



# Item No: 6

Meeting Date: Wednesday 7<sup>th</sup> November 2018

## Glasgow City Integration Joint Board

**Report By:** Sharon Wearing, Chief Officer: Finance and Resources

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### CORDIA TRANSFER UPDATE

<b>Purpose of Report:</b>	To update the Integration Joint Board in relation to the transfer of homecare and associated services to Glasgow City Council, managed through the HSCP from 29 September 2018 and on the due diligence review in relation to the transfer.
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<b>Background/Engagement:</b>	This report provides an update on the report to the Integration Joint Board on 19 September 2018.
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<b>Recommendations:</b>	<p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"><li>a) note the views of the Scottish Government in relation to the governance points raised;</li><li>b) agree to split the overspend on homecare services on a 50/50 basis with the Council for this financial year and the funding required going forward for 2019/20 onwards will be considered as part of the 2019/20 revenue budget exercise by the Council;</li><li>c) note that the above proposal if accepted by the IJB would utilise reserves on a non-recurring basis for 2018/19 financial year; and</li><li>d) note that the Council have confirmed they will meet the full cost of harmonisation and auto enrolment and the budget will be transferred to the IJB once the full implications for each service is known.</li></ul>
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### Relevance to Integration Joint Board Strategic Plan:

The homecare and associated services which are managed through the HSCP significantly contribute to the delivery of the Strategic Plan.
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**Implications for Health and Social Care Partnership:**

<b>Reference to National Health &amp; Wellbeing Outcome:</b>	Homecare and the associated services delivery of care supports achievement of all National Health and Wellbeing Outcomes.
<b>Personnel:</b>	There has been a significant number of employees currently employed and managed by Cordia who have transferred back to the Council to be managed through Glasgow City HSCP.
<b>Carers:</b>	Carers would continue to be supported by staff and managers of the homecare services.
<b>Provider Organisations:</b>	Homecare services are now managed through Glasgow City HSCP.
<b>Equalities:</b>	No impact.
<b>Financial:</b>	The forecast for the homecare service is currently projecting a £6.6m overspend for 2018/19. This report makes a recommendation on how this financial pressure should be managed this financial year and should be considered as part of the budget setting process for the Council in 2019/20.
<b>Legal:</b>	Care at home services are provided further to s12 of the Social Work (Sc) Act 1968, a mandatory delegated function. The services are now managed through the HSCP as directed by the IJB.
<b>Economic Impact:</b>	No impact.
<b>Sustainability:</b>	No impact.
<b>Sustainable Procurement and Article 19:</b>	No impact.
<b>Risk Implications:</b>	The Integration Joint Board's risk register has been updated to reflect the risk associated with the transfer of homecare and associated services to the GCHSCP's management.
<b>Implications for Glasgow City Council:</b>	Cordia care staff have transferred to GCC employment.
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None.

<b>Direction Required to Council, Health Board or Both</b>	Direction to:	
	1. No Direction Required	
	2. Glasgow City Council	✓
	3. NHS Greater Glasgow & Clyde	
	4. Glasgow City Council and NHS Greater Glasgow & Clyde	

## 1. Purpose

- 1.1 To update the Integration Joint Board in relation to the transfer of homecare and associated services to Glasgow City Council, managed through the HSCP from 29 September 2018 and on the due diligence review in relation to the transfer.

## 2. Background

- 2.1. The Glasgow City Convenor for Workforce presented a report on the Council Family Review 2018 to the City Administration Committee on 19 April 2018. This report recommended that the services currently delivered by Cordia be transferred back to the Council Family, and specifically that homecare and associated services should be transferred to the Council (Social Work Services) under the management of Glasgow City HSCP (GCHSCP).

- 2.2. The services that transferred are:-

- Home Care Services
- Supported Living
- Assessment and Review
- Community Alarms
- Equipu
- Transport and Support Services (TASS)
- Stairlifts/Ceiling Track Hoist Services
- Transport and Fleet Management
- Linguistics
- Associated Support Services

## 3. Role of the Integration Joint Board

- 3.1. The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of the functions conferred on it by the Act through locally agreed operational arrangements set out within the Integration Scheme.
- 3.2. Section 6 of the Integration Scheme sets out the local arrangements agreed by the Parties, including the responsibility of the IJB for operational oversight of integrated services, and through the Chief Officer, will be responsible for management of integrated services.
- 3.3. We have sought advice from the Scottish Government in relation to the Council's decision to bring homecare and associated services previously provided by Cordia back in house, with regard to the governance arrangements necessitated by the Public Bodies (Joint Working) (Scotland) Act 2014.

- 3.4. It is our view that the Glasgow City Integration Joint Board commissions those services from the Council and allocates the budget accordingly. Further, it is also our view that in the absence of a specific direction from the IJB as to how those services should be delivered, it is a matter for the Council to determine how to satisfy that Direction from the IJB – this having been via Cordia to 30 September 2018, and directly provided by the Council from that point onwards.
- 3.5. We asked the Scottish Government to confirm or correct our understanding of the arrangements as outlined in the above paragraph at 3.4, and their views as to whether both the Council and Glasgow City Integration Joint Board are acting within their respective remits in this regard.
- 3.6. We also sought their views as to any limitations on the Council's ability to make a decision which has a significant financial consequence on the IJB. As the IJB allocates to the Council via Direction the budget for homecare and associated services, we are unclear on the extent of the Council's ability to then make a unilateral decision around how those services will be delivered which places a significant financial burden on the IJB.
- 3.7. As it stands, the Council's decision to bring Cordia services in-house results in an overspend in the IJB's budget should the same level of service be delivered as at present. The Integration Scheme prescribes that where an overspend is projected, a recovery plan must be developed between the IJB, Council and Health Board "taking into account the nature and circumstances of the overspend." The Scheme does not however explicitly place a responsibility on either the Council or Health Board to fund any overspend incurred as a direct consequence of their own actions or decisions.
- 3.8. We asked for the Scottish Government's views and guidance as to whether the Council and IJB are acting within their respective limitations in financial terms in relation to the transfer of Cordia services back into Council control, and guidance as to next steps to resolve the issues both of financial governance and financial management which that decision presents.
- 3.9. The Scottish Government have advised that the decision made by Glasgow City Council to transfer Cordia staff into the direct employment of the Council from the previous arm's length LLP arrangement is a matter for the Council.
- 3.10. The Scottish Government have also advised that the effect on the IJB budget of the Council's decision, which will result in a material cost pressure this year and recurrently is certainly a matter for the IJB. IRAG guidance on budget setting is relevant here and we would expect the Council to take this cost pressure into account, along with the other activity and cost pressures and efficiency and performance targets when negotiating its 2019/20 allocation with the IJB. For the in-year 2018/19 pressure, the same principle would have applied had the decision

been taken earlier, so consequently, given that the decision was made by the Council after the budget was agreed, in full knowledge of the financial impact, we would expect the Council to seek to contribute to the recovery plan required by the Integration Scheme. The recovery plan will need to be approved by the IJB and the Council.

#### **4. Budget for Homecare and Related Services**

4.1. We previously advised that a report to the Cordia Board is projecting an overspend of £1.895m to the 29<sup>th</sup> September 2018 on the services which will transfer to the GCHSCP. However the overall financial position was an overspend of £0.632m.

4.2. Cordia previously delivered a range of services including Catering and Facilities Management. Financial performance was mixed across all services, with some budgeting a profit and others, such as those transferring to the management of the HSCP, budgeting at a loss. The Council's budget for 2018/19 also assumes a return of surplus from Cordia of £2.2 million, which consists of:-

Services transferring to Other Council Services - generate a surplus	-£4.0m
Services transferring to HSCP – generate a loss	<u>+£1.8m</u>
Net Surplus Returned to Council	<u>-£2.2m</u>

4.3. A key principle for the distribution was equity. The budgets have been fully disaggregated to all services, with the removal of profit and losses, where possible on a pro-rata basis. This is to ensure an equity of budget distribution and also to offer a transparent process in which to delegate budgets to the receiving Services. This has resulted in the HSCP budget being increased by £1.8m on a recurring basis to meet this budgeted loss, with other Council Services being reduced by £4m to remove the profit element of the services operated.

4.4. The forecast at this point in time is an overspend of £6.5m for homecare services in this financial year based on the current level of service continuing to operate, net of this additional contribution.

4.5. The proposal is that the Council and the IJB will split the overspend on homecare services on a 50/50 basis for this financial year as the basis of the recovery plan and the funding required going forward for 2019/20 will be considered as part of the 2019/20 revenue budget exercise by the Council.

4.6. If this proposal is accepted by the IJB, we would utilise reserves on a non-recurring basis for 2018/19 financial year.

- 4.7. As a result of the transfer of Cordia staff back to being employees of the council, there are additional costs linked to harmonisation and auto enrolment. Glasgow City Council has provided for the costs linked to this corporately. The Council have confirmed they will meet the full cost of harmonisation and auto enrolment and the budget will be transferred to the IJB once the full implications for each service is known.

## **5. Recommendations**

5.1 The Integration Joint Board is asked to:

- a) note the views of the Scottish Government in relation to the governance points raised;
- b) agree to split the overspend on homecare services on a 50/50 basis with the Council for this financial year and the funding required going forward for 2019/20 onwards will be considered as part of the 2019/20 revenue budget exercise by the Council;
- c) note that the above proposal if accepted by the IJB would utilise reserves on a non-recurring basis for 2018/19 financial year; and
- d) note that the Council have confirmed they will meet the full cost of harmonisation and auto enrolment and the budget will be transferred to the IJB once the full implications for each service is known.

## DIRECTION FROM THE GLASGOW CITY INTEGRATION JOINT BOARD

1	Reference number	071118-6-a
2	Date direction issued by Integration Joint Board	7 November 2018
3	Date from which direction takes effect	7 November 2018
4	Direction to:	Glasgow City Council only
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	No
6	Functions covered by direction	Homecare and associated services as outlined in section 2.2.
7	Full text of direction	<p>Glasgow City Council is directed to deliver Homecare and associated services, noting a 50% contribution to the 2018/19 forecasted overspend will be provided by the IJB, on the basis that Glasgow City Council provides the remaining 50% contribution.</p> <p>Glasgow City Council is directed to consider future funding requirements as part of the 2019/20 revenue budget exercise.</p>
8	Budget allocated by Integration Joint Board to carry out direction	The IJB delegates an additional £3.3m from reserves to support Homecare service delivery in 2018-19.
9	Performance monitoring arrangements	In line with the agreed Performance Management Framework of the Glasgow City Integration Joint Board and the Glasgow City Health and Social Care Partnership.
10	Date direction will be reviewed	1 April 2019