
Report To:	Health & Social Care Committee	Date:	28 February 2019
Report By:	Chief Financial Officer/Corporate Director, Inverclyde HSCP	Report No:	FIN/22/19/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Proposed Contribution to the IJB 2019/20		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee support for the contribution from Inverclyde Council to the Inverclyde IJB for 2019/20 subject to the final 2019/20 Budget decisions due to be taken by the Council on the 21 March, 2019.

2.0 SUMMARY

- 2.1 Each year the Council is required to advise the IJB of its proposed contribution for the forthcoming financial year and thereafter the IJB arrive at a decision as to whether to accept this contribution. If the contribution is agreed by the IJB then a "direction" is issued to the Council which thereafter delegates a budget back to the Council for delivery of the IJB outcomes.
- 2.2 As part of the 2019/20 draft Revenue Budget Settlement from the Scottish Government £148 million of extra funding was allocated for both new specific initiatives but also a general sum in recognition of continued pressures within the social care system from both a cost and demand perspective. This excludes £12m for School Counsellors which it is recommended us retained by the Council pending clarification on how this will be used. The settlement specified that each Councils share of the £148 million new funding should be added to the recurring 2018/19 Revenue Budget. For Inverclyde this sum us £2.46 million.
- 2.3 As part of the changes to the Local Government settlement agreed on the 31st January, it was agreed that Councils could reduce this sum by up to 2.2% of the Adult Social Care budget. For Inverclyde this equates to around £746,000.
- 2.4 If the Council were to ultimately agree to the proposal in Appendix 1 then it can be seen that there are still significant extra sums which will be allocated to IJB via the Council for Free Personal Care for the under 65's and the Carers Act plus an unallocated sum to meet ongoing demand and demographic pressures within the HSCP.
- 2.5 Any decision regarding the Councils contribution to the IJB in 2019/20 will be ultimately dependant on the final savings decisions taken by the Council on 21 March, 2019 but the support from the Health & Social Care Committee to the proposals in section 5.3 would assist the overall decision making process. Officers are satisfied that if agreed, they will be in a position to demonstrate to the Scottish Government that the Council has complied with the requirements set out in the Local Government Settlement.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the significant extra funding allocated to Councils to be spent on Social Care as part of the 2019/20 Budget but also note the condition attached.

- 3.2 It is recommended that the Committee support the proposals set out in the 5.3 and illustrated in Appendix 1 to mitigate the impact elsewhere in the Council Budget arising from the conditions set by the Scottish Government.

- 3.3 It is recommended that the Committee agree that the Corporate Director, Inverclyde & Social Care Partnership engage with the IJB regarding the draft proposals subject to the final decision of the Council on 21 March,2019

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 As part of the overall budget approval the Council will require to agree the proposed contribution to Inverclyde IJB for 2019/20 thereafter the IJB will require to approve its 2019/20 Budget and within that the contribution it requires from the Council. The Chief Officer, Inverclyde HSCP and the Chief Financial Officers of both the Council and the IJB have been working closely together to ensure that the budget process runs as smoothly as possible and this is even more relevant given the likely proximity of the Budget setting day to the start of the next financial year.
- 4.2 The draft Local Government Finance Settlement received in December 2018 allocated significant extra funding of £148 million to Councils to be spent on a combination of new policy initiatives e.g. Carers Act and Free Personal Care for the under 65s but also allocated a sum for general demographic and demand pressures. This extra funding however was conditional on the fact that Council contributions to IJBs must be no less than the 2018/19 recurring Budget plus the Councils share of this extra sum which in the case of Inverclyde is approximately £2.46 million.
- 4.3 As part of the changes to the Local Government settlement agreed on the 31st January, it was agreed that Councils could reduce this sum by up to 2.2% of the Adult Social Care budget. For Inverclyde this equates to around £746,000.

5.0 PROPOSALS

- 5.1 Were the Council to simply add £2.46 million to the existing 2018/19 Revenue Budget then it would increase further the significant funding gap which the Council is currently facing and mean that the full funding gap has to be closed by the remaining two Directorates. As such Officers are proposing a number of actions which will reduce the impact elsewhere on the Council's Budget. This will still comply with the Scottish Government requirements and give the Inverclyde IJB a level of funding which is appropriate in the context of the overall Local Government Settlement.
- 5.2 Appendix 1 provides a summary of the overall calculation which, subject to clarification of the final Local Government Settlement, Pay Award and savings demonstrates that the Council has met the requirement of the Scottish Government.
- 5.3 The specific proposals are set out below and it is requested that the Committee support for the proposed treatment as follows:
 - a) **2019/20 Non Pay inflation** – It is proposed that no further funding is allocated by the Council towards the non-pay inflation pressures and that these will all be met from the extra funding. It is estimated that these costs will be somewhere between £750,000 and £850,000. The largest single item within this will be the National Care Home contract annual uplift with the increase in Provider rates for the Living Wage forming another substantial sum.
 - b) **2019/20 Pay Inflation** – The Council has previously committed to meet the full cost of the 2018/19 Pay Award and it is proposed that this commitment is honoured albeit the current offer is well in excess of the amount envisaged when the Council entered into this commitment. It is however proposed that the 2019/20 Pay Award including the Living Wage uplift is met from within the extra funding allocated to the HSCP. In the event that the Pay Award is in excess of the current 3% offer then it is proposed that this is also contained by the HSCP.
 - c) **Approved Savings** – The full year effect of a number of savings agreed in March 2018 are due to be delivered in 2019/20. For the purpose of calculating the 2018/19 recurring budget it is proposed that these sums are removed as the decision to take these pre dated the December 2018 Scottish Government Draft Local Government Settlement for 2019/20. In the same way it is proposed that other efficiencies/savings decisions taken prior to the December 2018 Draft Budget announcement are also excluded when calculating the recurring the 2018/19 Budget.

- d) **Pay and Grading Model** – It is proposed that the impact of the implementation of the pay and grading model (on the assumption that it is implemented in 2019/20) is met by the Council.
- e) **2019/20 New Savings** – No decision has been taken on further savings to be made by the HSCP in 2019/20 and presently there are 3 savings totalling £249,000 which Members are considering. The impact of any of these savings being taken will need to be factored into the calculation prior to demonstrating to the Scottish Government that the Council has adhered to tit's conditions.

5.4 Overall it can be seen from Appendix 1 that on the basis that the proposals in the above paragraph are approved then this leaves approximately £254,000 of unallocated recurring funding for the IJB to meet additional pressures/demand.

6.0 IMPLICATIONS

6.1 Finance

The proposals in this paper have been considered by the Members' Budget Working Group on 28 January who support the proposals in 5.3. In the event that these proposals were not agreed then the funding gap and the pressure on the other two Directorates would increase commensurately.

Financial Implications:

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 (if Applicable)	Other Comments
Revenue Budget	Pay Inflation		(805)		Reduction in the Councils Pay Inflation allowance for 2019/20.
	Non-Pay Inflation		(497)		Reduction in the Councils non-pay inflation allowance for 2019/20.

6.2 Legal

There is a specific statutory requirement which has to be complied with by the Council in respect of providing funding to the IJB and the proposals within this report will meet that requirement.

6.3 Human Resources

There are no HR implications arising from this report.

6.4 Equalities

Has an Equality Impact Assessment been carried out?

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.

6.5 Repopulation

There are no are no repopulation issues arising from this report.

7.0 CONSULTATIONS

7.1 In preparing this report the Chief Officer Inverclyde HSCP and the 2 Chief Financial Officers have worked closely together on an open book basis. All 3 Officers would recommend the proposals within this report for approval. In addition the MBWG and CMT support the proposals in this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 None

2019/20 Council Contribution to the IJB

1/ Minimum contribution per Government conditions

	£000	Comments
2018/19 Budget	48,154	Before 2018/19 Pay Award
less: Savings Agreed March 2018	(973)	Not recurring spend in 18/19
Savings Agreed November 2018	(187)	Not recurring spend in 18/19
add: Share of £146 million	2460	
less: 2.2% of Adult Social Care Budget	(746)	
2019/20 minimum contribution	<u>48,708</u>	

2/ 2019/20 Contribution, current position

	£000	Comments
2019/20 Base Budget	47,206	Before 18/19 Pay Award
add: FPC Under 65 (£30 million)	429	Confirmed 22/2/19
Carers Act (£10 million)	172	
3% Pay Award	805	To be agreed by TUs
Non-Pay Inflation Allowance	800	Estimate based on 18/19
Unallocated balance	254	Balance of £1.859 million
	<u>49,666</u>	
add: Share of Pay & Grading Costs	200	Estimate - to be confirmed
	<u>49,866</u>	
less: 3% Charges increase	(20)	Approved 5/2/19 P&R Committee
Feb P&R Adjustment	(19)	Allocate current costs to Under 65 monies
2019/20 savings	(249)	(Note c)
Advice Services EMR Funding	88	
	<u>49,666</u>	

Note - £49.666 million represents an increase of:

- a) 3.14% on 2018/19 Budget
- b) 5.69% increase on 2018/19 Recurring Budget (£46.994m)
- c) Maximum savings that Members are considering.

AP/LA
19/2/19