
Report To: Inverclyde Integration Joint Board **Date:** 12 June 2017

Report By: Louise Long
Corporate Director, (Chief Officer)
Inverclyde Health & Social Care
Partnership **Report No:** IJB/21/2017/LA

Contact Officer: Lesley Aird **Contact No:** 01475 715381

Subject: FINANCE UPDATE 2017/18

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Integration Joint Board (IJB) with an update on the overall 2017/18 financial position.

2.0 SUMMARY

- 2.1 The IJB approved an indicative revenue expenditure budget for 2017/18 of £127.721m at its meeting of 14 March 2017 (£53.709m for Social Care and £74.012m for Health).
- 2.2 The indicative budget included some estimated figures around cost pressures and savings proposals. This report details the further work that has been done on those and provides updated figures, where available. These do not materially change the bottom line 2017/18 financial projections previously agreed.
- 2.3 The IJB accepted the funding offer from the Council for 2017/18 of £47.380m, however, concern was raised regarding the proposed Health Board funding for the IJB for 2017/18. After discussion, members noted the proposed Health funding and agreed that representations be made to the Health Board expressing the IJB's serious concerns regarding the proposed level of funding.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board:
1. Notes the updated position in relation to the 2017/18 Budget;
 2. Approves the proposed budget changes in relation to the use of the Social Care Fund, and
 3. Notes the position in relation to Health Board funding for 2017/18.

Louise Long
Corporate Director (Chief Officer)

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The IJB approved an indicative revenue expenditure budget of £127.721m at its meeting of 14 March 2017 (£53.709m for Social Care and £74.012m for Health services). The indicative budget contained some estimated figures around cost pressures and savings proposals. This report provides an update on some of those figures on which there is more certainty.
- 4.2 At the March meeting, concern was raised regarding the proposed Health Board funding for the IJB for 2017/18. After discussion, members noted the proposed Health funding and agreed that representations be made to the Health Board expressing the IJB's serious concerns regarding the proposed level of funding, requesting that the Health Board reconsider the proposed funding as a matter of urgency.

5.0 BUDGET PRESSURES AND SAVINGS UPDATE

- 5.1 As part of the 2017/18 Indicative Budget, the IJB agreed to set aside the balance of Social Care Fund monies, £0.389m, for Demographic and Other Pressures. This budget will be allocated out to specific budget lines as and when required during the year as pressures emerge. It is proposed that any other minor budget variances, such as those detailed below, could be offset against this budget until it is fully committed. See the table below in 5.7 for further information.

5.2 Prescribing

The actual uplift for 2017/18 will not be confirmed until the Prescribing Group has finalised its projections in late June. The previous GG&C wide estimate was £8.5m, with the Inverclyde share estimated to be £0.612m.

- 5.3 The initial split per IJB was based on budgeted usage in 2016/17. It is now more likely that the split will be based on actual usage for the year which is not yet finalised by the Prescribing Group. Since Glasgow had a significant underspend in 2016/17 and we were overspending this means our estimated costs are likely to increase slightly. Based the Period 9 figures this would be an extra £0.040m budget pressure for Inverclyde even if the total GG&C uplift remains at £8.5m. The final cost to Inverclyde will not be confirmed until GG&C have finalised the overall prescribing budget position in late June.

5.4 National Care Home Contract (NCHC) Uplift 2017/18

The NCHC uplift was originally budgeted at 4% but has now been confirmed at 2.8%, freeing up around £0.135m.

5.5 Living Wage

There is a separate paper to this meeting proposing the introduction of a minimum rate for providers of £15.25, linked to the delivery of the Living Wage commitments. The proposal would help to stabilise this external provider market. It is estimated that it will cost an additional £0.115m over and above what has already been budgeted for Living Wage.

5.6 Savings Delivery

There is an ongoing review of all savings plans. Where it is likely that a saving will not be deliverable alternative savings will be proposed and delivered to replace that. This may be the case for the two higher risk savings proposals from 2016/17, totalling £0.090m. Officers still hope to deliver these savings longer term but short term they were not deliverable within 2016/17 and it is proposed that they be replaced with other 2017/18 savings which have already been delivered in full. Further detail will be provided in the first formal monitoring report for 2017/18.

5.7 Independent Living Service – Equipment Budget

There is a separate paper to this meeting proposing an increased budget for Equipment

within Independent Living Services. Investment in this service helps to reduce hospital admissions, delayed discharges and improve the quality of life and safety for local people. The additional budget requested totals £0.100m.

5.8 Demographic and Other Cost Pressures

As per above, it is proposed that any minor budget changes be reported to the IJB for approval throughout the year and, where appropriate, are offset against the monies set aside in the Social Care Fund for 2017/18 for Demographic and Other Cost Pressures. The table below shows the current position and proposed changes outlined in this report for the IJB's approval:

	Original Agreed 2017/18 Budget £m	Proposed Revised 2017/18 Budget £m	Increase/ (Decrease) £m
Prescribing additional anticipated uplift	0.612	0.652	0.040
Reduced cost of NCHC inflation to 2.8%	0.430	0.295	(0.135)
Living Wage - cost of introducing minimum rates for providers	0.476	0.591	0.115
Independent Living Service – Equipment budget uplift	0.270	0.370	0.100
Demographic & Other Cost Pressures	0.389	0.269	(0.120)
TOTAL			0.000

5.9 General Virement

Finance staff, reviewing the 2017/18 Social Care budgets have identified a few areas where the previously agreed budget is not being fully utilised. It is proposed that these budgets be reduced on a recurring basis with the balance being vired to an IJB Contingency Fund to support in year activity and in year financial pressures. The full detail of the budgets affected would be brought to the IJB for formal approval as part of the next Financial Monitoring Report. There would be no impact on the bottom line.

5.10 Crosshill Children's Home

A report has been taken to the Council's Health & Social Care Committee outlining an anticipated budget pressure around the above capital project. It has been proposed that the budget pressure, £0.242m, be funded by the IJB through carried forward IJB reserves linked to the one off underspends on Social Care Fund projects.

5.11 Set Aside

The Set Aside budget is still a nominal figure within GG&C. For 2016/17 budget and year end purposes this has been confirmed as £16.439m. This will also be the proposed budget for 2017/18. Further work is being carried out by NHS GG&C to refine the set aside allocations to IJBs and link it more closely to actual historic activity and costings.

5.12 SWIFT Upgrade

As part of the 2016/17 Budget £0.116m was agreed as a one off investment to support the upgrade of the SWIFT system. SWIFT is the central information system currently used by most teams within the HSCP to record client information and look after billing and payment records.

5.13 Since this budget was agreed confirmation has been received from the system provider that

the system will no longer be available after 2020. This means alternative arrangements and systems will have to be sourced and put in place as soon as possible. It is proposed that the £0.116m be rebadged as SWIFT Replacement Project and used to cover some of the initial workload and costs of the SWIFT replacement. It is anticipated that further costs will be incurred. A full report will be brought to the IJB once more information is available on the matter.

6.0 PROPOSED HEALTH BOARD FUNDING 2017/18

- 6.1 As part of the 2017/18 Indicative Budget discussion, concerns were raised around the Health Board proposal that funding to IJBs for 2017/18 would be reduced to cover a £7.8m carried forward 2015/16 Partnership Saving that was delivered by the Health Board on a non-recurring basis in 2015/16 and again in 2016/17.
- 6.2 At an NHS Board meeting on 21 February, a motion was raised on the matter, the main issue being that the Scottish Government had mandated that IJBs should receive at least flat cash from Health Boards for 2017/18. By reducing the 2017/18 funding to cover the carried forward saving effectively the GG&C IJBs would receive a funding reduction rather than flat cash.
- 6.3 It was proposed that the Health Board should fund this rather than individual IJBs. The Health Board considered the matter and agreed that the Health Board would fund 55% of the £7.8m and IJBs should fund the remaining 45%, i.e. £3.5m, for Inverclyde which equated to £0.256m.
- 6.4 When this was discussed by the Inverclyde IJB as part of the budget setting process, the IJB did not accept this element of the proposed Health funding for the year. It was therefore agreed that officers would arrange for representations to be made to the Health Board expressing the IJB's serious concerns regarding the proposed level of funding and requesting the Health Board to reconsider the proposed funding as a matter of urgency. A copy of the letter, dated 19 April 2017, sent to the Health Board is enclosed at Appendix A.
- 6.5 To date there has been no formal response to the Inverclyde letter, although on 29th March 2017, the former Chief Executive of the Health Board did write out to all six IJBs prior to receiving the Inverclyde letter. His correspondence was on the matter in question. A copy of it is enclosed at Appendix B. The new GG&C Chief Executive was looking at the matter but we have not received any formal communications from her on it yet.
- 6.6 We will update the IJB as soon as any further information is available in relation to the matter.

7.0 IMPLICATIONS

7.1 FINANCE

All financial implications are discussed in detail within the report above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

LEGAL

7.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

7.3 There are no specific human resources implications arising from this report.

EQUALITIES

7.4 Where Providers increase wages, the Government will gain extra tax revenue and pay out less in welfare.

Increasing the income of low-paid workers will help to mitigate against some of the negative impact that economic deprivation has on health outcomes.

At a local level this also creates a level playing field, particularly within the Care at Home, Housing Support and Care Home market as employers will now be able to offer the same rates of pay.

Working within these important areas is more likely to be viewed as a positive career choice and this level of payment allows Providers to compete with other employers such as supermarkets who offer rates of pay at a minimum level and often less challenging working conditions.

In the medium to long term it is hoped that this impacts on the quality of care and support for service users due to less movement within the markets

7.4.1 Has an Equality Impact Assessment been carried out?

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YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None

Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

7.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

7.6 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	Effective financial reporting ensures resources are used in line with the Strategic Plan to deliver services efficiently

8.0 CONSULTATION

8.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer, the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

9.0 BACKGROUND PAPERS

9.1 None.

Health and Social Care Partnership
Corporate Director: Brian Moore



Our Ref: 25/2017/BM/AM

Your Ref:

Date: 19th April 2017

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Mr John Brown
Chairman of the NHS Board
Gartnavel Royal Hospital,
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Dear Mr Brown

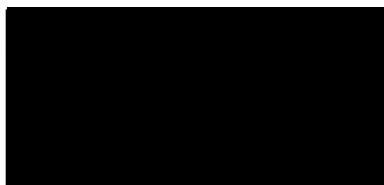
The IJB members request that I write to you on their behalf.

On 14 March 2017 the Inverclyde IJB considered and approved a paper on the 2017/18 indicative budget. As part of this the Inverclyde IJB agreed indicative 2017/18 expenditure budgets and a package of Health savings amounting to £1.326m to fund identified cost pressures for 2017/18.

In respect of the proposed Health Board funding for 2017/18, the considered view of the Inverclyde IJB was that the Health Board proposal for IJB's to fund any element of the £7.8m (related to carried forward 2015/16 undelivered savings) represents a cash reduction to the IJB and is therefore not in keeping with the Scottish Government letter of 15 December 2016 in which Christine McLaughlin made it clear that "NHS contributions to Integrated Authorities for delegated health functions **will be maintained at 2016/17 cash levels**". While the IJB appreciate the Board decision to reduce the £7.8m proposed funding change to £3.6m we would ask that the Health Board reconsider this on the basis of the Scottish Government budget instructions and reinstate this IJB funding on a recurrent basis.

The Inverclyde IJB has agreed an indicative 2017/18 expenditure budget and package of Health savings amounting to £1.326m to fund the identified cost pressures for 2017/18, excluding the share of the £7.8m outlined above.

Yours sincerely



Joe McIlwee
Chair Inverclyde IJB

Greater Glasgow and Clyde NHS Board

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Date: 29th March 2017
Our Ref: RC/LL025

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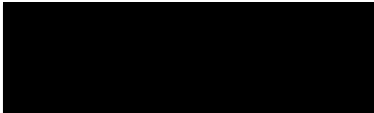
Dear Brian

Budget Allocations to Health and Social Care Partnerships for 2017/18

I refer to previous correspondence and the Board's subsequent decision on 21st February 2017 to allocate the £7.8m across the Board (Corporate and Acute Services) and the 6 Health and Social Care Partnership's (HSCPs) in 2017/18 on a pro rata basis to the Budget. The Board's Standing Orders do not allow a motion which contradicts a previous decision to be competent within a six month period. The Board's allocations to HSCPs from 1st April 2017 will therefore incorporate a deduction of £3.6m in accordance with the decision taken by the Board on 21st February 2017. I appreciate that HSCPs have not accepted this position and there will be ongoing discussions over the next few weeks which may ultimately require arbitration.

However, as the Accountable Officer for NHS Greater Glasgow and Clyde it is my expectation that as the Accountable Officer for your partnership you will operate within the budget offer from NHS Greater Glasgow and Clyde until such time the above matter is finally resolved.

Yours sincerely



Robert Calderwood
Chief Executive
NHS Greater Glasgow and Clyde