



Item No. 6

Meeting Date **Wednesday 9th May 2018**

Glasgow City Integration Joint Board

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

Contact: Sharon Wearing

Tel: 0141 287 8838

INTEGRATION JOINT BOARD FINANCIAL ALLOCATIONS AND BUDGETS UPDATE FOR 2018-2019

Purpose of Report:	To update the IJB on the budget for 2018-2019 and to direct the Health Board and Council to spend the budget in line with the Strategic Plan.
Background/Engagement:	In preparation for the 2018-19 revenue budget, transformational change programmes have been considered and approved by the IJB for Older People and Children's Services on the 8 November 2017 and Adult Services on 24 January 2018. These programmes will deliver savings in 2018-19 which will support the delivery of a balanced budget for the IJB.

Recommendations:	<p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> a) note the contents of the report; b) agree the update on the prescribing budget and the associated savings programme for 2018-19 as detailed at paragraph 2.4; c) agree and accept the delegated Budget from NHS Greater Glasgow & Clyde for 2018-19; d) delegate a budget to NHS Greater Glasgow & Clyde of : <ul style="list-style-type: none"> <li style="text-align: center;">Total Budget 2018-19 £653,321,000 <p>and direct that this budget is spent in line with the strategic plan of the Integration Joint Board;</p> <ul style="list-style-type: none"> e) note that the budget for set aside is still to be confirmed; f) agree to the savings programme at 3.2 to 3.4 which will deliver £0.59m in relation to the corporate savings;
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	<p>g) agree and accept the delegated Budget from Glasgow City Council for 2018-19; and</p> <p>h) delegate a budget to Glasgow City Council of :</p> <p style="text-align: center;">Total Budget 2018-19 £411,843,000</p> <p>and direct that this budget is spent in line with the strategic plan of the Integration Joint Board.</p>
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Relevance to Integration Joint Board Strategic Plan:

This report describes the financial allocation and budget made available to the Integration Joint Board for 2018/19 by the Health Board and Council; outlines the financial pressures on prescribing and the measures we will take to address the financial challenge in 2018-19 along with the proposals for the balance of the savings.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	The financial framework for the Partnership contributes to the delivery of the 9 national health and wellbeing outcomes that health and social care partners are attempting to achieve through integration.
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Personnel:	Staffing implications are highlighted where appropriate in the report.
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Carers:	The current shape of service provision across the system must move to one that also includes an increased use of technology enabled care and other support networks being deployed in care support not just for the service user but also for their unpaid carer.
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Provider Organisations:	Provider organisations will undoubtedly be impacted upon as proposals are developed in relation to 2018/19 and beyond and will be engaged as appropriate through the joint commissioning approaches of the HSCP
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Equalities:	No EQIA carried out as this report does not represent a new or revised plan, policy, service or strategy. EQIAs have been undertaken in respect of specific proposals for change to service delivery as indicated within transformational change proposals presented to the IJB.
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Financial:	Financial implications are detailed throughout this report.
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Legal:	The Chief Finance Officer's duties in Scotland require a balanced budget to be set. This is established in s108(2) of the
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	Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. Directions are being issued in line with the legislation.	
Economic Impact:	N/A	
Sustainability:	N/A	
Sustainable Procurement and Article 19:	N/A	
Risk Implications:	Delays in setting the budget may impact on the IJBs ability to achieve financial balance in 2018-19.	
Implications for Glasgow City Council:	The budget is required to be spent in line with the Strategic Plan and the approved directions.	
Implications for NHS Greater Glasgow & Clyde:	The budget is required to be spent in line with the Strategic Plan and the approved directions.	
Direction Required to Council, Health Board or Both	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. Background

- 1.1 The Health Board and Local Authority will delegate functions and make payments to the Integration Joint Board (IJB) 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 IJB will make decisions on integrated services based on the strategic plan and the budget delegated to it. The IJB will publish an Annual Financial Statement setting out the total resources included in the Strategic Plan. The IJB 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 1st April each year.
- 1.3 A previous report was brought to the IJB on the 21st March 2018 on the Financial Allocation and Budget for 2018-19. At that stage, the Council had allocated an interim budget to the IJB which the IJB conditionally accepted,

pending further discussion and work to be undertaken in relation to the allocation of Corporate savings and NHS Greater Glasgow and Clyde provided an interim budget position which was pending the formal budget offer awaited in April. This report provides an update on the budget.

2. Financial Allocation from NHS Greater Glasgow and Clyde Health Board

- 2.1 At the meeting on the 21st March 2018, the IJB received a report on the interim budget position, pending the formal budget offer in April 2018. At that point, the following areas were identified that required to be funded:

Pressures to be Funded	£ millions
Pay Uplift	4.615
Prescribing	5.401
Adults With Incapacity Beds	0.951
Care Home Bed Contract Uplift	0.300
Hospice Uplift	0.070
Sexual Health - PREP	0.300
Low Moss - Staffing	0.308
Total Pressures	11.945

- 2.2 The projected expenditure for prescribing in primary care is based on the previous year's prescribing expenditure adjusting for cost pressures: short supply, off patent savings, national guideline implementation, patient population changes and prescribing uplift based on cost & volume; this is offset by drug tariff adjustments, off patent savings and the prescribing savings plan.
- 2.3 Since then we have had a further update on the prescribing pressure with an improvement in the forecast to £3.13m as a result of a reduction in short supply. Glasgow City HSCP's expenditure is predicted to grow to £135.4m before prescribing savings are applied.
- 2.4 A Prescribing Summit has been held across all six partnerships chaired by the Chief Officer from Renfrewshire HSCP and the Pharmacy Lead for NHS Greater Glasgow & Clyde. The proposals for the savings plan have come from this work and are proposed to be rolled out across all six partnerships. The prescribing savings proposals are as follows:

Work Stream	Savings
Repeat Prescribing Processes and formulary compliance	-£1,094,226
Direct Oral Anti-Coagulant Prescribing	-£711,247
Care home medication processes and polypharmacy reviews	-£253,508
National Therapeutic Indicators & Additional Prescribing Measures	-£328,268
Respiratory Strategy	-£918,201
Diabetes Strategy	-£220,440

Pain Strategy	-£273,557
Prescribing Efficiencies identified across range of areas including `specials`	-£1,200,091
Reducing non formulary prescribing	-£273,557
Oral Nutrition (Care Home) Reviews	-£355,263
Oral Nutrition Review	-£295,483
Stoma and accessory sundry products	-£104,171
Continence	-£27,550
Wound Dressing and compression Bandages	-£176,590
TOTAL	-£6,232,152

2.5 With the prescribing efficiencies identified above this will reduce the projected expenditure to £129.19m leaving a cost pressure of £3.83m. The existing contingency for prescribing of £0.73m will reduce this to £3.10m.

2.6 With the volatility that is experienced with Off Patent Savings, Tariff Reductions and Short Supply, it is proposed that the balance of £2.271m be held in a contingency to deal with any financial pressures that may arise during the year with prescribing.

2.7 A formal budget offer was received on 1st May 2018 from the Health Board. The offer letter is attached at appendix A with a budget allocation of £653,321,400 delegated to the IJB. The budget offer is in line with the interim budget agreed by the IJB with the uplift for agenda for change posts to be confirmed.

2.8 In relation to the 2018/19 set aside budget for unscheduled care services consumed by the HSCP in Acute hospitals, we have been advised that it will be with us in due course as the calculations are currently being updated. The Health Board, HSCPs and Scottish Government colleagues are currently working together to review the basis for calculation using current activity levels and actual budgets and to agree details of how it will work in practice. At this point, it is proposed that this will remain a notional budget in 2018/19.

3. Financial allocation from Glasgow City Council

3.1 This report provides proposals for the IJB to consider in relation to the Corporate savings allocated to the IJB by Glasgow City Council. The £0.579m represents the allocation to Social Work and the Care element of Cordia budget delegated to the IJB. The allocation is as follows:-

Social Work	£339,000
Care element of Cordia	£240,000

3.2 In relation to the Social Work element, a review is underway in relation to the Assisted Garden Maintenance Service. The review was allocated a savings target of £250,000 and we are proposing that this saving is taken forward from 2019/20 with a report to the IJB in September with the details of how this

saving will be delivered as part of the output of the review. It is proposed that the IJB will cover the saving in 2018-19 from within its resources.

- 3.3 The savings balance of £89,000 is proposed to be met from staff turnover savings in the budget.
- 3.4 For the Cordia care element savings of £240,000, it is proposed that Cordia take forward proposals to deliver the savings within the care services funded by the IJB.
- 3.5 Subject to the IJB agreeing to the above proposals, this will allow the IJB to consider acceptance of the budget offer made by Glasgow City Council as per the letter and appendix attached at Appendix B.

4. Risk Register

- 4.1 The Integration Joint Board's risk register has been updated to reflect the risks in this report in relation to prescribing particularly in relation to short supply, tariff reductions and off patent savings.

5. Recommendations

- 5.1 The Integration Joint Board is asked to:

- a) note the contents of the report;
- b) agree the update on the prescribing budget and the associated savings programme for 2018-19 as detailed at paragraph 2.4;
- c) agree and accept the delegated Budget from NHS Greater Glasgow & Clyde for 2018-19;
- d) delegate a budget to NHS Greater Glasgow & Clyde of :

Total Budget 2018-19 £653,321,000

and direct that this budget is spent in line with the strategic plan of the Integration Joint Board;

- e) note that the budget for set aside is still to be confirmed;
- f) agree to the savings programme at 3.2 to 3.4 which will deliver £0.59m in relation to the corporate savings;
- g) agree and accept the delegated Budget from Glasgow City Council for 2018-19; and
- h) delegate a budget to Glasgow City Council of :

Total Budget 2018-19 £411,843,000

and direct that this budget is spent in line with the strategic plan of the Integration Joint Board.

DIRECTION FROM THE GLASGOW CITY INTEGRATION JOINT BOARD

1	Reference number	090518-6-a
2	Date direction issued by Integration Joint Board	9 May 2018
3	Date from which direction takes effect	9 May 2018
4	Direction to:	Glasgow City Council NHS Greater Glasgow and Clyde
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	Yes (reference number: 210318-7-a in relation to the Council)
6	Functions covered by direction	Budget 2018-19
7	Full text of direction	Glasgow City Council is directed to spend the delegated net budget of £411.843m in line with the Strategic Plan. NHS Greater Glasgow and Clyde is directed to spend the delegated budget of £653.321m in line with the Strategic Plan.
8	Budget allocated by Integration Joint Board to carry out direction	The budget delegated to NHS Greater Glasgow and Clyde is £653.321m and Glasgow City Council is £411.843m as per this report.
9	Performance monitoring arrangements	The budget will be monitored through standard budget monitoring arrangements.
10	Date direction will be reviewed	April 2019

Greater Glasgow and Clyde NHS Board

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Date: 1st May 2018
Our Ref: MW/JH

Enquiries to: Mark White
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Dear David

2018/19 Devolved Budget Allocation to Glasgow Health & Social Care Partnership

I am writing to set out the Board's allocation to the Health and Social care partnership for 2018/19. This proposal has been approved by the NHS Board at its meeting on 17 April 2018. The financial details of the allocation are included in appendix 1 to this letter.

The proposition, which has been agreed in principle with Chief Officers, has been drafted around the following key areas:

Legacy Unachieved Savings

The budget allocation is made on the basis that the HSCP will deliver recurrently its agreed share of the unachieved HSCP savings from 2015/16.

Annual Uplift

The budget allocation includes a 1.5% uplift on 2017/18 base budgets and any proportionate full year effect additional pay, mental health and alcohol and drug funding uplifts from Scottish Government for 2018/19. In addition, a further uplift for the Agenda for Change pay settlement will be confirmed in due course but a prudent indicative estimate is included in the financial schedule in appendix 1.

Prescribing

As previously agreed in 2017/18, the prescribing risk sharing arrangement will terminate with effect from 1st April 2018. The HSCPs have worked on this basis in planning for 2018/19 and the prescribing budgets will be allocated on the existing basis to HSCPs.

The Board will work together with Chief Officers to mitigate this, and more widely reduce the costs of drugs, through a series of actions including collaborating with other HSCPs across Scotland to proactively engage with the Scottish Government with the clear aim of establishing plans to reduce overall drug costs in 2018/19. This will include a clear focus on testing how improved national procurement can generate a cost advantage in year; and consideration of drug availability in 2018/19 in Scotland / locally with the joint aim that patient need is met, patient safety assured, effectiveness and evidence are prioritised but costs are reduced.

Joint Working

Shifting the balance of care remains a key commitment of the Board and the Integration Joint Boards. As such, Chief Officers will continue to work with the Board's Executive and Senior Management teams to identify any plans for delivery in 2018/19 that will appropriately accelerate service redesign and change as part of the emerging Moving Forward Together Health and Social Care Transformation Programme.

This programme is centred on ensuring a balanced and effective future system of health and social care services. These changes must sensibly and pragmatically connect the policy intentions set out in the Scottish Governments National Clinical Strategy, Health and Social Care Delivery Plan, link to the emerging

West of Scotland Regional Plan, to the emerging NHSGGC whole system Mental Health Strategy, to the implementation of the new GP contract and the local HSCP Primary Care Improvement Plans and to the NHSGGC Unscheduled Care Action Plan.

Set Aside Budget

The 2018/19 Set Aside Budget for unscheduled care services consumed by your HSCP in Acute hospitals will be advised to you in due course as the calculations are currently being updated. The Board is currently working with HSCPs and Scottish Government colleagues to review the basis for calculation using current activity levels and actual budgets and to agree details of how it will work in practice. This will remain a notional budget in 2018/19.

Corporate Recharges

The following items will continue to be recharged to the HSCP during 2018/19:

- The HSCP's proportional share of the Apprenticeship Levy based on your HSCP's payroll cost; and
- The HSCP's proportional share of the annual cost arising from the change in accounting treatment of pre 2010 pension costs as the non recurring funding generated from this change was used to provide non recurrent support to all service areas in 2016/17.

I hope this now enables the HSCP to finalise its financial plans for 2018/19.

Yours sincerely

Mark White
Director of Finance

Appendix 1 – Financial Allocation

Spend Categories	Glasgow Hscp
	£000s
Prescribing incl contingency& central methadone	133,580
Drugs	5,400
Non Pay	38,893
Pay - AFC	146,534
Pay- Sen Mgrs & Med & Dental	29,855
Purchase Of Healthcare	17,134
Resource Transfer	123,294
Savings	(2,910)
Family Health Services *	180,224
Total Expenditure	672,003
Fhs Income*	(8,787)
Other Income	(19,224)
Total Income	(28,011)
Net Total budget	643,991
Budget Eligible for HCH uplift	472,554.6
Uplifts - to be confirmed	
SG allocation to Boards @ 1.5%	7,088.3
AFC Pays uplift consequentials - TBC	2,242.0
Total expected Uplift (TBC)	9,330.3
Budget Allocation	653,321.4



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ITEM No 6
Appendix B

19 March 2018

David Williams
Executive Director Social Care Services/Chief Officer Glasgow City HSCP
Commonwealth House
32 Albion Street
Glasgow
G1 1LH

Dear David

In light of the budget approved by the Council on 22 February 2018 I can confirm that the Council's 2018-19 contribution to the Glasgow Health and Social Care Partnership amounts to £411,843,200 in relation to the comments contained within your strategic plan.

Yours sincerely

MORAG JOHNSTON
Acting Executive Director of Financial Services

GCC contribution to IJB

£

Social Work

Direct Exp	566,183,800
Direct Inc	174,950,400
Net direct (per SBW)	391,233,400

Social Work

Criminal Justice specific grant through settlement	13,691,000
Pay inflation 0.5% to be added	207,000
Auto enrolment	380,000
Corporate Savings	-409,000

Cordia

Pay Inflation	2,239,600
Auto Enrolment	476,600
Corporate Savings	-245,400

IJB Social Work spend 407,573,200

DRS (Aids & Adaptations) 2,000,000

LES (Assisted House Garden Maintenance) 1,290,000

Apprenticeship Levy 980,000

Total IJB Budget 411,843,200