges facing NHS Boards in setting budgets.
- 3.9 In the interim, the IJB has been allocated an indicative budget excluding the "set aside" budget of £631,234,900 based on the closing budgets for 2015-16, an uplift of the base budget and an indicative allocation of the cost pressures. The final budget will need to include the "set aside" budget allocation to the IJB. The IJB will not be able to approve a final budget until after the 21st June 2016, which is when the Health Board is due to approve its budget.
- 3.10 It is intended that the Annual Financial Statement will be presented to the IJB on the 24th June 2016 along with the outcome of the due diligence process. This is based on the assumption that the Health Board will finalise allocations to IJBs for 2016-17 that reflect the actual cost of functions delegated, taking account of all associated risks, on the 21st June 2016 and allowing for respective due diligence processes to be completed. This will allow the Strategic Plan to be finalised and direction given and payment made where

relevant to the Health Board in relation to delivery of the services in line with the Strategic Plan by the end of June 2016.

4. Conclusion

- 4.1 The council has allocated a budget of £394,970,500 to the IJB for 2016-17. However, we only have an indicative budget for Health and there is still a savings gap to be closed at this stage in their process. At this point, the IJB can only approve an interim budget and a further report will be required once the Health Boards contribution to the IJB is confirmed.

4. Recommendations

- 4.1 The IJB is asked to:
- i) Note the contents of the report.
 - ii) Agree an interim net budget of £394,970,500 to Glasgow City Council and direct that this funding is spent in line with the Strategic Plan.
 - iii) Note that the Health Board have provided an indicative budget only at this stage and still have a savings gap to close.
 - iv) Agree an interim budget of £631,234,900 which excludes the “set aside” budget to NHS Greater Glasgow and Clyde and direct that this funding is spent in line with the Strategic Plan.
 - v) Note that a further report on the budget and due diligence process will be required in June 2016 when it is expected we will have a finalised contribution from the Health Board.



Executive Director
Lynn Brown OBE
MA(Hons) CPFA

Financial Services
Glasgow City Council
285 George Street
Glasgow G2 1DU
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Appendix A(i)

15 March 2016

David Williams

Executive Director Social Care Services/Chief Officer Glasgow City HSCP

Commonwealth House

32 Albion Street

Glasgow

G1 1LH

Dear David

Integrated Joint Board Funding

In light of the budget approved by the Council on 10 March 2016, I can confirm that the Council's 2016-17 contribution to the Glasgow Health and Social Care Partnership amounts to £394,970,500 in relation to the commitments contained within your strategic plan.

Yours sincerely

Lynn Brown

Executive Director of Financial Services



Integrated Joint Boards Summary

<u>Reference</u>	<u>Description</u>	<u>Amount Submitted</u>		
		<u>2016 / 2017</u>	<u>2017 / 2018</u>	<u>Total</u>
		£	£	£
16COR02	LEAN - Home Care Review Range of opportunities to reconfigure service delivery arrangements through increased assessment and reablement support. The review will consider new starts, restarts on the same plan, overnight service, two home carer arrangements, food preparation only provision and assessment of users with less than 2 hours care provision a week	849,000	252,000	1,101,000
16COR03	Mobile - Home Care Review Range of opportunities to reconfigure service delivery arrangements through increased assessment and reablement support. The review will consider new starts, restarts on the same plan, overnight service, two home carer arrangements, food preparation only provision and assessment of users with less than 2 hours care provision a week	504,000	3,507,000	4,011,000
16COR04	Working Terms - Home Care Review Range of opportunities to reconfigure service delivery arrangements through increased assessment and reablement support. The review will consider new starts, restarts on the same plan, overnight service, two home carer arrangements, food preparation only provision and assessment of users with less than 2 hours care provision a week.	388,000	0	388,000
16COR05	Expansion of Operations Centre - Home Care Review Range of opportunities to reconfigure service delivery arrangements through increased assessment and reablement support. The review will consider new starts, restarts on the same plan, overnight service, two home carer arrangements, food preparation only provision and assessment of users with less than 2 hours care provision a week	609,000	491,000	1,100,000
16LE46	Review of Environmental Facilities Review of Environmental services provided by LES. Proposal is to undertake a review of those priority areas related to environmental enhancements. This is to identify efficiencies in areas of duplication, better targeting of services and options for income generation.	428,000	0	428,000
16SW34	Procurement - Older People Purchased Care Homes - Shifting the Balance of Care. This will reduce the number of purchased care home placements, the resultant demand to be absorbed by other more cost efficient services. This will enable significantly more older people to live at home as independently as possible for as long as possible.	3,181,100	3,705,100	6,886,200



Budget Options

Draft Budget 2016 - 2018

Integrated Joint Boards Summary

Amount Submitted

<u>Reference</u>	<u>Description</u>	<u>Amount Submitted</u>		
		<u>2016 / 2017</u>	<u>2017 / 2018</u>	<u>Total</u>
		<u>£</u>	<u>£</u>	<u>£</u>
16SW35	Procurement - Older People Review of Older People's Day Care and Review of Social Care Charging Taper. This is designed to eliminate current overprovision of service and geographical inequality of access. In conjunction with this review, a decrease in the charging taper for Older People from 100% to 50% to bring it into line with Adults will decrease by half the amount of disposable income taken into account for purposes of charging, the expectation being that this will lead to higher levels of occupancy and therefore a more efficient service. This was the subject of a report to the Executive Committee on 4 February 2016.	250,000	0	250,000
16SW37	Procurement - Adult Services Homelessness - Service Redesign Activity. Co-production approach to Joint Commissioning with homelessness and B&B providers. This was the subject of a report to the Executive Committee on 4 February 2016.	1,000,000	475,000	1,475,000
16SW38	Funding - Resources Increased income through securing additional external funding. Income enabled by creating a focused group, supported by a single process of application (an on-line tool) and a co-ordinated clearing-house approval process.	135,000	159,000	294,000
16SW41	Procurement - Older People Redesign of Sheltered Housing to more supported living accommodation complexes, providing a more personalised response to individuals.	0	1,000,000	1,000,000
16SW42	Procurement - Adult Services Addictions - Service Redesign Activity. Realignment of purchased services to reflect operational priorities identified as outcomes of the Community Addictions Team and Clinical Services reviews.	0	600,000	600,000
16SW43	Procurement - Adult Services Mental Health - Service Redesign Activity. Extension of personalisation of adult services to address accommodation based services.	0	500,000	500,000
16SW49	Mobile Generate efficiencies from Childrens Services, Older People, Adult Services and Resources where staff and managers already have mobile devices and by deploying additional fit for purpose devices. In addition generation of efficiency savings through more automated resourcing and scheduling enabling a better match of the supply of resource and the demand for it.	319,000	0	319,000
16SW50	Working Terms Review of existing working terms to align arrangements to offer greater consistency and also provide more flexibility on employee benefits within Childrens Services, Older People and Adult Services. Key areas under review include public holiday conversion, purchase of additional annual leave, additional salary sacrifice offers and phased retirement options. Please refer to attached Appendix 1.	616,000	435,000	1,051,000



Budget Options

Draft Budget 2016 - 2018

Integrated Joint Boards Summary

Amount Submitted

Reference	Description	2016 / 2017	2017 / 2018	Total
		£	£	£
16SW52	FLO/LEAN/LEO - Children's Services Implementation of the Council's Corporate Transformation Programme in relation to Children and Family's Workforce: Management and staffing structure and profile of social work is revised; all posts audited in terms of the sustainability and reference to a range of agreed criteria; Develop skill mix within social work teams; realign core service activity in light of a reviewed and clearly defined frontline Social Work service.	1,279,000	1,279,000	2,558,000
16SW53	Procurement - Children's Services Includes the further development and modernization of continuing care arrangements for young adults to release capacity within formal care arrangements resulting in a reduction in the number of purchased foster care placements.	1,000,000	250,000	1,250,000
16SW54	FLO/LEAN/LEO - Older People An associated reform around the removal of financial assessment from front line Social Workers to the finance income team is designed to assist in enabling staff reductions in this area, together with business process reviews to ensure needs of Service are met whilst staff numbers reduce.	486,000	486,000	972,000
16SW55	FLO/LEAN/LEO - Financial Assessment Removal of financial assessment completion form from front line Social Workers to the finance income team. This project will allow a dedicated finance team to more timeously process financial assessments on behalf of social care clients, thus maximising income.	250,000	0	250,000
16SW56	FLO/LEAN/LEO - Adult Services An associated reform around the removal of financial assessment from front line Social Workers to the finance income team is designed to assist in enabling staff reductions in this area, together with business process reviews to ensure needs of service are met whilst staff numbers reduce.	544,800	544,800	1,089,600
16SW57	Procurement - Adult Services Personalisation Review of high cost packages within personalised services for adults, in line with Personalisation Resource Allocation scoring. Individuals in receipt of more appropriate packages of care in line with their assessed level of need.	200,000	200,000	400,000
16SW58	FLO/LEAN/LEO - Centre Based Functions Natural turnover of staff in centre based functions.	488,100	488,100	976,200
Total Integrated Joint Boards Savings Options		12,527,000	14,372,000	26,899,000



Dear Colleague

FINANCIAL RESOURCES FOR INTEGRATION AUTHORITIES

Summary

To confirm that, as part of setting allocations for delegated health services for 2016-17, Health Boards are required to delegate the full £250 million included in initial budget allocations to their Integration Authorities.

Background

Health Board Directors of Finance received confirmation on 26 February of initial Health Board budget allocations for 2016-17. For the purpose of effective strategic commissioning from 2016-17, it is important that Integration Authorities have as much clarity as soon as possible regarding their financial allocations. I am writing to you to set out the Cabinet Secretary's expectations in this regard, which flow from the arrangements in the Public Bodies (Joint Working) (Scotland) Act 2014.

Action

Each Health Board has in place an Integration Scheme, agreed with its Local Authority partner(s), which sets out the local process of due diligence for determining the financial allocations from both Partners to the Integration Authority. Health Boards and Integration Authorities should now be setting allocations for delegated health services for 2016-17 to allow Integration Authorities to set budgets and sign off on the due diligence process, subject to subsequent final confirmation of the Health Board allocation.

DL (2016) 4

14 March 2016

Addresses

For action

Chief Executives, NHS
 Territorial Boards

For information

NHS Territorial Board
 Directors of Finance,
 Local Authority
 Directors of Finance,
 IJB Chief Officers

Enquiries to:

Alison Taylor
 St Andrew's House
 Regent Road
 Edinburgh
 EH1 3DG

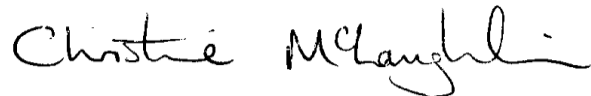
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Health Board budgets this year also include Boards' shares of the £250 million to be directed to Integration Authorities for investment in social care. This letter provides confirmation that Health Boards are required to delegate the full sum included in initial budget allocations to their Integration Authorities. The sum should be included in the allocation to the Integration Authority and made available from the outset of 2016-17.

Yours sincerely

A handwritten signature in black ink that reads "Christine McLaughlin". The signature is written in a cursive, flowing style.

Christine McLaughlin
Director of Health Finance

Greater Glasgow and Clyde NHS Board

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Date: 14th March 2016
Our Ref: RC/mw/

Enquiries to: Robert Calderwood
Direct Line: 0141-201-4614

Dear Non-Executive Member and Chief Officer,

Financial Planning 2016/17

Thank you for your attendance at the Board Away Day on Monday the 29th February 2016. Hopefully you found the session useful and informative in relation to addressing the previously reported £69m savings target.

The purpose of this paper, for both Non-Execs and Chief Officers, is to;

- Outline key elements of the 2016/17 financial planning and budget setting process;
- Summarise the key messages and actions from the Board Away day of the 29th February 2016; and
- Outline the process going forward, including engagement with the Scottish Government and submission of the Local Development Plan (LDP).

Budget Setting 2016/17 – The Wider Context.

In order to ensure that we make financial decisions which align with our strategic direction we established a set of the principles which have previously been reported to the Board. These principles are underpinning a whole system approach to financial planning and addressing savings.

The Board has not yet completed the service and financial planning process for 2016/17 to enable allocations to be formally set for the Integrated Joint Boards and Acute Division. This reflects the scale of the challenges and continuing discussions with the Scottish Government.

However, all Chief Officers across the business need to understand and identify their priorities, opportunities and pressures for the year. It is particularly important for IJB Chief Officers to start setting Commissioning Strategic Plans against the parent bodies in mid March 2016 – in compliance with Scottish Government guidance.

As such, an important part of the initial financial planning process has involved a detailed analysis exercise to apportion the Board's uplift (1.7% / £33.7m) and cost pressures (£102.7m) across the 3

key parts of the business (Table 1 below) based proportionately on base budgets, to provide indicative numbers and an initial assessment of the gap. The £59.4 million allocated wholly to IJBs to fund Social Care has been excluded. It is for each individual IJB to separately negotiate their share of these monies.

TABLE 1 – 2016/17 Indicative Allocation of Uplift and Cost Pressures Across the Board

	Corporate £m	Acute £m	Partnership £m	Total £m
Allocation of Uplift	4.6	16.2	12.9	33.7
Cost Pressures	<u>16.9</u>	<u>52.9</u>	<u>32.9</u>	<u>102.7</u>
2016/17 Gap	12.3	36.7	20.0	69.0

The above numbers are indicative only at this stage and designed to underpin the whole system planning approach adopted by the Board and enable Chief Officers to begin planning for 2016/17. We have not yet finalised our assessment on the sources of the savings required in 2016/17 to achieve a balanced budget. In addition, we are yet to finalise the position on the achievement of agreed 2015/16 savings and the resultant impact (if any) on the starting position in 2016/17.

As explained further below, we continue to work to identify changes which make service and financial sense across the system to enable us to make financial allocations which reflect a fair allocation of our uplift and cost pressures, with savings which reflect viable cost reductions and are consistent with our approved Service Strategies.

Setting opening (indicative) budgets for HSCPs in 2016/17

There is a recognised approach established through Scottish Government Guidance and as adopted by other Scottish NHS Boards to deriving opening budgets for HSCPs in 2016/17.

The process starts with the recurring base budgets currently available (closing budgets for 2015/16), uplifts the budgets with the estimated cost pressures specific to individual partnerships and then derives the funding gap by allocating the HSCPs share of the Board’s available uplift using a formula basis for allocating funds. This approach allows funds to be allocated according to a formula such as pro rata to existing budgets/costs or NRAC. For the purposes of this paper, the uplift has been proportionately allocated on base budgets.

Table 2 below highlights the resulting funding gap for each HSCP when compared to the expected increases in their costs. Corporate FHS and Non-integrated services are shown separately. This analysis shows that costs for HSCPs are forecast to increase by £32.91m over existing budgets in 2016/17. However, as there is only income of £12.90m available to meet these cost pressures there is a funding gap of £20.8m across HSCPs.

TABLE 2 - 2016/17 Indicative Allocation of Uplift and Cost Pressures Across each HSCP

	Glas £m	East Dun £m	East Ren £m	Inver £m	Renfw £m	West Dun £m	Corp and Int £m	Total £m
Allocation of Uplift (on base budgets)	7.30	0.81	0.77	0.87	1.78	0.93	0.44	12.90
Cost Pressures	<u>18.06</u>	<u>2.03</u>	<u>1.77</u>	<u>2.23</u>	<u>4.26</u>	<u>2.4</u>	<u>2.16</u>	32.91
2016/17 Gap	10.76	1.22	1.00	1.36	2.48	1.48	1.72	20.08

As outlined above, we continue to identify savings schemes and changes on a whole system which reflect viable cost reductions. This is currently being progressed by the Board Corporate Management Team and HSCP Chief Officers with regular reporting to the Board and dialogue with the Scottish Government – as outlined below.

Board Away Day - Savings to Date

The savings identified to date classed as “green and amber” rated, as presented at the Board Away Day, can be summarised as follows;

TABLE 1- Savings Presented as “green and amber” rated

Acute £m	Corporate £m	Partnership £m	Total £m
12.3	20.3	6.5*	39.1

*Includes £1.5m in relation to Bundled Funding.

All Management Teams are progressing these “green and amber” rated schemes to ensure the full year effect is maximised.

Also as discussed at the Board Seminar, in order to address the remaining gap, Management Teams have identified a further circa £5m “green and amber” rated schemes and also produced a range of schemes classed as “red” risk rated which amount to circa £10m. Each scheme is at different stages of progress and there will be further presentation and debate at the 5th April 2016 Board Away day. A list of schemes will be sent out in advance of the Board Away Day. Please contact the Director of Finance for further information on any scheme or access to a PID.

Process through March and Board Away day 5th April 2016

As outlined above, Management continue to work to identify further schemes to address the remaining gap.

Dialogue continues with the Scottish Government, with the regular meetings planned through March. At present, the Scottish Government have informed NHS Boards that the submission of the Local Development Plan has now been delayed from the 4th March to the end of March to recognise the challenges facing NHS Boards in setting budgets.

We intend to present at the Board away day of the 5th April 2016 further actions to address the remaining gap in order we are able to set a budget for both the Board and the IJBs, and submit an LDP straight after the Board Away Day.

Yours Sincerely

A rectangular box containing a handwritten signature in black ink that reads "Robert Calderwood".

Robert Calderwood
NHSGGC Chief Executive