

**Title/Subject:** Integration Joint Board Budget – Supplementary Report  
NHS Forth Valley Proposed Resource Transfer

**Meeting:** Integration Joint Board

**Date:** 24 March 2016

**Submitted By:** Chief Finance Officer

**Action:** For Decision

## **1. INTRODUCTION**

- 1.1 The purpose of this report, together with the report titled 'Integration Joint Board Budget', is to present a proposed 2016/17 budget to the Integration Joint Board for approval and for use as the basis for the financial statement within the Strategic Plan including the Partnership Funding Streams and the use of the Integration Fund announced within the 2016/17 Scottish Budget.

## **2. RECOMMENDATION**

The Integration Joint Board is asked to:

- 2.1 Note the initial proposed payment from the Health Board
- 2.2 Agree that the proposed payment from the Health Board along with the payment from the Council will form the basis of the financial statement within the Strategic Plan;
- 2.3 Note the savings requirements identified with in the proposed Health Board resource transfer per the table attached as Appendix I. The detailed implementation plans and risks have been considered at the Special Health Board meeting on 18 March. These savings plans will be further considered as part of the total NHS Forth Valley budget subject to NHS Board approval at the meeting of 29 March.
- 2.4 Note the significant areas of financial risk as detailed in Section 5 of the 'Integration Joint Board Budget' report in conjunction with the content of this report.
- 2.5 Remit the Chief Officer to set up a leadership group as outlined in section 5.3 of the 'Integration Joint Board Budget Report' to bring forward to June 2016 Board meeting a Recovery Plan to mitigate the financial risk as detailed in section 5 of that report.

- 2.6 Note, per section 3.6 of this report, the level of recurrent cash savings still to be identified by NHS Forth Valley and that this will impact on the resources available for the Integration Joint Board.
- 2.7 Note the resultant total initial resource transfer to the Integration Joint Board as detailed in section 3.10 of this report.
- 2.8 Agree the requirement for a direction attached as Appendix 2 to the Health Board to provide the functions delegated to the Integration Joint Board in line with the Integration Scheme.

### **3. PROPOSED INTEGRATION JOINT BOARD BUDGET 2016/17**

- 3.1 The process for determining the first year budget for the Integration Joint Board was agreed in the Integration Scheme, as considered by the Transitional Board on 6 March 2015. The detailed methodologies developed from that process were reported to the Transitional Board on 4 September 2015.
- 3.2 Section 8.2.24 of the Integration Scheme requires a process of due diligence to assess the adequacy of the payment made in respect of the integrated budget and the sum set aside in terms of the notional budget. It is the responsibility of Falkirk Council, NHS Forth Valley and the IJB Chief Finance Officer to conduct this due diligence exercise. The outcomes of the due diligence process were reported to the Board on 5 February 2016.
- 3.4 The Scottish Government produced guidance on Integration Financial Assurance. This guidance requires the Internal Audit teams of both the Council and NHS Board to undertake a review which provides assurance that the appropriate processes and methodologies have been followed. The report on this work is a separate item on the agenda.
- 3.5 Each partner is required to propose a budget, or payment to the IJB in line with the functions of the Integration Scheme, as part of their annual budget setting processes.
- 3.6 NHS Forth Valley considered and approved the proposed resource transfer at a Special Board Meeting on 18<sup>th</sup> March 2016. Until the full detail of the savings plans are available and the risks understood it is difficult to provide full assurance to the IJB Board on delivery of these however it is understood such plans are well developed. It must be stressed that there remains for NHS Forth Valley overall £5m recurrent cash savings still to be identified and financial risk of between £10m and £12m for 2016/17. This will further impact on resources available for Integration Joint Board and further clarity will be provided on this following the NHS Board setting its budget at its meeting on 29 March 2016.

- 3.7 It is proposed that the Chief officer is remitted to set up a leadership group as outlined in section 5.3 of the 'Integration Joint Board Budget Report 'to bring forward to June 2016 Board meeting a Recovery Plan to mitigate the financial risks to the IJB as detailed in section 5 of that report.

## **NHS Forth Valley**

- 3.8 NHS Forth Valley proposed initial resource transfer to the IJB totals £143.152m and can be broken down as follows;

	£m
Set Aside	24.155
Operational	39.725
Family Health Services	66.719
Share of £250m Integration Fund	7.070
Delayed Discharge	0.864
Integrated Care Fund	2.880
Prior Year Slippage	1.739
<b>TOTAL INITIAL RESOURCE TRANSFER</b>	<b>143.152</b>

- 3.9 Of the £7.070m Integration Fund detailed in the table above £4.540m was accounted for in Falkirk Council Revenue Budget setting in line with the terms of the Local Government Finance Settlement. To avoid double counting this has been adjusted for in the table at 3.11 below.
- 3.10 Following on from the due diligence process an analysis of the resource transfer for Set Aside, Operational, and Family Health Services elements is attached at Appendix I. This includes the effect of the agreed transfer of community hospitals from the Set Aside to Operational elements of the budget. Operational Management arrangements for these services will be discussed between the Chief Executives of Falkirk Council and NHS Forth Valley and the Chief Officer in the near future. This will be supplemented by monitoring arrangements for the use of these beds in line with clinical and care governance arrangements including agreement of a set of principles about how this would operate across the Forth Valley area.
- 3.11 The set aside budget is the responsibility of the Integration Joint Board for strategic planning purposes and whilst it can exercise a degree of influence over these over a period of time it is critical that focus is placed on managing the other 'core' budgets within the Integration Joint Boards span of responsibilities.
- 3.12 The key assumptions NHS Forth Valley made in arriving at the resource transfer including those relating to pays, national insurance, prescribing, resource transfer and savings requirements are detailed in the notes to the table in Appendix I.

- 3.13 It should be noted the above represents an initial resource transfer and where NHS Forth Valley receives further allocations, whether recurring or non-recurring relating to functions delegated to the Integration Joint Board adjustments will be made in line with the Integration Scheme. Material adjustments will be reported to the Integration Joint Board.

### Total Initial Resource Transfer to Integration Joint Board

- 3.14 The combination of the budgetary processes and issues described in the Integration Joint Board Budget report and this report results in a total initial resource transfer to the Integration Joint Board of £200.078m as detailed in the table below.

	£m	£m
<i>Falkirk Council per Appendix I of Integration Joint Board Budget Report</i>		
Gross Expenditure Payment	91.653	
Offset by Grants, Fees and Charges	-30.187	
Net Payment		61.466
<i>NHS Forth Valley Per Appendix I of Integration Joint Board Budget - Supplementary Report</i>		
Set Aside Budget		24.155
<i>Payment to IJB Consisting of:</i>		
Operational	39.725	
Family Health Services	66.719	
		106.444
<i>Partnership Funding Streams</i>		
Delayed Discharges	0.864	
Integrated Care Fund	2.880	
Prior Year Slippage	1.739	
Balance of Integration Funding not Assumed within Falkirk Council Payment (£7.070m-£4.540m)	2.530	
		8.013
<b>TOTAL</b>		<b>200.078</b>

- 3.15 The above table reflects the significant level of budgets which fall under the IJBs span of responsibilities and the 'Integration Joint Board Budget' report and this report along with the Integration Joint Board budget report highlight the significant challenges and risks facing the Integration Joint Board in managing these services and budgets. Suitably robust performance, risk and financial monitoring and reporting arrangements are being put in place to support this.

**Impact on IJB Outcomes, Priorities and Outcomes**

The content of the report details the Forth Valley Health Board resources available to deliver the priorities identified within the Strategic Plan.

**Legal & Risk Implications**

Per Strategic Plan

**Consultation**

The Chief Finance Officer of Falkirk Council, the Director of Finance of NHS Forth Valley and the Chief Officer have been consulted in compiling this report.

**Equalities Assessment**

Per Strategic Plan

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Approved for Submission by: Chief Finance Officer

**Author –Chief Finance Officer**

**Date:** 22 March 2016

FALKIRK IJB			Total budget: June 2015 base as presented at P&RC 22/12/15	Transfer community hospitals from Set Aside to Operational	Remove non recurrent budgets	Update to January 2016 recurrent baseline	Recurrent Baseline at 31 January 2016	Pay Inflation	NI impact	Prescribing	Resource Transfer	Recurrent Baseline at 1st April 2016	Savings Requirement	Recurrent Baseline at 1st April 2016
			Note 1 £m	Note 2 £m	Note 3 £m	Note 4 £m	£m	Note 5 £m	Note 6 £m	Note 7 £m	Note 8 £m	£m	£m	£m
<u>Set Aside</u>														
Accident and Emergency Services			6.205		-0.223	-0.134	5.848	0.051	0.087	0.035		6.022		6.022
In patient Hospital Services Relating to :														
General Medicine			3.001		-0.002	0.021	3.019	0.024	0.041	0.043		3.127		3.127
Geriatric Medicine			10.280	-5.749	-0.454	-0.023	4.054	0.037	0.062	0.023		4.175		4.175
Rehabilitation Medicine			1.380				1.380	0.012	0.021	0.008		1.421		1.421
Respiratory Medicine			1.143		-0.001	-0.003	1.139	0.010	0.016	0.011		1.176		1.176
Psychiatry of learning disability			1.474			-0.031	1.443	0.014	0.024	0.002		1.482		1.482
Palliative Care (Hospital Based)			0.915				0.915					0.915		0.915
Mental Health Inpatient Services			6.163		-0.021	0.042	6.183	0.058	0.099	0.016		6.357		6.357
Share of Savings Programmes identified to date													-0.520	-0.520
<b>Subtotal - Strategic Planning</b>			<b>30.560</b>	<b>-5.749</b>	<b>-0.701</b>	<b>-0.129</b>	<b>23.981</b>	<b>0.206</b>	<b>0.351</b>	<b>0.137</b>	<b>0.000</b>	<b>24.675</b>	<b>-0.520</b>	<b>24.155</b>
<u>Operational</u>														
District Nursing Services			3.779			0.082	3.861	0.034	0.057			3.952		3.952
Community Addiction Services			2.996		-0.355		2.641	0.010	0.018	0.013		2.682		2.682
Community Based AHP Services			5.856		-0.183	0.074	5.747	0.044	0.074			5.865		5.865
Public Dental Service			1.111		-0.063		1.048	0.010	0.016			1.074		1.074
Services provided outwith a hospital in relation to geriatric medicine			1.161		-0.037	0.047	1.171	0.010	0.017	0.003		1.201		1.201
Palliative Care (delivered in Community)			0.054				0.054	0.000	0.001			0.055		0.055
Community Learning Disability Services			0.650		-0.001	0.024	0.674	0.011	0.019			0.704		0.704
Community Mental Health Services			4.480			0.017	4.498	0.037	0.063	0.007		4.605		4.605
Continence Services			0.232			-0.039	0.192	0.001	0.001			0.194		0.194
Services Provided by health professionals that aim to promote public health			1.518		-0.532	-0.018	0.968	0.006	0.010			0.984		0.984
Community Hospitals				5.340		0.016	5.356	0.050	0.084	0.009		5.499		5.499
Resource Transfer			11.142		-0.014		11.128	0.000	0.000		0.111	11.240		11.240
Joint Partnership Agreements			2.567		-0.003	-0.389	2.175	0.009	0.015			2.199		2.199
Share of Savings Programmes identified to date													-0.528	-0.528
<b>Subtotal - Operational Management</b>			<b>35.547</b>	<b>5.340</b>	<b>-1.189</b>	<b>-0.185</b>	<b>39.513</b>	<b>0.221</b>	<b>0.375</b>	<b>0.033</b>	<b>0.111</b>	<b>40.253</b>	<b>-0.528</b>	<b>39.725</b>
<u>FHS incl FHS prescribing and GP OOHs</u>														
Primary Medical Services (GMS Contract)			20.566		-0.837	0.283	20.012	0.001	0.002			20.015		20.015
Primary Dental Services (GDS Contract)			8.236			0.319	8.555					8.555		8.555
Community Ophthalmic Services			2.821			0.001	2.823					2.823		2.823
Community Pharmaceutical Services			34.266			0.067	34.333			1.233		35.566	-1.634	33.932
GP Out of Hours Services			1.429				1.429	0.020	0.034	0.001		1.484	-0.090	1.394
<b>Subtotal - Operational Management</b>			<b>67.319</b>	<b>0.000</b>	<b>-0.837</b>	<b>0.670</b>	<b>67.152</b>	<b>0.021</b>	<b>0.036</b>	<b>1.234</b>	<b>0.000</b>	<b>68.443</b>	<b>-1.724</b>	<b>66.719</b>
<b>TOTAL FALKIRK IJB</b>			<b>133.426</b>	<b>-0.409</b>	<b>-2.727</b>	<b>0.356</b>	<b>130.646</b>	<b>0.448</b>	<b>0.762</b>	<b>1.404</b>	<b>0.111</b>	<b>133.371</b>	<b>-2.772</b>	<b>130.599</b>

Notes

- Budget as detailed in previous update to Performance and Resources Committee on 22nd December 2015, based on total budget (recurring plu non recurring) as at June 2015 base.
- Transfer of Community Hospitals budget from Set Aside Budget based on IRF allocation, to Operational budget based on actual budget split of Community Hospitals by locality
- Non recurrent budget includes a range of in-year allocations
- Changes to the recurrent base between June and January 2016 largely reflect inflation adjustments
- Pay inflation is calculated as 1.0% on pay baseline recurrent budgets
- The impact of National Insurance reflects national changes relating to the end of contracting out arrangements from 1st April 2016. The impact is 1.7% of pays base.
- Prescribing uplift is calculated at 10% for hospital drugs and 4.25% for community prescribing
- Resource transfer has been calculated at 1.0%

**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 and any relevant decisions of the Health Board in relation to its revenue budget;
  - (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 £106.444m to carry out the functions. The Health Board will make use of the sum of £24.155m 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  
24<sup>th</sup> March 2016

**Summary of 2016/17****Proposed Savings****Options Social Work Adult****Services**

<b>No</b>	<b>Description</b>	<b>2016/17 Savings £'000</b>	<b>FTE</b>
1	Increase existing non-residential charges and charging caps in line with inflation	35	
2	Inflationary uplift in income for services funded by NHS Forth Valley	100	
3	No inflationary uplift for supporting people expenditure	200	
4	Home Care - Shift the balance of internal/ external provision towards a greater proportion of external provision	38	2.0
5	Redesign of employment services to people with a disability and closure of ASSET	102	6.1
6	Potential reduction of existing buildings based day services in response to anticipated increase in demand for packages of self-directed support with built in efficiencies of 20%	230	7.6
7	Switch existing shopping service to an alternative reduced service being commissioned through the voluntary sector	60	
8	Review Caledonia Clubhouse and Services provided by FDAMH with a view to achieving efficiency savings of 20%	35	
9	Property savings from ending leases	20	
10	Redesign of care home provision with closure of Oakbank and reprovision of Summerford	300	32.0
11	Reprofiled Eligibility Criteria for adult social care with a focus on provision for people whose needs are critical or substantial	500	
		<b>1,620</b>	<b>47.7</b>