

**Glasgow City
 Integration Joint Board
 Finance and Audit Committee**

Report By: Sharon Wearing, Chief Officer Finance and Resources

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UPDATE ON FINANCIAL PLANNING 2018-2021

Purpose of Report:	To provide an update on the current and future financial commitments of the IJB and the future financial plan.
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Background/Engagement:	As above.
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Recommendations:	<p>The IJB Finance and Audit Committee is asked to:</p> <ul style="list-style-type: none"> a) note the financial implications of the Older People's Residential and Day Care Capital Programme; b) note the update on the use of the contingency budget of the IJB; and c) consider and agree the financial planning assumptions for the IJB which will be reviewed and updated where required in the summer of 2018 once further information becomes available.
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Relevance to Integration Joint Board Strategic Plan:

The report provides an update on commitments and forward financial planning that relates to the financial schedule of the Strategic Plan.

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.
Personnel:	Not applicable
Carers:	Not applicable
Provider Organisations:	Not applicable at this stage
Equalities:	No EQIA carried out as this report does not represent a new or revised plan, policy, service or strategy.
Financial:	Financial implications are detailed throughout this report.
Legal:	<p>The Chief Finance Officer's duties in Scotland require a balanced budget to be set. This is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992.</p> <p>Directions are being issued in line with the legislation.</p>
Economic Impact:	N/A
Sustainability:	N/A
Sustainable Procurement and Article 19:	N/A
Risk Implications:	There is a risk that demand for services could be greater than the resources available.
Implications for Glasgow City Council:	Identifies planning assumptions for the delegated budget
Implications for NHS Greater Glasgow & Clyde:	Identifies planning assumptions for the delegated budget

1. Background

- 1.1 As we are approaching the end of the second year of the Integrated Joint Board (IJB), it is important that we take cognisance of the financial decisions taken to date that will impact in future years on the IJB's budget, along with an update on the latest position in relation to the financial settlement and looking at the financial planning assumptions in more detail over the next 5 years.

2. Older People's Residential and Day Care Programme

- 2.1 This is a major capital programme within the Council which has seen the replacement of 16 Residential Care Homes for Older People with 5 Care Homes for Older People, initially to provide residential care for the existing group of service users, with over time, the introduction of nursing care into the units enabling them to become a home for life.
- 2.2 The capital programme also includes the replacement of 6 day care centres for Older People across the city. The programme overall totals £108m in capital funding and within this revenue expenditure of £4.2m was used for Prudential borrowing within this programme which funded £68m of the capital.
- 2.3 The current programme has 3 new Care Homes operational at Hawthorn, Riverside and Orchard Grove along with the day care units at Castlemilk, Hawthorn, Orchard Grove and Wallacewell.
- 2.4 The new care home at Blawarthill is currently due for completion in April 2019. The new Care Home and Day Care unit at Leithland is currently due for completion in March 2019. The Day Care unit that is part of the new Woodside Health and Social Care Centre will be completed in October 2018.
- 2.5 Currently the balance of the revenue to fund the prudential borrowing sits within the social work ledger of the IJB. Currently this is £2m and will reduce as follows:

2018-19 - £ 0.4m
2019-20 - £ 1.1m
2020-21 - £ 0.5m

In 2019-20 and 2020-21 there will be funding required to fully fit out the new units which will cost in the region of £2.5m and it is proposed to earmark this funding within the reserves this year.

- 2.6 The running costs for the new units currently sit within the current revenue budgets.

3. IJB Contingency

3.1 The IJB established a contingency budget of £3.5m in 2016/17. As part of the budget process for 2017/18, additional funding of £600,000 was allocated to Direct Assistance to Care Leavers (section 29 payments) from contingency. Along with a commitment to pay £50,000 a year for two years for the Community Justice Transition Team. This leaves a balance of £2.85m currently.

3.2 The following commitments have been made against the contingency budget but still have to start spending;

Kinship Care Tender	£ 300,000
Safer Consumption Facility	£1,470,390
Archway/Sexual Assault Service	£ 305,000
Total	£2,075,390

3.3 The Kinship Care service is currently being procured and should be up and running next year and this budget will be allocated from 1st April 2018.

3.4 The IJB had committed to funding 3 years for the pilot of the safer consumption facility, whilst looking to identify potential funding for the longer term. The Scottish Government have announced an additional £20m for 2018/19, the detail of which is awaited. However, the Safer Consumption Facility will be our first priority for providing new services with the new funding.

3.5 The Scottish Government has announced New Standards which provide clarity on best practice so that anyone who has experienced rape, sexual assault or child sexual abuse, can receive the same high level of person centred care. The Scottish Government have announced that the standards will be backed by £0.25m of funding in the current financial year and a further £2million in 2018/19, to drive immediate improvements in the delivery of forensic medical examination services. We will negotiate with the Scottish Government to use our funding to enhance the staffing levels along with the extended hours of operation as previously approved by the IJB.

3.6 Currently the balance in contingency is £1,079,610. This will increase to £2.55m if new funding becomes available for the Safer Consumption Facility in 18/19 and up to £2.6m in 2019/20.

3.7 With not all the commitments made against the contingency budget spending in 2017/18, the budget is being used to pay the budget transfer to health for 2017/18, currently estimated at £1.4m to bring that element of the budget back on line. The partnership contribution to the new Mental Health Impatient beds of £200k has also been paid from here.

4. Forward Financial Plan

4.1 Discussions are ongoing in relation to the budget announced for 2018-19. At this point it is draft until it is approved by the Scottish Parliament in February 2018. The IJB will receive a report in March 2018 providing an update on the budget offer for 2018-19. There is still significant uncertainty over public sector funding particularly with the implications of any further announcements that could be made as part of the Scottish Government budget approval process.

4.2 From an NHS perspective we should assume the following inflation pressures over the next 3 years;

- Base budget uplift 1.5%
- Pay uplift 2.4%
- Contractual uplift 1.0%
- Prescribing uplift 6.0%

4.3 Based on these assumptions, this equates to:

	2019/20 £m	2020/21 £m	2021/22 £m
Base uplift 1.5%	- 7	- 7	- 7
Pay uplift	5	5	5
Contractual uplift	1	1	1
Prescribing uplift	9	10	10
Contingency / Pressures	1	1	1
Total	9	10	10

4.4 From a local authority perspective, the following uplifts to budgets are usually funded;

- Pay uplift (Social Work and Cordia Care) 2.4%
- Contractual uplifts for providers of care (3rd sector, independent sector) 3 to 3.5% and direct payments for Scottish Living Wage
- Uplift to free personal care and free nursing care 3%

4.5 The IJB is subject to legislation and regulatory changes which can have cost implications to implement. There are a number of areas which are likely to have financial consequences in future years:-

- Proposals to extend Free Personal Care to Under 65's
- Introduction of The Carers (Scotland) Act 2016

At this stage our financial planning assumes that any new statutory burdens which are implemented, including those highlighted above, are fully funded by the Scottish Government, although this is not guaranteed.

4.6 The IJB would normally be asked for a savings target to expect the budget delegated to the IJB to be reduced by. This year we have worked to 5% with the reduction now nearer 2.4%. For future years we should assume that pay uplifts and contractual uplifts for Scottish Living Wage are lightly to continue at the current levels.

4.7 Based on these assumptions, this equates to

	2019/20 £m	2020/21 £m	2021/22 £m
Net Funding Reduction (4%)	15	15	15
Contingency / Demand Pressures	5	5	5
Total	20	20	20

4.8 Based on the outcomes of the budget settlement announced for 2018-19, the following planning assumptions for savings should be followed;

	2019-20	2020-21	2021-22
Efficiency saving target	4% £29m	4% £30m	4% £30m

5. Recommendations

5.1 The IJB Finance and Audit Committee is asked to:

- a) note the financial implications of the Older People's Residential and Day Care Capital Programme;
- b) note the update on the use of the contingency budget of the IJB; and
- c) consider and agree the financial planning assumptions for the IJB which will be reviewed and updated where required in the summer of 2018 once further information becomes available.