
Report To: Inverclyde Integration Joint Board **Date:** 20 June 2016

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Inverclyde Health & Social Care Partnership **Report No:** IJB/36/2016/BM

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Subject: INTERIM BUDGET 2016/17

1.0 PURPOSE

- 1.1 The purpose of this report is to set an interim budget for the Inverclyde Integration Joint Board (IJB) for 2016/17 to spend the budget in line with the Strategic Plan.

2.0 SUMMARY

- 2.1 This report outlines the funding that Inverclyde Council has agreed to delegate to the IJB and the indicative funding from Greater Glasgow & Clyde (GG&C) Health Board for 2016/17.
- 2.2 The Health Board meets on 28 June to agree the GG&C 2016/17 Budget. Following this the Inverclyde budget proposals will be finalised for consideration and approval at the 18 August IJB meeting.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board:
1. Notes the contents of this report;
 2. Agrees an interim net budget of £50.084m to Inverclyde Council and directs that this funding is spent in line with the Strategic Plan;
 3. Notes that the Health Board budget is not yet approved and that only an indicative budget is available at this time which includes an unidentified savings target;
 4. Agrees an interim budget of £73.073m which excludes the "set aside" budget to NHS Greater Glasgow and Clyde and directs that this funding is spent in line with the Strategic Plan; and
 5. Note that a further report on the budget and due diligence process will be required in August 2016 when a finalised contribution from the Health Board will have been confirmed.

4.0 BACKGROUND

- 4.1 From 1 April 2016 the Health Board and Council have delegated functions and are making payments to the IJB in respect of those functions as set out in the integration scheme. The Health Board will also “set aside” an amount in respect of large hospital functions covered by the integration scheme.
- 4.2 The IJB will make decisions on integrated services based on the strategic plan and the budget delegated to it. Once the resources to be delegated have been determined the IJB will publish an Annual Financial Statement setting out the total resources included in the Strategic Plan and 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.

5.0 FUNDING ALLOCATION FROM INVERCLYDE COUNCIL

- 5.1 The Local Government Finance (Scotland) Order 2016 was approved by the Scottish Parliament on 25 February 2016. Three key commitments were identified to be funded through the 2016/17 settlement. One relates to the additional £250m funding provided through the Health Board to support the development of Integration Joint Boards and specifically to make progress on charging thresholds for all non-residential services to address poverty and introduce the living wage for all social care workers as a key step to improving the quality of social care. The other two commitments relate to pupil teacher ratios and maintaining the council tax freeze.
- 5.2 Any Council which did not accept the complete package of commitments would not receive its share of the available funding. The Scottish Government is to review the delivery of these commitments during 2016/17 and has reserved the right to remove access to or recover that element of additional funding support related to each specific commitment on a proportional basis if any council fails to deliver any element of the commitment. Inverclyde Council has formally agreed to these commitments.
- 5.3 On 10 March 2016, the Council agreed its budget for 2016/17. Included within this, the Council agreed £48.815m to be designated as the Council’s contribution to the IJB in line with the Integration Scheme. The estimated cost in 2016/17 of providing these services is £50.084. The balance of £1.269m is to be funded by the IJB contribution for social care pressures as part of the £250m additional funding referred to in paragraph 5.1 above. Inverclyde’s share of the £250m is £4.449m.
- 5.4 The proposed interim budget for Social Care services and confirmed Inverclyde funding is detailed in Appendix 2. This includes £1.936m of additional funding in respect of:
 - Older People demand pressures;
 - Additional Kinship Care funding;
 - Salary and other inflation;
 - Impact of the Living Wage, and
 - Other cost pressures.

£1.639m of savings previously considered and agreed by the Council including:

 - Service redesign to reduce costs in some areas;
 - Increased staff turnover targets;
 - 2% topslice on some discretionary spend budgets, and
 - Targeted Income growth.

£1.269m of IJB funding from the Inverclyde share of the £250m Social Care Fund.
- 5.5 The services within the Strategic Plan reflect the budget delegated by the Council. The net budget direction to the Council may be updated during the year.

6.0 FUNDING ALLOCATION FROM GREATER GLASGOW & CLYDE (GG&C) HEALTH BOARD

- 6.1 The Health Board will not formally approve its budget for 2016/17 until 28 June 2016, although the draft Local Development Plan, containing the budget, was considered at a Board seminar on 31 May 2016.
- 6.2 The effect of this is that it will not be possible for the Integration Joint Board to consider a finalised budget for 2016/17 from the Health Board until the next meeting of the IJB on 18 August 2016.
- 6.3 This should not materially affect the activity of the Health and Social Care Partnership in either planning or operational terms. The Strategic Plan has been consulted upon and considered and the Partnership is working to it. The obvious risk remains that the indicative budget provided by NHSGGC proves to be greater than the actual allocation after 28 June 2016. While the IJB would not formally be able to consider such a position until its next meeting on 18 August 2016, the Chief Officer and Chief Financial Officer will be addressing any shortfalls from 28 June 2016 and will keep the Chair and Vice Chair briefed as required in the interim.
- 6.4 The Health Board has identified the need to deliver cash releasing savings of £69m in 2016/17, of this £20m is expected to be delivered through Health & Social Care Partnerships. Work is ongoing to finalise plans to deliver these savings through a series of Board wide initiatives. For Inverclyde the current confirmed local savings target is £0.324m which is made up of:
- Workforce savings through removal of vacancies and other initiatives.
 - Savings within the Alcohol & Drug Partnership as part of a GG&C wide initiative.
 - Savings within Public Health Improvement and Health Visiting as part of GG&C wide initiatives.
- It is anticipated that further savings will be required from Inverclyde during 2016/17 but it is not known at this stage what this value might be.
- 6.5 GG&C received a 1.7% funding uplift for 2016/17 which Inverclyde will be entitled to a share of. The value of this for Inverclyde has not been confirmed at this time so the uplift is therefore not reflected in the enclosed figures.
- 6.6 The enclosed interim budget excludes the “set aside” budget for large hospital services as this is still to be confirmed by GG&C.
- 6.7 The proposed interim budget for Health services and indicative GG&C funding is detailed in Appendix 3.

7.0 UNALLOCATED BALANCE OF SOCIAL CARE FUNDING

- 7.1 At this time £3.18m of the Social Care Fund (£250m) has not been allocated; part of this will be required in 2017/18 to fund the full year effect of the Living Wage. Once the partner budget contributions have been confirmed this will form part of the final budget proposal for the IJB to consider on 18 August along with the Annual Financial Statement and due diligence report.

8.0 NEXT STAGES

- 8.1 One of the aspirations of the legislation is for HSCPs to move towards an integrated budget between the health and social care allocations from Health Boards and Councils respectively. However, for 2016/17, the budget setting process for both the Council and Health Board have been undertaken separately as has historically been the case.

- 8.2 This has required two entirely separate efficiency exercises within the Council and Health Board to consider savings proposals against partner determined targets. Within the Health Board a process was introduced for 2016/17 of whole system planning across the six Partnerships, Acute and Corporate which has equated to all members of the NHS corporate team aiming to achieve consensus on reform proposals before progressing via the Health Board and then partnership governance routes.
- 8.3 The inherent structural problem with these approaches are:
- it reinforces the separateness of the budgets and therefore makes integration of services (and budget) more difficult, and
 - secondly, it maintains the current system of redesigning services substantially as a consequence of budget cuts, as opposed to a transforming of services in a proactive way because of the integration agenda and through which meaningful efficiencies can be delivered.
- 8.4 The Integration Joint Board needs to move towards a position where it is setting the agenda for transformational change in anticipation of the annual budget setting processes of the Health Board and Council but doing so in partnership with the Health Board and Council respectively. In short, the IJB, alongside the Health Board and Council, should be in a position to have already identified most of the changes it wishes to make within its annual directions to the Health Board and Council prior to allocations of budgets by those two bodies.
- 8.5 There is a requirement on Chief Officers to cooperate with each other to ensure effective sharing and transparency on change programmes with a view to ensuring clinical integrity is maintained across the Board area. In that respect there are established arrangements across NHS system wide change programmes that have both modernised services and delivered significant cash releasing efficiencies in relation to a variety of services, including mental health, addictions and specialist children's services.
- 8.6 Whilst delivering for the Integration Joint Board, it is important that the transformation and financial efficiency process, outlined above, is appropriately connected to the wider Local Authority and NHS service and financial planning systems. In that respect the HSCP will participate in a range of partnership arrangements to ensure that:
- Inverclyde HSCP requirements are adequately reflected in wider system service and financial planning arrangements
 - the resources and expertise within the Inverclyde HSCP make a positive contribution to these system wide arrangements, and
 - the outputs from the Inverclyde program are shared when there is potential for system wide application.
- 8.7 This approach would reinforce the benefits of:
- Working in partnership and focusing on place based solutions consistent with locality planning.
 - Designing services around our citizens and communities.
 - Improving outcomes and reducing costs.
 - Prioritising early intervention and prevention by way of effective engagement with the third and independent sector.

9.0 IMPLICATIONS

9.1 Finance

The IJB is being asked to set an interim budget at this stage in line with the recommendations 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

- 9.2 The IJB is only able to set an interim budget at this stage with a final budget being set by the end of August 2016.

Human Resources

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

Equalities

- 9.4 There are no equality issues within this report.

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.

Repopulation

- 9.5 There are no repopulation issues within this report.

10.0 CONSULTATION

- 10.1 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.

11.0 BACKGROUND PAPERS

- 11.1 None.

INVERCLYDE HSCP**DRAFT REVENUE BUDGET 2016/17**

SUBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
Employee Costs	47,446	546	(951)	47,041	(0.85%)
Property Costs	1,929	(242)	(18)	1,669	(13.48%)
Supplies & Services	62,818	1,162	(980)	63,000	0.29%
Prescribing	17,422	0	0	17,422	0.00%
Resource Transfer (Health)	9,203	0	0	9,203	0.00%
Income	(15,634)	470	(14)	(15,178)	(2.92%)
Contribution to Reserves	0	0	0	0	0.00%
	123,184	1,936	(1,963)	123,157	(0.02%)

OBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
Planning, Health Improvement & Commissioning	2,772	40	(245)	2,567	(7.40%)
Older Persons	21,997	856	(75)	22,778	3.55%
Learning Disabilities	7,196	78	(389)	6,885	(4.32%)
Mental Health - Communities	4,385	79	(33)	4,431	1.05%
Mental Health - Inpatient Services	8,035	0	(100)	7,935	(1.24%)
Children & Families	13,257	586	(410)	13,433	1.33%
Physical & Sensory	2,174	36	(148)	2,062	(5.15%)
Addiction / Substance Misuse	2,983	43	(161)	2,865	(3.96%)
Assessment & Care Management / Health & Community	5,917	4	(125)	5,796	(2.04%)
Support / Management / Admin	4,799	56	(197)	4,658	(2.94%)
Criminal Justice / Prison Service **	0	0	0	0	0.00%
Homelessness	675	158	(59)	774	14.67%
Family Health Services	20,865	0	(21)	20,844	(0.10%)
Prescribing	17,422	0	0	17,422	0.00%
Resource Transfer	9,203	0	0	9,203	0.00%
Change Fund	1,504	0	0	1,504	0.00%
Contribution to Reserves	0	0	0	0	0.00%
Unallocated Funds		3,180		3,180	
HSCP NET EXPENDITURE	123,184	5,116	(1,963)	126,337	2.56%

** Fully funded from external income hence nil bottom line position.

PARTNERSHIP FUNDING/SPEND ANALYSIS	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
Share of £250m funding for 2016/17	0	4,449	0	4,449	100.00%
NHS Contribution to the IJB	73,397	0	(324)	73,073	(0.44%)
Council Contribution to the IJB	49,787	667	(1,639)	48,815	(1.95%)
HSCP NET INCOME	123,184	5,116	(1,963)	126,337	2.56%
NHS Expenditure on behalf of the IJB	73,397	0	(324)	73,073	(0.44%)
Council Expenditure on behalf of the IJB	49,787	1,936	(1,639)	50,084	0.60%
Unallocated Funds	0	3,180		3,180	
HSCP NET EXPENDITURE	123,184	5,116	(1,963)	126,337	2.56%
HSCP SURPLUS/DEFICIT	0	0	0	0	0.00%

SOCIAL WORK**DRAFT REVENUE BUDGET 2016/17**

2015/16 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional/ (Realigned) Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
	SOCIAL WORK					
25,148	Employee Costs	25,837	546	(659)	25,724	(0.44%)
1,356	Property costs	1,430	(242)	(18)	1,170	(18.18%)
875	Supplies and Services	754	(10)	(16)	728	(3.45%)
473	Transport and Plant	371	(29)	(4)	338	(8.89%)
911	Administration Costs	790	(88)	(44)	658	(16.71%)
35,061	Payments to Other Bodies	34,999	1,289	(884)	35,404	1.16%
(14,488)	Income	(14,394)	470	(14)	(13,938)	(3.17%)
49,336	SOCIAL WORK NET EXPENDITURE	49,787	1,936	(1,639)	50,084	0.60%

2015/16 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional/ (Realigned) Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
	SOCIAL WORK					
1,755	Planning, Health Improvement & Commissioning	1,848	40	(157)	1,731	(6.33%)
22,193	Older Persons	21,997	856	(75)	22,778	3.55%
6,709	Learning Disabilities	6,638	78	(389)	6,327	(4.69%)
961	Mental Health	1,071	79	(33)	1,117	4.30%
10,102	Children & Families	10,513	586	(410)	10,689	1.67%
2,033	Physical & Sensory	2,174	36	(148)	2,062	(5.15%)
1,028	Addiction / Substance Misuse	1,081	43	(86)	1,038	(3.98%)
2,097	Business Support	2,146	56	(197)	2,005	(6.57%)
1,574	Assessment & Care Management	1,644	4	(85)	1,563	(4.93%)
0	Criminal Justice / Scottish Prison Service	0			0	0.00%
884	Homelessness	675	158	(59)	774	14.67%
49,336	SOCIAL WORK NET EXPENDITURE	49,787	1,936	(1,639)	50,084	0.60%

2015/16 Actual £000	COUNCIL CONTRIBUTION TO THE IJB	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
49,336	Council Contribution to the IJB	49,787	667	(1,639)	48,815	(1.95%)

	Balance to be funded by the IJB	0	1,269	0	1,269	
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HEALTH**DRAFT REVENUE BUDGET 2016/17**

2015/16 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
	HEALTH					
21,852	Employee Costs	21,609		(292)	21,317	(1.35%)
499	Property	499			499	0.00%
4,806	Supplies & Services	5,039			5,039	0.00%
20,865	Family Health Services (net)	20,865		(32)	20,833	(0.15%)
17,422	Prescribing (net)	17,422			17,422	0.00%
9,203	Resource Transfer	9,203			9,203	0.00%
(1,240)	Income	(1,240)			(1,240)	0.00%
73,406	HEALTH NET EXPENDITURE	73,397	0	(324)	73,073	(0.44%)

2015/16 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
	HEALTH					
2,625	Children & Families	2,744			2,744	0.00%
4,115	Health & Community Care	4,273		(40)	4,233	(0.94%)
2,447	Management & Admin	2,653			2,653	0.00%
518	Learning Disabilities	558			558	0.00%
1,858	Addictions	1,902		(75)	1,827	(3.94%)
2,994	Mental Health - Communities	3,314			3,314	0.00%
9,035	Mental Health - Inpatient Services	8,035		(100)	7,935	(1.24%)
821	Planning & Health Improvement	924		(88)	836	(9.52%)
1,503	Change Fund	1,504			1,504	0.00%
20,865	Family Health Services	20,865		(21)	20,844	(0.10%)
17,422	Prescribing	17,422			17,422	0.00%
9,203	Resource Transfer	9,203			9,203	0.00%
73,407	HEALTH NET EXPENDITURE	73,397	0	(324)	73,073	(0.44%)

2015/16 Actual £000	HEALTH CONTRIBUTION TO THE IJB	Approved Budget 2015/16 £000	Additional Funding 2016/17 £000	Savings 2016/17 £000	Proposed Budget 2016/17 £000	Percentage Increase/ (Decrease)
0	Share of £250m Funding	0	4,449		4,449	100.00%
73,407	NHS Contribution to the IJB	73,397		(324)	73,073	(0.44%)