

**Title/Subject:** 2018/19 Budget  
**Meeting:** Integration Joint Board  
**Date:** 6 April 2018  
**Submitted By:** Chief Finance Officer  
**Action:** For Decision

## 1. INTRODUCTION

- 1.1 The purpose of this report is to provide the IJB with an update on the NHS elements of the 2018/19 budget. The following areas are covered:
- Savings options for the NHS arm of the budget
  - Mental health services investment
  - Proposals for the investment of the additional £0.050m for Younger Adult Day Services
  - Support at Home contract
  - Externally funded organisations
- 1.2 The report also includes Directions to both constituent partners for financial year 2018/19.

## 2. RECOMMENDATIONS

The IJB is asked to:

- 2.1 note the savings requirements for 2018/19 for the NHS Board and for the NHS arm of the Partnership budget
- 2.2 note that the NHS Board approved a funding settlement of £149.793m to the Falkirk Partnership
- 2.3 note that the financial risk for the Set Aside budget remains with the NHS Board
- 2.4 note that savings of £1.436m have been identified for Operational and Universal services and that a further £0.238mm is required
- 2.5 note the risk profile of the savings identified to date and that this combined with the savings still to be identified represents a significant financial risk to the Partnership
- 2.6 consider the savings at appendix 1
- 2.7 remit budget holders to work with the Leadership Group to develop a plan to mitigate the current short fall

- 2.8 note that work is required to understand the impact of potential savings on the Scottish Government conditions in respect of Mental Health Services and this will be reported back to the IJB
- 2.9 note the proposals for the additional investment in day services for younger adults and the additional funding requirement
- 2.10 note the financial risk associated with the Support at Home contract and that updates will be brought to future meetings of the IJB
- 2.11 note the further work required to ensure all externally funded organisations are subject to a consistent commissioning, governance and monitoring regime
- 2.12 approve the Directions for 2018/19 to constituent partners as set out in appendix 3
- 2.13 note that the Directions may be amended following further guidance from the Scottish Government

### **3. BACKGROUND**

- 3.1 At a special meeting on 16 March 2018 the IJB considered a budget paper that focussed on the NHS arm of the budget. The paper set out the proposed settlement to the IJB from the NHS as well as the resultant savings requirement for the Partnership.
- 3.2 The March paper noted that a number of areas had to be explored further before a final budget position could be reported back to the IJB. Following on from this Directions could be prepared for approval.
- 3.3 The March paper also noted that more information was required on how the requirements of the Scottish Government in respect of mental health services would be met.

### **4. SAVINGS ON THE NHS ARM OF THE BUDGET**

- 4.1 Subject to the final year end outturn, the provisional savings requirement for 2018/19 on the NHS arm of the budget is £1.7m.
- 4.2 The NHS Forth Valley Board considered their financial plan for 2018/19 on 27 March 2018. That report emphasised the importance of sustainable recurring financial balance and the challenge of delivering this. The total savings requirement for the Board is £18.4m – 3.7% of the recurring baseline. To date savings plans of £12.9m have been identified with an unidentified gap of £5.5m. In addition a forecast deficit position of £1.9m is anticipated against the Revenue Resource Limit for 2018/19. Work is ongoing to address this.

- 4.3 As part of the financial plan the NHS Board approved the initial budget for Falkirk Integration Joint Board at £149.793m. This reflects the position reported to the IJB in March 2018. A reconciliation of the key figures in the paper has been noted below:

	£m
Figure in March IJB report (Operational & Universal Services only)	110.553
Add Set Aside Services budget	25.444
Add Partnership Funding via NHS	3.664
Add Integration Funding	10.110
Minor Adjustment (due to timing)	0.022
	<b>149.793</b>

- 4.4 The paper to the NHS Board recognises that whilst the NHS Board are being asked to approve the savings plan, those savings that fall into the scope of integration require to be approved by the Integration Joint Board.
- 4.5 A summary of the savings proposed for Falkirk IJB is included at appendix 1. At the time of writing this report there is limited detail available. However, further details will be available following the NHS Board meeting.
- 4.6 Progress in identifying savings is shown below:

	Operational & Universal	Set Aside	Total
	£m	£m	£m
Savings Required	1.674	0.052	1.726
Savings Identified	1.436	0.136	1.572
<b>Savings still to be identified</b>	<b>0.238</b>	<b>(0.084)</b>	<b>0.154</b>

- 4.7 As in 2017/18 the financial risk for the set aside remains with NHS Forth Valley albeit decisions on budget savings must be approved by the IJB.
- 4.8 The savings shown at appendix 1 have been risk rated in terms of delivery. A breakdown of the risk rating is shown below:

	Operational & Universal	Set Aside	Total
	£m	£m	£m
Red risk rating	0.574	0.111	0.685
Amber risk rating	0.792	0.025	0.817
Green risk rating	0.070	-	0.070
<b>Total</b>	<b>1.436</b>	<b>0.136</b>	<b>1.572</b>

- 4.9 The risk profile is concerning, with 95% of the savings identified for operational and universal savings rated as red or amber. Combined with unidentified savings, this represents a significant financial risk to the Partnership.

- 4.10 The challenges in section 4.2 will have an impact on the IJB and the financial risk facing the Partnership. There is additional risk to the Partnership as operational responsibility of some services is expected to transfer during the financial year. It is essential that recurring savings plans are developed to mitigate the full financial risk and ensure the services are transferred on a sustainable and stable basis.
- 4.11 It is recommended that the Leadership Group is tasked with developing a plan to identify further savings or funding to mitigate the current shortfall and financial risk. This must be a collaborative effort, involving all budget holders, and progress will be reported to the June meeting of the IJB.
- 4.12 An overview of the 2018/19 budget has been included at appendix 2 of this report.

## **5. MENTAL HEALTH SERVICES INVESTMENT**

- 5.1 The report to the March IJB noted that the Scottish Government had included a funding requirement for mental health services in its allocation letter to NHS boards. The Scottish Government have provided Investment in Reform monies for mental health services which have not yet been allocated. In addition to this was an expectation that there will be a real terms increase in existing 2017/18 spending levels by NHS Boards and Integration Authorities.
- 5.2 An assumption has been made by both the NHS Board and the IJB that the Investment in Reform monies will be met with equal spend on mental health services. The expected increase in real terms spending is a more complex issue and discussions have taken place with the Scottish Government in terms of expectations. The pass through of the 1.5% uplift to the base budget along with pay consequentials should be sufficient to meet requirements. However the impact of any saving requirements will need to be assessed and understood.
- 5.3 The IJB will be kept updated on progress in this area.

## **6. INVESTMENT IN DAY SERVICES FOR YOUNGER ADULTS**

- 6.1 At the March 2018 meeting it was noted that Falkirk Council has provided £0.050m for additional investment in day services for younger adults. The purpose of this funding was to facilitate the ongoing redesign of day services.
- 6.2 Officers have attended presentations from Neighbourhood Networks and Dates and Mates. These are innovative organisations who enable younger adults to be self managing and live fulfilled lives using approaches which differ from formal social care services. Twenty service users and a team of staff recently attended a Ceilidh in Paisley, hosted by Dates and Mates. In addition, a Believe and Achieve event will be attended by day service staff and managers as well as service users. This event will help service users and families to see how the transformation of day services will make a difference in their day to day lives.

- 6.3 Based on the work to date, adult social care have agreed in principal, and subject to funding, to take the Dares and Mates and Neighbourhood Networks initiatives forward. It is estimated that this will cost c£0.100m and proposals will be presented to the Leadership Group for the additional funding required.
- 6.4 A programme of work is being developed on the two remaining day centre facilities to upgrade and improve the facilities. The costs of this will be met through the Falkirk Council capital budget. This work ranges from redecoration to upgrading of catering facilities and accessible toilets.

## **7. SUPPORT AT HOME CONTRACT**

- 7.1 The outcome of the support at home (home support and supported living) contract is included elsewhere on this agenda. The report notes that maximising continuity of care by transferring all current packages of care at the new tendered rates would increase costs by c5.5% against a current budget provision of 3.3%. This would be an additional cost of c£0.560m. Whilst efforts are ongoing to negotiate with providers to mitigate this risk, consideration may also be required to identify additional funding. The IJB will be kept up to date with progress in this area.

## **8. EXTERNALLY FUNDED ORGANISATIONS**

- 8.1 In March 2017, the IJB agreed that work focussing on strategic commissioning should be progressed. The objective of this work is twofold: firstly, to ensure that commissioned services align with local need and priorities; secondly, to provide assurance to the IJB that public money is used properly and achieves value for money. It must be possible to trace funds from the Health and Social Care Partnership to where they are ultimately spent – in other words to “follow the public pound” across organisational boundaries.
- 8.2 At the outset, the IJB must be clear about its reasons for involvement with any external organisation, the extent of its financial commitment and how performance will be monitored, both financially and on a service delivery basis. In addition, the IJB should also be aware of the level of financial and reputation risk associated with providing support. The risk rating should be factored into the monitoring and reporting of the service to be provided.
- 8.3 The agreed governance process in place for Partnership Funding provides an appropriate framework of accountability to the IJB and allows us to evidence compliance with Scottish Government funding allocation restrictions. However, there are a number of financial arrangements in place that sit outwith that framework. The IJB’s overall budget includes funds that are allocated to external organisations via grants and service level agreement from budgets delegated to both NHS Forth Valley and Falkirk Council. The Strategic Commissioning Working Group is currently developing a process to ensure clear accountability and consistency for all allocations of resource to external organisations. Progress in this area will be reported back to a future meeting of the IJB.

## **9. DIRECTIONS**

- 9.1 Previous reports to the IJB have noted that a detailed review of the Directions issued to Partners is required. However, it has also been highlighted that the Scottish Government has commenced a review of this area.
- 9.2 Directions to Falkirk Council and NHS Forth Valley for 2018/19 are appended to this report (appendix 3). Following approval the Directions will be sent formally to the constituent partners.
- 9.3 The Directions for 2017/18 are in a similar format to previous years in terms of notifying the organisations of the funds available to them. However there appears to be some confusion regarding the Directions with examples of inadvertent non-compliance during 2017/18. It is hoped that the amendments to the Directions will be of benefit to the constituent partners to ensure full compliance.
- 9.4 The Directions may be amended following further guidance from the Scottish Government.

## **10. CONCLUSIONS**

- 10.1 The financial settlement from NHS Forth Valley has been approved by the Health Board. This settlement requires savings of £1.67m to be identified for operational and universal services with the financial risk for the set aside budget of £0.052m remaining with the NHS.
- 10.2 As the time of writing, savings of £1.436m have been identified for operational and universal services. Of these a significant proportion have been rated as red or amber in terms of delivery. The combination of a savings gap as well as the risks around the savings identified presents a significant financial risk to the Partnership.
- 10.3 It is crucial that steps are taken at an early stage to mitigate the financial risk to the Partnership, particularly given the likelihood of structural change taking place in 2018/19. Without a collaborative approach, there is a risk that the Partnership will be in a forecast deficit position throughout 2018/19.

### **Resource Implications**

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

### **Impact on IJB Outcomes and Priorities**

The report confirms the funding settlement from the NHS Board to the IJB for delivery of the outcomes and priorities of the Strategic Plan.

There is a risk that an insufficient budget would negatively impact on the ability to deliver the outcomes and priorities of the Strategic Plan. At this stage savings have not been identified to mitigate the overall financial risk to the Partnership.

**Legal & Risk Implications**

Key risks set out in the report are the identification of sustainable, deliverable and recurring savings. Risks also include the capacity of the management team to deliver operational services, delivery efficiencies and implement significant service changes. A support structure will be required to mitigate these risks.

The savings set out in Appendix 1 for the NHS Board include a risk rating. A number of these are rated “red” or “amber”. This means that there are risks associated with the deliverability of the saving.

There is a risk of using non-recurring means to achieve financial balance. This is the case for 2017/18 on the NHS arm of the budget and these pressures will be felt in 2018/19. A focus on recurring savings will be essential going forward.

**Consultation**

Requirements for consultation on the proposed savings programme will require to be considered.

**Equalities Assessment**

An equalities assessment will require to be prepared for each of the savings proposals.

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Approved for Submission by: Patricia Cassidy, Chief Officer, Falkirk IJB










**Author – Amanda Templeman, Chief Finance Officer**

**Date:** 27 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.

## NHS FORTH VALLEY – OPERATIONAL &amp; UNIVERSAL SAVINGS



## 2018/19 SAVINGS PROPOSALS – SUMMARY

Savings Ref	Title	£m	FTE Impact	Risk Rating	EPIA Rating
<b>Efficiencies/Housekeeping</b>					
1A	Dietetics	0.028	-		
1B	Adult Speech & Language Team – review of service to voice patients/information group sessions	0.011	-		
<b>Case for Change Produced/Required</b>					
2A	Service Redesign for Outpatient Parenteral Antimicrobial Therapy (administering intravenous antibiotics in the community), Specialist Rehab Provision, Day Hospital Review & Frailty	0.413	-		
2B	Specialist Mental Health – redesign of Community Rehab Teams – previously approved in 2017/18	0.110	-		
2C	AHP, MH LD and OAP Care Group – various skill mix changes	0.040	-		
<b>Prescribing</b>					
3A	Quetiapine prescriptions	0.075	-		
3B	Housekeeping	0.042	-		
3C	Technical switch – Edoxaban	0.092	-		
3D	Review of Primary Care Prescribing – over-ordering & waste	0.625	-		
	<b>TOTAL</b>	<b>1.436</b>	-		



## NHS FORTH VALLEY – SET ASIDE

### 2018/19 SAVINGS PROPOSALS – SUMMARY

Savings Ref	Title	£m	FTE Impact	Risk Rating	EPIA Rating
4A	Specialist Mental Health – cap non core staffing	0.025	-		
4B	Hope House Bed Income	0.111	-		
	<b>TOTAL</b>	<b>0.136</b>	-		

## FALKIRK INTEGRATION JOINT BOARD

## SUMMARY OF BUDGET 2018/19

	NHS FORTH VALLEY				
	FALKIRK COUNCIL £m	OPERATIONAL & UNIVERSAL £m	SET ASIDE £m	TOTAL £m	GRAND TOTAL £m
Recurring 2017/18 Base Budget	70.573	108.519	24.712	133.231	<b>203.804</b>
Inflationary Pressures:					
Pay Awards	0.787	0.680	0.600	1.280	<b>2.067</b>
Non Pay Inflation	2.033	0.104	0.041	0.145	<b>2.178</b>
Prescribing Inflation	-	1.624	0.143	1.767	<b>1.767</b>
	<u>2.820</u>	<u>2.408</u>	<u>0.784</u>	<u>3.192</u>	<u><b>6.012</b></u>
Other Increases:					
Demographic Growth	0.350	-	-	-	<b>0.350</b>
Carers Act Requirements	0.890	-	-	-	<b>0.890</b>
Day Care Investment	0.050	-	-	-	<b>0.050</b>
Other Miscellaneous Increases	0.204	0.022	-	0.022	<b>0.226</b>
	<u>1.494</u>	<u>0.022</u>	<u>-</u>	<u>0.022</u>	<u><b>1.516</b></u>
<b>Sub Total</b>	<u><b>74.887</b></u>	<u><b>110.949</b></u>	<u><b>25.496</b></u>	<u><b>136.445</b></u>	<u><b>211.332</b></u>
Integration Funding	10.110	-	-	-	<b>10.110</b>
HRA & Capital Funding	1.741	-	-	-	<b>1.741</b>
	<u>11.851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>11.851</b></u>
New 2018/19 Investment:					
Share of £66m for Adult Social Care Pressures	1.890	-	-	-	<b>1.890</b>
Investment in Day Services for Younger Adults	0.050	-	-	-	<b>0.050</b>
Investment in Reform - Mental Health	-	-	-	-	<b>-</b>
Investment in Reform - Primary Care	-	-	-	-	<b>-</b>
	<u>1.940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>1.940</b></u>
Proposed Recurring Settlement	58.481	110.575	25.444	136.019	<b>194.500</b>
<b>Total Funding</b>	<b>72.272</b>	<b>110.575</b>	<b>25.444</b>	<b>136.019</b>	<b>208.291</b>
Gap to be met by Savings	2.615	0.374	0.052	0.426	<b>3.041</b>
Recurring 2017/18 Pressures to be met from Savings	-	1.300	-	1.300	<b>1.300</b>
Savings Identified	2.615	1.436	0.136	1.572	<b>4.187</b>
<b>Savings to be Identified</b>	<u>-</u>	<u><b>0.238</b></u>	<u><b>-0.084</b></u>	<u><b>0.154</b></u>	<u><b>0.154</b></u>

**PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014**

**DIRECTION TO FALKIRK COUNCIL**

**Draft** Direction for Financial Year 2018/19

1. The Integration Joint Board has the authority to make decisions in respect of services commissioned from Falkirk Council ("the Council"). The Integration Joint Board directs 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 and any relevant decisions of the Council 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 (for example eligibility criteria) or service provision (for example Discharge to Assess services) 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.
  - (d) any material change to policies or service provision as outlined in (c) must be initiated and discussed through the Leadership Group (agreed by the IJB on 7 October 2016)
2. The IJB will make a payment to the Council of £72.272m to carry out the functions.
3. This direction will remain in force until revoked in full or part by the IJB.

Falkirk Integration Joint Board  
6 April 2018

## **PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014**

### **DIRECTION TO FORTH VALLEY HEALTH BOARD**

**Draft** Direction for Financial Year 2018/19

1. The Integration Joint Board has the authority to make decisions in respect of services commissioned from Forth Valley Health Board ("the Health Board"). The Integration Joint Board directs 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 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 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 (for example reablement strategies) or service provision (for example patient pathways) within the functions unless agreed by the IJB.
  - (d) any material change to policies or service provision as outlined in (c) must be initiated and discussed through the Leadership Group (agreed by the IJB on 7 October 2016)
2. The IJB will make a payment to the Health Board of £110.575m to carry out the functions. The Health Board will make use of the sum of £25.444m set aside in relation to Large Hospital Services.
3. The Health Board will pass through £10.110m of Integration Funding to Falkirk Council in line with Scottish Government allocations. £3.664m of funding for the Integrated Care Fund and Delayed Discharge will be allocated in line with the agreed Partnership Funding governance process.
4. This direction will remain in force until revoked in full or part by the IJB.

Falkirk Integration Joint Board  
6 April 2018