

AGENDA ITEM

6



Title/Subject: Integration Joint Board Revenue Budget 2017/18
Meeting: Integration Joint Board
Date: 30 March 2017
Submitted By: Chief Finance Officer
Action: For Decision

1. INTRODUCTION

- 1.1 This report details the 2016/17 projected out-turn and anticipated impact on reserves. In addition it sets out the Falkirk Integration Joint Board Revenue Budget for 2017/18 and areas for the IJB members to consider.
- 1.2 The IJB's budget represents the resources available to deliver the priorities of the Partnership's Strategic Plan.

2. RECOMMENDATION

The Integration Joint Board is asked to:

- 2.1 note the 2016/17 projected outturn and estimated remaining amount of Integration Funding as detailed in Section 4
- 2.2 note the budget considerations as detailed in Section 5 and that the proposed payments from Falkirk Council and NHS Forth Valley for 2017/18 are compliant with the terms of the Scottish Budget
- 2.3 agree, subject to NHS Forth Valley approving its Financial Plan on 28 March, the initial 2017/18 Partnership Budget as summarised in Table 4
- 2.4 note that it is projected that there is reasonable confidence that there is sufficient funding from the payment from Falkirk Council and use of the Integration (Social) Care fund to meet project costs in Adult Social Care including the costs of the Scottish Living Wage as set out in section 4.4
- 2.5 note the significant risks in the savings proposals relating to the in-scope NHS budgets as detailed in section 6
- 2.6 approve Carers Information Strategy funding to be made available on the same basis as in 2016/17 subject to the conditions set out at section 7.5
- 2.7 approve the proposed payments to external bodies from Falkirk Council as detailed in section 8.2

- 2.8 remit the Leadership Group to review the NHS Forth Valley savings proposals for Third sector organisations and submit a report with recommendations to the IJB meeting in June 2017 as set out in section 8.5
- 2.9 note the anticipated value of reserves in 2017/18 described in section 9
- 2.10 subject to agreement of the IJB Revenue Budget for 2017/18, approve the issuing of directions to Falkirk Council and NHS Forth Valley as set out in section 11
- 2.11 note the key financial risks for the partnership and that the IJBs strategic risk register will be updated as noted in section 12.2
- 2.12 remit the Leadership Group, via the Chief Officer, to bring forward a budget recovery plan to the June IJB meeting as at section 13.3

3. BACKGROUND

- 3.1 As part of the process of developing the IJB budget for 2017/18 the IJB has previously considered updates on the development of the budget and associated issues at their meetings on 18 November 2016 and 3 February 2017.
- 3.2 In line with Section 8 of the Integration Scheme the IJB are required to consider their revenue budget for the forthcoming financial year by 31 March each year.
- 3.3 The IJB was briefed at its meeting of 3 February 2017 on the key elements of the Scottish Budget, as they relate to the constituent authorities and the IJB. These key elements are:
 - NHS Board contributions to Integration Authorities for delegated health functions will be maintained at least at 2016/17 cash levels (also referred to as 'flat cash').
 - Local Authorities will be able to adjust their allocations to Integration Authorities in 2017/18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016/17. The share of the £80m was calculated using a national formula which is a mix of NRAC and GAE formulae for NHS Boards and Local Authorities. The Falkirk share of the £80m is £2.27m. This was set out in Scottish Government correspondence (Appendix 1).
 - £107m will be transferred from NHS Boards to Integration Authorities to support continued delivery of the Living Wage, sustainability in the care sector, disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of the new carers' legislation. This was set out in Scottish Government correspondence (Appendix 2). £100m of this resource has been included in NHS Board 2017/18 baseline budgets with the additional £7m to be allocated later. Falkirk IJBs share of these funds is detailed in Table 1 below.

Table 1: 2017/18 Additional Integration (Social Care) Funding Allocation

| | |
|--|---------------|
| Living Wage, Sustainability and Sleepovers | £2.84m |
| Disregarding War Pension Income from Financial Assessments and Pre-Implementation for Carers Act | £0.20m |
| TOTAL | £3.04m |

4. 2016/17 PROJECTED OUTTURN

- 4.1 The financial position has continued to improve since the position reported to the 3 February IJB meeting.
- 4.2 Table 2 below illustrates the projected financial position based on the February 2017 reports.

Table 2: Summary Partnership Financial Position 2016/17

| SUMMARY FINANCIAL POSITION | Projected Overspend @ 30 Nov 2016 | Projected Overspend @ 28 Feb 2017 | Movement |
|---|--|--|-----------------|
| | £m | £m | £m |
| Budgets Delegated to NHS Forth Valley * | 0.000 | 0.000 | 0.000 |
| Budgets Delegated to Falkirk Council | (0.730) | (0.157) | 0.573 |
| TOTAL | (0.730) | (0.157) | 0.573 |

*The position for NHS Forth Valley reflected in the table above reflects the agreement that NHS Forth Valley will manage the position in 2016/17 in line with the terms of the Integration Scheme and extant direction. The Operational and Universal services elements of the NHS budget are overspend by £0.477m for the first eleven months of the year. On a linear basis it is projected these budgets will overspend by £0.520m for the year.

- 4.3 The IJB has previously agreed resource from the balance of the Integration (Social Care) Fund 2016/17 to cover the projected overspend in Adult Social Care Services in the current financial year. Within the IJB Business Case considered by the Board on 18 November 2016 the demand and cost pressures in relation to Adult Social Care were estimated at a total of £1.739m. Some of these pressures were estimated against trends in the six months of 2016/17 which were significantly higher than those currently being experienced.

- 4.4 Therefore, taking into account the proposed payment from Falkirk Council and the balance remaining at Table 8, there is reasonable confidence that there are sufficient resources available to cover the costs of Adult Social Care Services in 2017/18. A full review of the estimates and assumptions is being undertaken.
- 4.5 Based on the projection contained in Table 1 the remaining balance of the Integration (Social Care) Fund would be £1.273m. It is proposed to create an earmarked reserve in 2017/18 from this balance as detailed in Section 7.3 and Table 9 within this report.

5. BUDGET CONSIDERATIONS

Overall Partnership Position 2017/18

- 5.1 Subject to NHS Forth Valley approving its financial plan on 28 March 2017, table 3 below illustrates the funding proposals from the constituent authorities and their compliance with the terms of the Scottish Budget.

The net funding provided by Falkirk Council in 2016/17 was £61.3m. The equivalent figure for 2017/18 is £60.2m which is well within maximum permissible reduction set by Scottish Government of £2.27m.

NHS Forth Valley will meet to approve its financial plan at the Board meeting on 28 March 2017 and a verbal update will be provided to the IJB meeting. As previously indicated to the IJB, the proposed 2017/18 budget will be on a 'flat-cash' basis which is compliant with the terms of the Scottish Budget.

Further details on Falkirk Council and NHS Forth Valley budget considerations are set out in section 5.

Table 3: Proposed Baseline 2017/18 Funding from Falkirk Council and NHS Forth Valley

| | Falkirk Council | NHS Forth Valley | Total |
|--------------------------------|-----------------|------------------|---------|
| | £m | £m | £m |
| 2016/17 Funding (Net) | 61.3 | 133.3 | 194.6 |
| 2017/18 Proposed Funding | 60.2 | 133.3 | 193.5 |
| | | | |
| £m Increase / (Decrease) | (1.1) | 0.0 | (1.1) |
| % Increase / (Decrease) | (1.79)% | 0.00% | (0.57)% |
| | | | |
| Compliant with Scottish Budget | Yes | Yes | |

- 5.2 The overall resources available to the Partnership to support the delivery of the Strategic Plan in 2017/18 is summarised in table 4 below. It should be noted this includes £0.2m of 2017/18 Integration (Social Care) Funding which is still to be allocated in year from the Scottish Government.

Table 4: Summary of Overall 2017/18 Partnership Budget

| Proposed Baseline 2017/18 Budgets | £m |
|---|----------------|
| Falkirk Council | 60.151 |
| Falkirk Council: Additional Non Recurrent Funding | 0.525 |
| NHS Forth Valley | 133.295 |
| Indicative Non-Recurring NHS Funding | 2.198 |
| Partnership Funding | |
| Integrated Care Fund and Delayed Discharges Funding | 3.744 |
| Integration (Social Care) Funding | 3.04 |
| Total Excluding Reserves | 202.953 |
| Estimated Earmarked Reserves | 2.944 |
| Total Including Reserves | 205.897 |

Falkirk Council

- 5.3 Falkirk Council considered the IJB Business Case at its meeting of 19 December 2016. The Council set its 2017/18 revenue budget which included a proposed payment to the IJB at its meeting on 22 February 2017. The IJB Chief Officer and Chief Finance Officer worked with officers of Falkirk Council to revisit and update the assumptions in the IJB Business Case where required including, specifically, refinement of the estimates of the full costs of implementing the Scottish Living Wage.
- 5.4 The considerations of the Council resulted in a proposed payment to the IJB as summarised in table 5 below.

Table 5: Falkirk Council Adult Social Care budget 2017/18

| | £m |
|---|---------------|
| Projected Adult Care net expenditure 2017/18 | 72.071 |
| Less: Savings Required | (2.000) |
| Net Budget | 70.071 |
| | |
| Funded By: | |
| Falkirk Council General Fund | 58.410 |
| Falkirk Council Housing (ring-fenced HRA tenants) | 1.414 |
| Falkirk Council Capital (private sector housing grants) | 0.327 |
| Integration Funding | 9.920 |
| Proposed Payment to IJB | 70.071 |

- 5.5 In proposing the payment to the IJB the Council has:
- anticipated that the IJB will include Garden Aid within its wider planning and consultation on Eligibility Criteria and that the service will continue during 2017/18

- uplifted the Councils charging policy in line with general inflation. Again it is anticipated the IJB will include considerations around charging for in-scope social care services within its wider planning and consultation arrangements.
- provided non recurrent funding in 17/18 totalling £0.525m in relation to:
 - Carers and Care at Home (£0.1m)
 - Carers and Dementia (£0.1m)
 - Capacity to Assist in Delivering Transformation Change (£0.325m).

NHS Forth Valley

- 5.6 NHS Forth Valley met to approve its financial plan at the Board meeting on 28 March 2017 and a verbal update will be provided to the IJB meeting. The proposed budget set out in table 3 and financial risk assessment at table 7 requires the generation of sufficient savings to cover the 2016/17 overspend and inflationary pressures in relation to pay, prices and prescribing for 2017/18.
- 5.7 The proposed NHS Forth Valley budget is attached at Appendix 3.

6. SAVINGS PROPOSALS

Falkirk Council

- 6.1 The 2017/18 budget requires the IJB to deliver £2m of the proposed £2.455m package of savings contained within the IJB Business Case. The revised package of savings is detailed at Appendix 4 to this report.

NHS Forth Valley

- 6.2 The NHS Board has produced savings plans across the current Directorate structure and then assessed the impact of these as they relate to the IJB in-scope services. Further work is ongoing to both fully risk assess the NHS savings plans as they relate to the in-scope IJB services and assess further areas of savings potential. This includes supporting the use of the 'Scriptswitch' decision support tool to maximise rational prescribing and reduce prescribing costs without detrimentally affecting the quality of patient care.
- 6.3 A summary of the proposed NHS savings is attached within Appendix 5 and these proposals can be grouped into themes as follows:
 - Service Productivity & Redesign
 - Reducing Temporary Workforce Costs
 - Drugs & Prescribing
 - Payments and Grants to External Organisations (Proposed 5% Reduction)
 - Small scale housekeeping type savings.
- 6.4 The savings proposals have also been risk assessed, in terms of high, medium or low risk of delivery. A summary of the risk ratings by risk category is illustrated in Table 6 below.

Table 6: Summary of NHS FV savings proposals by risk rating

| Summary By Risk Rating | £m |
|-------------------------------|--------------|
| Red - High Risk | 1.957 |
| Amber - Medium Risk | 2.218 |
| Green - Low Risk | 0.207 |
| TOTAL | 4.382 |

- 6.6 The position in relation to the NHS budget requires to be viewed in the context of the projected overspend in relation to the in-scope NHS budgets. In line with the extant budget model a net overspend of £0.419m is projected. When considered together with the projected 2016/17 overspend in operational and universal services and risks around savings delivery this combines to a significant overall financial risk. This is illustrated in table 7 below.

Table 7: Assessment of financial risk in relation to in-scope NHS budget

| | £m |
|---|----------------|
| Recurrent Base Budget @ Jan 2017 | 133.295 |
| Indicative Non-Recurrent Budget | 2.198 |
| Indicative Total Budget 2017/18 | 135.493 |
| Inflationary Pressure 2017/18 | 2.77 |
| Savings Plans Identified | 4.382 |
| Less: Savings Associated with Wider Review of Bo'ness Hospital which is anticipated to have nil effect in 17/18 | (1.740) |
| Net Savings Plans Identified | 2.642 |
| Surplus/Deficit if all Other Savings Plans Delivered in Full | (0.135) |
| 16/17 Projected Overspend (operations and universal services) | (0.520) |
| Estimated Risk re Set-Aside Budget | (0.419) |
| Net Estimated Total Financial Risk in Relation to NHS Budgets | (1.074) |

7. PARTNERSHIP FUNDING

- 7.1 Partnership Funding is allocated to Integration Joint Board via NHS Boards, with directions for their use. The three elements of partnership funding are:

- Integration Fund (aka Social Care Fund)
- Delayed Discharges Funding
- Integrated Care Fund.

- 7.2 The Integration (Social Care) Fund was first allocated in 2016/17 as a share of £250m nationally with Falkirk IJB's share being £7.08m. This has been supplemented by the £3.04m of additional funding as detailed in Table 1 of this report. This brings the total Integration (Social Care) Fund for the Falkirk Partnership to £10.12m. The projected use of this funding is illustrated in table 8 below.

Table 8 – Integration (Social Care) Funding

| Integration (Social Care) Funding | £m |
|---|---------------|
| Funding Available | 10.120 |
| Projected Costs | |
| Living Wage Provision | 6.356 |
| 16/17 Demographic Growth in Social Care per current projections | 2.157 |
| Balance Remaining for Demand and Cost Pressures in Adult Social Care | 1.607 |

- 7.3 As the Integrated Care Fund and Delayed Discharges funding are included within NHS Boards recurrent funding it is reasonable for the Integration Joint Board to assume these funding streams will continue. These funds, however, require to be used to support transformational change and delivery of the Strategic Plan priorities in line with the principles detailed by the Scottish Government. Information will be reported in the Partnership Funding report as a separate standing agenda item.
- 7.4 Significant amounts of non-recurrent funding for in-scope services such as Carers Information Strategy, Sexual Health Strategy, and Scottish Enhanced Services Programme funding are received from Scottish Government each year. In order to give the Integration Joint Board as accurate as possible an indication of the total resources available, an estimate of the total funding has been included in Tables 4 and 7.
- 7.5 With reference to the Carers Information Strategy funding it is proposed funding to projects will be available on the same basis as in 2016/17. This will be subject to payments being within funding available; alignment with preparation for the implementation of the Carers Act from April 2018; and future arrangements regarding carers funding being considered within the established Partnership Funding processes.

8. PROPOSED PAYMENTS TO EXTERNAL BODIES

Falkirk Council

- 8.1 The budget setting and savings proposals processes for 2017/18 have highlighted a difference in approach across in-scope services in relation to payments to external bodies between Falkirk Council and NHS Forth Valley.

- 8.2 There is however a requirement at this point in time to approve payments from Falkirk Council to external organisations. It is proposed that for 2017/18 these payments are made at the same level as 2016/17. Appendix 6 details the proposed payments that require the IJBs approval for 2017/18. This details payments to external bodies, alignment of these payments with the strategic plan and the proposed approach for future years.

NHS Forth Valley

- 8.3 Some of the NHS savings proposals will involve significant change in the way in-scope services are delivered and further detail on these will be brought forward to the IJB for consideration at the June IJB meeting.
- 8.4 The NHS savings proposals include proposals to reduce payments to external and Third Sector bodies by 5%. This covers Third Sector providers of substance misuse services, organisations receiving grants from Health Improvement funding and funding to FDAMH. This would be a difference in approach across the partners and requires better alignment and a more co-ordinated commissioning based approach across the partnership in future years aligned to the Strategic Plan priorities.
- 8.5 It is proposed that this requires further consideration by the Leadership Group with a report back to the IJB meeting in June 2017 with recommendations. This would be consistent with both Falkirk Council's decision-making in setting the IJB budget and the Partnership Funding report recommendations to move to a commissioning model, which is subject to IJB consideration at agenda item 7.

9. RESERVES STRATEGY

- 9.1 The Audit Committee report to the 30 March 2017 IJB meeting includes a revised Reserves Strategy and policy for the IJB to consider and approve.
- 9.2 Based on the 2016/17 projected outturn it is not anticipated there will be any general reserves available in 2017/18.
- 9.3 There will, however, be a number of earmarked reserves. Table 8 below details these and their permitted use.

Table 9: Estimated Reserves Position

| Reserve | Permitted Use | Anticipated Value (£m) |
|--|--|-------------------------------|
| Integration / Social Care Funding | In-scope Social Care Services | 1.273 |
| Partnership Funding (Integrated Care Fund & Delayed Discharge Funding) | Per Scottish Government Letter of 24 July 2016 | 1.135 |
| Primary Care Transformation Fund & | Per basis of allocation | 0.322 |

| | | |
|---------------------------------|-------------------------|--------------|
| Mental Health Primary Care Fund | | |
| Transforming Urgent Care | Per basis of allocation | 0.214 |
| TOTAL EARMARKED RESERVES | | 2.944 |

- 9.4 A statement of the final level of reserves will be included in the IJBs financial statements for 2016/17.
- 9.5 Given the levels of reserves being taken into 2017/18 and the remaining levels of partnership funding available to commit in 2017/18, it would make sense invest these resources relatively evenly over 2017/18 and 2018/19 to maximise impact and avoid a spike in expenditure in any single financial year.
- 9.6 Proposals for this commence with the proposals contained within Section 4 of the Partnership Funding paper for a sum of £1.5m to be directed by the Leadership Group to effectively and timeously allocate resources to respond to need, effect action, increase the pace of change and improvement within key priority areas aligned with the Strategic Plan.

10. DEVELOPMENT OF MEDIUM TERM FINANCIAL STRATEGY

- 10.1 The 2016/17 initial budget setting for the IJB highlighted sufficient significant financial risk which required a budget recovery plan. The first year of the IJBs operation was focused on managing the financial position, stability of service delivery and developing the whole system approach to begin to deliver the Strategic Plan priorities. The projected financial outturn for 2016/17 is better than anticipated during the year. This creates a foundation to build delivery planning and an underpinning medium term financial strategy from.
- 10.2 It is anticipated a medium term financial strategy will be developed and presented to the IJB for approval later in 2017. The strategy will take account of:
- Economic outlook and projected impact on public expenditure
 - Projected financial impact of implementing the delivery plan for the Strategic Plan including the development of localities. In simple terms how the shape of service expenditure across the partnership is projected to change over time.
 - Financial risks and projected financial impact of any known changes in legislation, national policy and the regulatory environment
 - Efficiency and savings requirements to ensure financial sustainability of the partnership.

11. DIRECTIONS

- 11.1 Directions are the legally binding instrument through which the Integration Joint Board commissions the constituent authorities to carry out the statutory functions and implement the approved Strategic Plan.
- 11.2 Directions are issued by the Integration Joint Board to its constituent authorities (Falkirk Council and NHS Forth Valley) under Section 26 of the Public Bodies (Joint Working) Scotland Act 2014 (the **2014 Act**) and are subject to the terms of Sections 27 and 28.
- 11.3 No statutory form and content for such Directions has been prescribed by the Scottish Government but the Directions must be sufficiently precise and identifiable to ensure that each legal obligation imposed on the constituent authorities is readily capable of compliance. The 2014 Act specifies that Directions must be in writing. The form of that written instrument (e.g. letter, report, minute) is not specified. It is proposed that in the interests of clarity and, following the procedure established in 2016/17, the Directions be issued in the form of a letter from the Chief Officer of the Integration Joint Board to the Chief Executives of the constituent authorities in respect of the functions relevant to them.
- 11.4 Directions can be varied or revoked by any subsequent Direction (s.27(5)(a) 2014 Act) and therefore the issue of any Direction does not limit the ability of the Integration Joint Board, during the period stated in the Direction, to react to any material change of circumstances which may impact upon service delivery in terms of the Partnership's Strategic Plan and objectives.
- 11.5 It is recommended that the constituent authorities be directed to continue to deliver services and discharge functions on and after 1 April 2017 in the manner prescribed in the 2016/17 Directions and that such general direction is further caveated as follows:

(i) that any significant changes to service delivery be referred back to the IJB to ensure it retains oversight

A copy of the proposed Directions is contained in Appendices 7a and 7b.

12. KEY FINANCIAL RISKS

- 12.1 The key financial risks facing the partnership in 2017/18 and beyond are:
 - 12.1.1 short, medium and longer term financial sustainability of the partnership.
 - 12.1.2 delivery of sufficient savings and efficiency programmes to deliver services within resources available across the partnership.

- 12.1.3 addressing the 2016/17 recurrent overspend and risks in relation to savings delivery in relation to in-scope NHS Budgets
 - 12.1.4 not all providers signing up to the 2017/18 National Care Home Contract settlement and seeking to negotiate local higher contract rates
 - 12.1.5 implementation of the Carers Act from 1 April 2018 generates additional unfunded demand for services.
 - 12.1.6 planning/ Demand Risk in relation to the Set Aside Budget for large hospital services including contingency bed capacity.
 - 12.1.7 the risk that any planning assumptions used in preparing the budget are materially wrong.
- 12.2 The IJBs strategic risk register will continue to be updated to reflect the key financial risks above.

13. CONCLUSIONS

- 13.1 This report details the resources available to support the delivery of the partnerships Strategic Plan in 2017/18 through a combination of payments from Falkirk Council and NHS Forth Valley, Scottish Government allocations and the creation of earmarked reserves from 2017/18.
- 13.2 The proposed payments for Falkirk Council and NHS Forth Valley are both compliant with the terms of the Scottish Budget and are fair and reasonable with regard to the overall settlements to the constituent authorities.
- 13.3 Addressing the requirement for savings in 2017/18 and managing the recurrent overspend within the in-scope NHS budgets would appear to be the partnerships most significant financial risk in 2017/18. Given that some of the savings proposals in relation to the NHS budgets involve significant change and/or may take some time to deliver it is critical these decision making around these is expedited. Given the level of recurrent overspend in relation to in-scope NHS budgets and the risks around savings delivery, the Integration Scheme requires that a recovery plan be brought forward. This will be taken forward by the Chief Finance Officer and the Leadership Group.
- 13.4 Whilst the significant risks noted within this report will require to be managed the improved 2016/17 projected outturn and resultant effect on the level of reserves the IJB can take forward into 2017/18 gives the partnership a degree of resource to assist in managing some of financial risks and challenges being faced in 2017/18 particularly in relation to Adult Social Care Services.
- 13.5 Continuing increases in demand for and cost of services; economic and political uncertainty; impact of legislative changes including the Carers Act and constrained

public expenditure will require further cost reductions and savings in future financial years. Thereafter it is critical the partnership remains in financial balance into and during 2017/18 whilst using partnership funding optimally to effect service change to shape sustainable service delivery for future years.

Resource Implications

The resource implications are considered within the body of the report.

Impact on IJB Outcomes and Priorities

The IJB budget, including partnership funding streams, represents the resources available for the deployment across the partnership to support the delivery of the Strategic Plan.

Legal & Risk Implications

The significant risks in relation to the IJB budget are detailed within the body of the report.

Consultation

The Chief Officer, Chief Finance Officer of Falkirk Council and Director of Finance of NHS Forth Valley has been consulted on this report.

Equalities Assessment

Equalities Assessments in relation to the NHS savings proposals involving change will require to be prepared and submitted to be IJB in due course.

Approved for submission by: Patricia Cassidy, Chief Officer

Author – Ewan Murray, Chief Finance Officer

Date: 28 March 2017

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.

List of Appendices

Appendix 1 – Scottish Government Letter re Social Care Funding

Appendix 2 – Scottish Government Letter re Share of £80m

Appendix 3 – NHS Forth Valley Budget

Appendix 4 – Falkirk Council Savings

Appendix 5 – NHS Forth Valley Savings
Appendix 6 – Funding to External Organisations
Appendix 7a – Direction to Falkirk Council
Appendix 7b - Direction to Forth Valley Health Board

Health and Social Care Integration Directorate
Geoff Huggins, Director



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131-244 3210
E: geoff.huggins@gov.scot

Chief Executives, Local Authorities

Copied to:

Chief Officers, Integration Authorities
Directors of Finance, Local Authorities
Chief Finance Officers, Integration Authorities
NHS Board Directors of Finance

18 January 2017

Dear Colleagues

Draft Budget 2017-18

As you know, as part of the 2017-18 draft budget additional provision of £107 million will be transferred from NHS Boards to Integration Authorities to support social care.

To reflect this additional support from Health Boards to Integration Authorities, Local Authorities will be able to adjust their allocations to Integration Authorities in 2017-18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016-17 (as adjusted where agreed for any one-off items of expenditure which should not feature in the baseline). This approach provides each Local Authority with flexibility on how best to use their resources, with no presumption on how this flexibility will be exercised locally - the decision will be a matter for local determination based on local needs and requirements.

Annex A provides the share of this £80 million per Local Authority area. Shares have been calculated on the basis of GAE/NRAC, as they also have for shares of the £107 million due from Health Boards to Integration Authorities.

Yours faithfully

GEOFF HUGGINS

Share of up to £80 million available to local authorities to offset their allocations to Integration Authorities.

| Local Authority | Composite Shares | Share of up to £80m |
|-----------------------------|------------------|---------------------|
| Aberdeen City | 3.9% | 3.09 |
| Aberdeenshire | 3.9% | 3.10 |
| Angus | 2.1% | 1.70 |
| Argyll & Bute | 1.8% | 1.45 |
| Clackmannanshire | 1.0% | 0.77 |
| Dumfries & Galloway | 3.0% | 2.42 |
| Dundee City | 3.0% | 2.44 |
| East Ayrshire | 2.5% | 1.97 |
| East Dunbartonshire | 1.7% | 1.37 |
| East Lothian | 1.8% | 1.41 |
| East Renfrewshire | 1.4% | 1.15 |
| Edinburgh City | 8.1% | 6.52 |
| Eilean Siar (Western Isles) | 0.7% | 0.52 |
| Falkirk | 2.8% | 2.27 |
| Fife | 6.7% | 5.34 |
| Glasgow City | 13.2% | 10.59 |
| Highland | 4.3% | 3.48 |
| Inverclyde | 1.8% | 1.41 |
| Midlothian | 1.5% | 1.16 |
| Moray | 1.6% | 1.30 |
| North Ayrshire | 2.9% | 2.34 |
| North Lanarkshire | 6.5% | 5.21 |
| Orkney Islands | 0.4% | 0.35 |
| Perth & Kinross | 2.6% | 2.09 |
| Renfrewshire | 3.5% | 2.78 |
| Scottish Borders | 2.1% | 1.69 |
| Shetland Islands | 0.4% | 0.34 |
| South Ayrshire | 2.3% | 1.85 |
| South Lanarkshire | 6.0% | 4.83 |
| Stirling | 1.5% | 1.23 |
| West Dunbartonshire | 1.9% | 1.56 |
| West Lothian | 2.9% | 2.29 |
| Total | 100.0% | 80.00 |

Health and Social Care Integration Directorate
Integration Division

T: 0131-244 5453
E: alison.taylor@gov.scot



Chief Officers – Integration Joint Boards
Local Authority Chief Executives
NHS Chief Executives

Our ref: ICFL2

5 July 2016

Dear Colleague,

INTEGRATED CARE FUND – 2016-2018

Geoff Huggins, Director for Health and Social Care Integration, wrote to you on 24 March to confirm that, via the Integrated Care Fund (ICF), a further £100m will be made available to Health and Social Care Partnerships in each of the financial years 2016/17 and 2017/18.

Geoff's letter set out that allocations to individual Partnerships will be maintained; noted that the ICF may, with local agreement and in accordance with local priorities, be used for any functions and services delegated to Partnerships; and indicated that further guidance would be issued on arrangements for planning and monitoring use of the ICF. This letter provides that guidance.

Given that arrangements for integration are now live across Scotland, as per the Public Bodies (Joint Working) (Scotland) Act 2014, we are keen to ensure that planning and reporting arrangements for the ICF are congruent with the broader requirements on Health and Social Care Partnerships that relate to strategic commissioning and annual reporting. With that in mind, as of this year we no longer require you to produce a separate plan and retrospective report on your use of the ICF. You should instead ensure that your planned use of the ICF is set out in your Partnership's strategic commissioning plan and accompanying annual financial statement, and that it is reported upon retrospectively via the Partnership's annual performance report.

You should of course continue to use local data to evidence the impact and effectiveness of your ICF investment, along with that of local services broadly, and your use of the ICF should continue to be based around the principles outlined in Annex A, focussing on prevention, early intervention, and care and support for people with complex and multiple conditions.

Please contact Brian Nisbet on 0131 244 3588, or by e-mail: brian.nisbet@gov.scot, if you have any queries regarding this letter or the ICF.

Yours faithfully

Alison Taylor

Alison Taylor
Head of Integration Division

Integrated Care Fund: principles

The Ministerial Strategic Group for Health and Community Care, the Scottish Government, COSLA, NHS Scotland and third and independent sector partners have agreed that six principles should underpin the use of the Integrated Care Fund:

1. Co-production – the use of the Fund must be developed in partnership, primarily between health, social care, housing, third sector, independent sector, people who use support and services and unpaid carers. It should take an inclusive and collaborative local approach that seeks out and fully supports the participation of the full range of stakeholders, particularly the third sector, in the assessment of priorities and delivery of innovative ways to deliver better outcomes
2. Sustainability – the Fund needs to lead to change that can be evidenced as making a difference that is sustainable and can be embedded through mainstream integrated funding sources in the future.
3. Locality – the locality aspects must include input from professionals, staff, users and carers and the public. Partnerships should develop plans with the people who best know the needs and wishes of the local population. Such a bottom-up approach should maximise the contribution of local assets including the third sector, volunteers and existing community networks. Partners will be expected to weight the use of their funding to areas of greatest need.
4. Leverage – the funding represents around 1% of the total spend on adult health and social care so must be able to support, unlock and improve the use of the total resource envelope. Our approach to strategic commissioning will be key to this so it is important that plans for the use of this resource are embedded in the strategic commissioning process.
5. Involvement – Partnerships should take a co-production, co-operative, participatory approach, ensuring the rights of people who use support and services and unpaid carers are central to the design and delivery of new ways of working – delivering support and services based on an equal and reciprocal person centred relationship between providers, users, families and communities. These relationships should be evidenced within each partnership's plans.
6. Outcomes – partnerships will be expected to link the use of the funds to the delivery of integrated health and wellbeing outcomes for adult health and social care which will be the responsibility of the new Integration Joint Boards or lead agencies following enactment of the legislation for integration

Health & Social Care Partnerships

Budget
2017/18**FALKIRK IJB**Recurrent
Base Budget
at 31st
January 2017Indicative Non
Recurring
Budget 2017/18Inflationary
Pressures
2017/18Savings
Plans
Identified
2017/18

| | £m | £m | £m | £m |
|---|----------------|--------------|--------------|--------------|
| <u>Set Aside</u> | | | | |
| Accident and Emergency Services | 6.284 | 0.000 | 0.000 | |
| In patient Hospital Services Relating to : | | | 0.260 | |
| General Medicine | 3.129 | 0.000 | 0.000 | |
| Geriatric Medicine | 4.041 | 0.091 | 0.184 | |
| Rehabilitation Medicine | 1.426 | 0.000 | 0.189 | |
| Respiratory Medicine | 1.175 | 0.000 | 0.067 | |
| Psychiatry of learning disability | 1.333 | 0.000 | 0.059 | |
| Palliative Care (Hospital Based) | 1.099 | 0.000 | 0.057 | |
| Mental Health Inpatient Services | 6.193 | 0.000 | 0.008 | |
| Subtotal | 24.679 | 0.000 | 0.000 | |
| <u>Operational</u> | | | | |
| District Nursing Services | 4.111 | 0.000 | 0.000 | |
| Community Addiction Services | 2.593 | 0.000 | 0.133 | |
| Community Based AHP Services | 6.033 | 0.677 | 0.110 | |
| Public Dental Service | 0.983 | 0.311 | 0.187 | |
| Services provided outwith a hospital in relation to geriatric medicine | 1.184 | 0.120 | 0.035 | |
| Palliative Care (delivered in Community) | 0.080 | 0.000 | 0.049 | |
| Community Learning Disability Services | 0.813 | 0.000 | 0.001 | |
| Community Mental Health Services | 5.033 | 0.000 | 0.063 | |
| Continence Services | 0.191 | 0.000 | 0.146 | |
| Services Provided by health professionals that aim to promote public health | 0.927 | 0.000 | 0.009 | |
| Community Hospitals | 5.562 | 0.931 | 0.026 | |
| Resource Transfer | 11.230 | 0.253 | 0.266 | |
| Joint Partnership Agreements | 1.949 | 0.023 | 0.000 | |
| Partnership Funds (ICF/ Delayed Discharge / Bridging) | 0.000 | 0.000 | 0.079 | |
| Subtotal | 40.687 | 0.000 | 0.000 | |
| <u>Universal</u> | | | | |
| Primary Medical Services (GMS Contract) | 20.637 | 0.000 | 0.000 | |
| Primary Dental Services (GDS Contract) | 8.555 | 2.139 | 0.006 | |
| Community Ophthalmic Services | 2.957 | 0.000 | 0.000 | |
| Community Pharmaceutical Services | 34.419 | 0.000 | 0.000 | |
| GP Out of Hours Services | 1.361 | 0.000 | 3.001 | |
| Subtotal | 67.930 | 0.000 | 0.075 | |
| TOTAL FALKIRK IJB | 133.295 | 0.000 | 0.000 | 0.000 |

| Falkirk IJB –Social Work Adult Services Savings Proposals Updated March 2017 | | | |
|--|---|--------------|--|
| Savings approach | Area of Focus | £m | Confidence Level (1 – 3) |
| 1 Reducing costs where feasible and appropriate in procured care at home and supported living services through efficiencies, for example by reviewing higher cost care packages | 1.1 Review of high cost care packages | 0.500 | 3 |
| | 1.2 Home care provision - shift from directly provided to procured services | 0.100 | 1.5 |
| | 1.3 Increased efficiencies derived from real time monitoring | 0.075 | 2 – Internal 1 - External |
| 2 Reviewing models of service delivery | 2.1 Review of Garden Aid Scheme | 0.000 | Future review linked to eligibility criteria |
| | 2.2 Review of day services for Older People | 0.100 | 2 |
| | 2.3 Review of day services for Younger Adults | 0.230 | 2 |
| | 2.4 Reducing costs of in house and external provision of residential care | 0.800 | 3 |
| 3 Increasing revenue income | 3.1 Review of Charging policy | 0.195 | 2 |
| | Total | 2.000 | |
| The approach to savings will be enabled and supported by implementation of revised eligibility framework, operating tighter criteria, and offering lower cost packages of care to meet need where that is appropriate. Transformational savings will be delivered through managing demand getting prevention right, diverting more people away from formal paid service, through reablement. | | | |

With regards to confidence level 3 indicates a high level of confidence, 2 medium and 1 low

| | |
|--|--------------|
| Falkirk Partnership: NHS Forth Valley Savings Analysis By Budget Category | £'000 |
| Set-Aside | 384 |
| Operational | 2,780 |
| Universal Services | 1,217 |
| TOTAL | 4,382 |

| | |
|---|--------------|
| Falkirk Partnership: NHS Forth Valley Savings Analysis Summary | £'000 |
| Service Productivity & Redesign | 2,877 |
| Reducing Temporary Workforce Costs | 118 |
| Drugs & Prescribing | 1,208 |
| Housekeeping & Other Small Scale Savings Efficiencies | 126 |
| Payments to External Bodies (5% Reduction) | 53 |
| TOTAL | 4,382 |

Outline Proposals of Saving Scheme

**Falkirk
Partnership
Share**

MEDICAL

| | |
|--|----|
| A&E with appointment of 1 new / 1 replacement consultant (funded) could take availability from 8% down to 5% due to 12 staff being available to rotate | 24 |
|--|----|

Community Hospitals

| | |
|---|-------|
| Bo'ness / Falkirk Community Hospital reconfiguration, maintaining existing bed numbers. | 470 |
| OR Wider review of Bo'ness Community Hospital service provision moving to community hub | 1,740 |

Acute and Urgent

| | |
|---|------|
| OOH - Sir Lewis Ritchie Review | |
| Re-locate Minor Injuries to FVRH? | |
| Patient Flow re-design | 48 |
| General Housekeeping | |
| On-going General Housekeeping incl. review of 2016/17 over and under spends, particularly ward drug expenditure review. | |
| Subtotal | 2282 |

CSD

General Manager

| | |
|---|----|
| Clinical & corporate : Review and redesign workplan models to reduce reliance on temporary staffing demand. Total target to be redistributed to operational departments on appropriate basis. | 70 |
| <u>Substance Misuse Service</u> | |
| Substance Misuse Services : Reduce levels of testing - lab costs (external) | 11 |
| Substance Misuse Services : Payments to 3rd Sector bodies - to be revised by 5.0% but with no change in service delivery. | 28 |
| Residential Care : Cap funding for external residential care provision | 28 |
| GP services : Reduce GPPS expenditure | 14 |
| Other minor housekeeping | 2 |

AMD - Mental Health

| | |
|--|----|
| Service wide : Change modified release Quetiapine prescriptions to normal preparation, where clinically appropriate. | 71 |
| Service wide : Change drug testing kits (Surescreen) | |
| Prescribing : Review prescribing practices and protocols. | 16 |

AMD Primary Care

| | |
|---|---|
| Create : Expenditure reduction. | 8 |
| Portfolio GP : Change from GP to ANP cover within Portfolio GP service. | 4 |
| Clinical Management : Efficiencies in training, professional fees and adhoc expenses. | 4 |
| Create support : Reduction in admin support costs. | 2 |

Health Improvement and Corporate Services

| | |
|---|----|
| Public Health Practitioners : Further review of PHP remit in anticipation of workforce turnover through retirement. | 29 |
| Public Health Practitioners : Reduction in supplies expenditure. | 3 |
| Locality / Minor Capital : Proposed spend reduction. | 11 |

| | |
|---|-----|
| HP / PHP : Rationalisation of Publicity and Miscellaneous expenditure. | 14 |
| Health Improvement Fund : Review of HIF spend in 17/18. Proposed 5% reduction of grant allocations. | 21 |
| service wide : Efficiencies in travel costs. | 6 |
| Health Promotion : Reduction in Programme Activity expenditure. | 6 |
| Health Promotion : Reduce HIRS expenditure. | 1 |
| Community Admin : Vacancy review, reduce Band 4 to Band 3. | 2 |
| service wide : Review of training spend. | 1 |
| <u>Integrated Mental Health Services</u> | |
| SMHT : Lease car reduction | 1 |
| S/CMHT : Review of drug prescription | 7 |
| SMHT : Reduction of B5 hours | 8 |
| S/CMHT : Reduce equipment expenditure | 1 |
| <u>Prisons and Specialist Community Services</u> | |
| Disability Services : Review staff skill mix model | 38 |
| Community Services : Review posts currently linked in backfilling arrangements - cascading from S/Mgr post south sector | 21 |
| Public Dental Service : Staffing reduction (current Dental Officer vacancy not replaced) | 15 |
| Public Dental Service : Redesign of Dental Business Manager post/new part time 8A post. proposal has already been approved. | 4 |
| Public Dental Service : Reduction in interpreter fees. Assumes current spend could be reduced by half through promotion of language line & provision of information on most cost effective options to both independent contractors and salaried dental service staff. | 5 |
| Public Dental Service : Reducing postage costs associated with referrals | 1 |
| Public Dental Service : Review of TUPE arrangements for former prison staff (dental nurse). cost is currently recharged to Prisons | 3 |
| Public Dental Service : Balance still to be identified - areas for consideration include flexible working requests/reducing hours, reviewing clinical input to EDS, transfer of services from Orchard House to St Ninian's. | |
| <u>Specialist Mental Health Services</u> | |
| Community Rehabilitation : Review Community rehabilitation Team. managed as part of a joint health and Social care redesign. | 108 |
| Community & In-patient services : Cap use of non-core/temp nursing staff - but need recognition of risk management. | 49 |
| FVR MH wards 1 - 5 : Review of bed capacity and occupancy rates, staffing and seasonality | |
| Income for Low Secure bed : | 54 |
| <u>Lead Nurse</u> | |
| Tissue viability | 15 |
| Complex care : Capping of children's packages - to be reviewed. Unlikely to generate savings in the short term given the current case load/activity levels. | |
| Complex care : Full review- reduction of Marchglen contract | 3 |
| <u>Falkirk Partnership</u> | |
| Community Nursing : Parenting program | |

| | |
|---|-----|
| Community Nursing : Falkirk Crisis care 200k service- Review of Falkirk Council Charges/SLA required. | 100 |
| Falkirk mgt/ others : Non pay Budget reserves | 3 |
| Falkirk mgt/ others : FDAMH savings - external provision | 2 |
| Falkirk mgt/ others : Falkirk locality GP Fees | 1 |
| Falkirk mgt/ others : Braes Locality GP Fees | 10 |
| LD Service CRR : LdCrr post- 1 band 2 reduction | 16 |
| LD Service CRR : LD CRR non pay review | 7 |
| LD Service CRR : LD CRR-reregistration-ercall road- estimate- full review required | 16 |
| LD Lochview : Admin part time post budget held- non usage | 12 |
| LD Lochview : LD Lochview non pay savings-3 house model. Flexibility based on current spend. | 11 |
| LD Lochview : LD Lochview drugs savings-3 house model. Flexibility based on current spend. | 4 |
| LD Lochview : LD Lochview - recoveries from Bungalow 4 residents. 3 for full year | 8 |
| OPS : Drugs based on current usage | 21 |
| OPS : Memory Clinic based on current charges | 1 |
| OPS : Non pay overall review - cleaning exp | 2 |

| | |
|--|------|
| <u>Clacks Stirling Partnership</u> | |
| AHP Rehab : Review criteria - Equipment - standardisation | 2 |
| AHP REhab : Reduction of band 5 - 69 hours | 36 |
| AHP Mental Health : Reduction of band 4 - 72.75 hours | 29 |
| Community Nursing : Ordering process - potential reduced costs needles etc | |
| Rehab Care Group : Rehab Care Group service redesign resulting in redeployment. Redployed staff could absorb Physiotherapy vacancies (3 x band 5). TBC with Bette Locke as this may no longer be possible if Physio have already gone out to advert for vacancies. | 45 |
| Adult SLT : Review of service to voice patients/Voice Information Group sessions. Potential reduction of 0.5 WTE band 7. TBC - requires further work. | 11 |
| Subtotal | 1022 |

Prescribing

| | |
|--|------|
| Off patent benefits (Pregabalin - part year effect) | 201 |
| Part 7 tariff reductions | 529 |
| FYE of part 7 tariff adjustments implemented during 2016-17 | 159 |
| ICS overordering | 19 |
| Technical switch: Oxycodone | 25 |
| Nicotine replacement therapy (NRT) products - national framework contract | 48 |
| Antimuscarinics – trial of discontinuation for patients prescribed > 12months. | 101 |
| Subtotal | 1082 |

| | |
|------------------------------------|-------------|
| TOTAL SAVINGS PLANS 2017/18 | 4382 |
|------------------------------------|-------------|

By RAG Status

| | |
|--------------|--------------|
| Red | 1,957 |
| Amber | 2,218 |
| Green | 207 |
| TOTAL | 4,382 |

APPENDIX 6

Funding to External Organisations

| Organisation/Service Funded | Annual Budget (based on 16/17) | Term | Proposed 17/18 Payment | Agreement Type | Alignment with HSCP Stratgic Plan | NOTES |
|---|-----------------------------------|---------|------------------------------|--------------------------|--------------------------------------|------------------------------|
| Alzheimer Scotland | | | | | | |
| Core | £60,058.00 | Annual | £60,058.00 | JWA | | |
| Denny & Dunipace CAB | | | | | | |
| Income Maximisation | £9,624.00 | Annual | £9,624.00 | JWA | 1,3,5 | |
| Falkirk & District Assoc for Mental Health | | | | | | |
| Core | £177,777.00 | Annual | £177,777.00 | JWA | 1,2,3,5 | |
| Falkirk CAB | | | | | | |
| Income Maximisation | £9,624.00 | Annual | £9,624.00 | JWA | 1,3,5 | |
| Falkirk Carers Centre | | | | | | |
| Core | £141,898.00 | Annual | £141,898.00 | JWA | 1,3,5 | |
| Forth Valley Sensory Centre | | | | | | |
| Contribution towards Centre | £63,840 | Rolling | £63,840.00 | Partnership Agreement | 1,2,5 | |
| G'mouth & Bo'ness CAB | | | | | | |
| Income Maximisation | £9,624.00 | Annual | £9,624.00 | JWA | 1,3,5 | |
| Independent Living Association | | | | | | |
| Core | £28,124.00 | Annual | £28,124.00 | JWA | 1,3 | |
| Services for Survivors of Trauma | | | | | | |
| Support & Counselling | £97,644.00 | Annual | £97,644.00 | Tendered | 1,2,3,5 | |
| WRVS Meals-on-Wheels | | | | | | |
| Meals on Wheels co-ordinator | £ 10,400.00 | Annual | | JWA | 1,5 | not being continued in 17/18 |
| TOTAL | £ 608,613.00 | | | | | |

PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

DIRECTION TO FALKIRK COUNCIL

1. The Integration Joint Board directs Falkirk Council (“the Council”) in terms of section 26 of the Public Bodies (Joint Working) (Scotland) Act 2014 to carry out each of the functions listed in Annex 2 of the Integration Scheme (“the functions”), subject to the following conditions:-
 - (a) the functions will be carried out consistent with the existing policies of the Council;
 - (b) the functions will be carried out in a manner consistent with the strategic plan; and
 - (c) no material change will be made to policies or service provision within the functions (with the exception of the function under section 24 of the Local Government and Planning (Scotland) Act 1982) unless agreed by the IJB.
2. The IJB will make a payment to the Council of £60.151m to carry out the functions.
3. This direction will remain in force until revoked in full or part by the IJB.

Integration Joint Board
30 March 2017

PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

DIRECTION TO FORTH VALLEY HEALTH BOARD

1. The Integration Joint Board directs Forth Valley Health Board (“the Health Board”) in terms of section 26 of the Public Bodies (Joint Working) (Scotland) Act 2014 to carry out each of the functions listed in Annex 1 Section of the Integration Scheme (“the functions”), subject to the following conditions:-
 - (a) the functions will be carried out consistent with the existing policies of the Health Board;
 - (b) the functions will be carried out in a manner consistent with the strategic plan; and
 - (c) no material change will be made to policies or service provision within the functions unless agreed by the IJB.
2. The IJB will make a payment to the Health Board of £108.617m to carry out the functions. The Health Board will make use of the sum of £24.679m set aside in relation to Large Hospital Services.
3. This direction will remain in force until revoked in full or part by the IJB.

Integration Joint Board
Falkirk
30 March 2017