



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	17 th August 2016
Agenda Item	12
Title	Budget Update
<p>Summary This report provides an update on the budget setting process for partner contributions to East Renfrewshire's Health & Social Care Partnership for Financial Year 2016/17 and sets out implications for our future financial strategy.</p>	
Presented by	Lesley Bairden, Chief Financial Officer
<p>Action Required</p> <ul style="list-style-type: none"> ▪ That the Integration Joint Board note: <ul style="list-style-type: none"> - The 2016/17 East Renfrewshire Council Contribution to the budget of £46.137million as previously agreed on 30 March 2016 - The proposed budget contribution from NHSGGC of £65.177m - The risks associated with NHSGGC budget contribution and directions not in recurring balance - The potential of non-recurring funding from NHSGGC during 2016/17 - The indicative NHSGGC Set Aside budget for 2016/17 - The change in timetable for NHS budget setting for 2017/18 - The reserves position - The risks as outlined in this report ▪ That the Integration Joint Board approve: <ul style="list-style-type: none"> - The review of the application of all funding streams to maximise uncommitted resource to help avoid cuts to frontline services ▪ That the Integration Joint Board agree: <ul style="list-style-type: none"> - To receive detailed proposals at the October meeting of the IJB to achieve recurring financial balance for 2016/17 and 2017/18 - To receive an analysis of the impact the proposed funding reductions will have on the delivery of outcomes per our strategic plan. 	
<p>Implications checklist – check box if applicable and include detail in report</p> <p> <input checked="" type="checkbox"/> Financial <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Legal <input checked="" type="checkbox"/> Equalities <input checked="" type="checkbox"/> Staffing <input type="checkbox"/> Property <input type="checkbox"/> IT <input type="checkbox"/> Efficient Government </p>	

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

17 August 2016

Report by Lesley Bairden, Chief Financial Officer

BUDGET UPDATE

PURPOSE OF REPORT

1. This report provides an update on the budget setting process for partner contributions to East Renfrewshire's Health & Social Care Partnership for Financial Year 2016/17 and sets out the potential implications for our future financial strategy.

RECOMMENDATION

2. It is recommended that:
 - That the Integration Joint Board note:
 - The 2016/17 East Renfrewshire Council Contribution to the budget of £46.137million as previously agreed on 30 March 2016
 - The proposed budget contribution from NHSGGC of £65.177m
 - The risks associated with NHSGGC budget contribution and directions not in recurring balance
 - The potential of non-recurring funding from NHSGGC during 2016/17
 - The indicative NHSGGC Set Aside budget for 2016/17
 - The change in timetable for NHS budget setting for 2017/18
 - The reserves position
 - The risks as outlined in this report
 - That the Integration Joint Board approve:
 - The review of the application of all funding streams to maximise uncommitted resource to help avoid cuts to frontline services
 - That the Integration Joint Board agree:
 - To receive detailed proposals at the October meeting of the IJB to achieve recurring financial balance for 2016/17 and 2017/18
 - To receive an analysis of the impact the proposed funding reductions will have on the delivery of outcomes per our strategic plan.

BACKGROUND

3. This report follows from those previously reported to the IJB on 30 March and 1 June and now includes confirmed detail on NHSGGC revenue contribution to the partnership, following the approval of the NHSGGC Financial Plan for 2016/17 on 28 June.
4. The report will recap on the previously agreed ERC budget contribution, set out the implications of the NHSGGC revenue contribution, update the IJB on the application of the Integration Fund, reserves, progress towards meeting existing savings targets and our approach to identifying new savings.
5. The report will also outline the potential impact on future years funding and the associated risks to a financial strategy required to support our Strategic Plan.

6. A number of appendices support this report:

Appendix	Purpose
1	ERC 2016/17 budget contribution agreed 30 March
2a	NHS 2016/17 proposed budget contribution
2b	NHSGGC Letter detailing proposed budget
3	Integration Fund application of balance
4	Existing Savings 2016/17 ERC
5	Reserves
6	Set Aside Notional Budget 2016/17
7	Funding Directions Summary 2016/17

REPORT

East Renfrewshire Council Revenue Budget Contribution 2016/17

7. The IJB will recall that the ERC revenue budget contribution to the partnership was agreed at £46.137 million on 30 March. The budget pressures and savings have been previously detailed, with existing savings of £1.475 million summarised at Appendix 4 for information.

Integration Fund

8. As previously reported the Integration Fund of £3.62 million was allocated:

£'000	Application
928	To fund adult demographic pressures
100	To fund aids and adaptations increases relating to increased demographics
710	East Renfrewshire Council pressures
165	Living wage already in ERC contribution
935	Living Wage balance – part year effect to be determined
782	To be allocated, including charging threshold impact £30k, £250k ring-fenced for Living Wage recurring.
3,620	Total

9. The IJB agreed:
- a) A non-recurring invest to save approach to facilitate change, recognising that significant redesign is required to ensure sustainable service delivery and ensure fit with our strategic plan. We agreed four themes for development:
 - i. Data and Analytics
 - ii. Capacity Building
 - iii. Workforce Planning & Development
 - iv. Change Programme Capacity & Facilitation
 - b) An investment of some resource to reserves to create a buffer and allow for timing differentials and potential double running costs that may be needed to achieve the required level of savings from redesign.
10. We agreed that proposals for investment would be brought to the IJB in October, the default position being all unallocated funds are taken to reserves in 2016/17.
11. The impact of the cost of living wage has now been quantified with a potential non-recurring saving of £411k in 2016/17 (resulting from part year implementation) and a potential cost pressure of £247k to in 2017/18, reflecting a number of variables.

Therefore it is prudent to suggest ring-fencing £250k of unallocated Integration Fund for 2017/18. The part year implementation in 2016/17 will tie in with the ongoing framework for care providers' work.

12. The balance of funds will be taken to reserves to smooth the impact of funding reductions and meet any delays in delivery of savings for the period 2016/17 to 2107/18. The IJB should note that Scottish Government remain firm in their instruction that this fund relates to Social Care and will expect evidence to support its application. Please see Appendix 3 detailing the current application of the remaining balance of funds, which will be revised for living wage costs and reallocation of funding streams.

Housing Related Budgets

13. In addition to the social care budgets the legislation also sets out the IJB responsibility for strategic planning for some housing functions. For us the relates to aids and adaptations, held within ERC housing budgets:
 - a) £225k Private Sector Housing Grant
 - b) £222k Housing Revenue Account (capital)
 - c) £155k Care and Repair
14. Whilst it is acknowledged that the day to day operation of these budgets remain unchanged the IJB must ensure strategic direction reflects demographic changes, the shift in the balance of care, the preventative agenda and influence the related funding decisions for this function. Work is ongoing with our Housing colleagues to agree process for future reporting and budget implications.

NHSGGC Revenue Budget Contribution 2016/17

15. The NHSGGC financial plan was approved on 28 June. This has resulted in a proposed revenue budget allocation of £65.178 million inclusive of a savings allocation of £1.152 million for our partnership. The individual components of the budget are set out in Appendix 2a with the supporting letter from NHSGGC included at Appendix 2b.
16. The savings of £1.152 million represent East Renfrewshire's "share" of the total £20 million savings allocated to partnerships, subsequent to the budget being approved. In the budget report of 30 March we had indicated that we may have around £1 million to find, however the "proportionate share" was not the approach agreed by the Board at that time. Collectively partnerships had identified £10.2 million from local and system wide proposals and we had identified £309k local savings which we considered achievable. Despite a desire not to allocate a share of the funding reduction to partnerships, the outstanding balance of £9.8 million has been allocated proportionately to our controllable budgets resulting in a further £834k local savings to be identified.
17. For context the NHSGGC funding gap (cash releasing efficiency challenge) was £69m, with saving targets of £49 million to acute & corporate and £20 million to partnerships. Whilst we accept the unprecedented challenge that NHSGGC is facing it must be recognised that this "proportionate" share approach to budget savings does not reflect the policy agenda of shifting the balance of care to a greater emphasis on prevention, anticipatory care and improving care and support to enable people to live at home.
18. Additionally, this approach does not reflect the different starting point for Partnerships; East Renfrewshire took the decision to integrate services 10 years ago and the opportunity to make savings and efficiencies from management re-structures and economies of scale is not available to us.

19. It should be noted that in addition to the above there is a possibility that NHSGGC may look to Partnerships to further contribute to any shortfalls against NHSGGC's financial plan. This will be continually reviewed, with Partnerships collectively seeking assurance of no further in-year savings.
20. As identified in Appendix 2 of the £65.178 million budget allocation when FHS, Prescribing, Resource Transfer and collective savings programmes are adjusted for, the controllable budget is £20.2 million, from which we are expected to achieve £1.152 million savings (5.7% reduction). Of the "controllable" budget £18.355m (91%) relates to pay. In previous years our controllable budget and savings target were less as Specialist Learning Disability Services were not included; for 2016/17 the net budget for this service is £11.252m of which £10.631m relates to pay (94%).
21. The hosted Learning Disability Services will be expected to deliver a proportionate share of the saving circa £0.4 million.
22. It is difficult to see at this stage how the local target can be delivered, on a recurring basis, within existing employee terms & conditions, given that this is the only real area of flexibility within the budget. This level of savings target is unprecedented, with prior year savings being:

Year	Controllable Budget £'000	Savings Target £'000	Savings %
2016/17	20,200	1,152	5.7%
2015/16	10,753	274	2.6%
2014/15	10,231	50	0.5%
2013/14	9,708	0	0
2012/13	9,725	107	1.1%

23. The current year savings agreed to date of £309k comprise:

£'000	Saving
100	Alcohol & addictions to be achieved from deletion of 2 vacant posts and restructure of costs; reflecting the reduction in bundled funding by the Scottish Government
17	Community Children's Services (system wide programme)
170	Review of staffing and discretionary budgets within Integrated Care Fund
22	Planning & Health Improvement (system wide programme)
309	Total savings Identified to date

24. There must be a recognition by NHSGGC and the Scottish Government that in order to achieve such a level of recurrent savings this will require a longer term more radical approach that may impact on HEAT and other targets, delayed discharge and overall performance. The national review of NHS targets may be helpful in this regard.
25. Given we received confirmation of the 2016/17 budget on 5 July 2016 it must be accepted that we will not achieve a full year recurring saving. To date we can identify:
- £0.205m turnover to date
 - £0.163m free reserve brought forward
 - £0.309m as identified in paragraph 23 above
 - There may be slippage within the Integrated Care Fund pending final allocation of the 2016/17 funding.

This leaves a balance of £0.475m in the current year and a recurring shortfall of £0.843m, prior to further saving options being identified.

26. The revenue monitoring report as at 24 June has reported a balanced position against NHSGGC funding and directions, heavily caveated on the receipt of non-recurring funding from NHSGGC to offset the current year shortfall.
27. There must be recognition from NHSGGC that whilst the IJB holds reserves, these are, in the main, earmarked for specific purposes, as previously agreed by the IJB. To utilise these in 2016/17 to shore up a funding gap would undermine our longer term planning to ensure sustainable and fit for purpose service delivery. The free reserve brought forward from 2015/16 NHSGGC revenue funding is £163k which could be applied on a non-recurring basis in 2016/17, recognising that this removes flexibility.
28. The IJB need to ensure that we secure non-recurring support from NHSGGC. The Health Board has identified in its financial plan that £32.0m of non-recurring relief is potentially available to offset the in-year shortfall against savings targets. Discussions are underway to determine how non-recurring funding will be allocated to Partnerships for the current year's shortfall against savings targets. This will be quantified and allocated in month 5 accounting period. It is important that IJBs are not adversely penalised by working towards achieving a balanced budget.
29. The Chief Officer and the Chief Financial Officer will continue to work closely with the Director of Finance of NHSGGC to closely monitor our own progress as well as that of other partnerships, acute and corporate services.
30. The IJB must also consider, monitor and influence the Health Board's approach to the allocation of funding. There is acknowledgement that East Renfrewshire is not funded on a like for like basis, given our long history of integration, historic resource transfer settlements all place undue burden on us given the demographics of our population. The distribution of resource using the NRAC formula would be of benefit to our Partnership.
31. The prescribing budget is net of £314k savings, being our share of the £5m total GP prescribing savings allocation. The prescribing risk share will remain in place during 2016/17.
32. Given the 2016/17 budget is not in recurring balance the IJB is asked to note the NHSGGC proposed budget contribution and that officers will bring savings proposals to the October meeting of the IJB to demonstrate actions to achieve recurring financial balance against the 2016/17 budget contribution.
33. The level of savings required may impact on the Partnership's ability to deliver the existing outcomes identified in our strategic plan. An analysis of the impact of all savings will be included with proposals.

Set Aside Notional Budget

34. The set aside, or notional budget, for large hospital services was included as indicative at 30 March. No further update from NHSGGC has been received other than agreement to reflect a 1% increase. This is included at Appendix 6 for information. Given the onus on partnerships to shift the balance of care, the pressures on the acute services and no clear mechanism identified as yet to operate a measurable currency (not necessarily £) this is another area of risk for the IJB to note and to consider.
35. There remains an acceptance that whilst the notional budget is important the focus of monitoring will be on activity, with a funding transfer mechanism to be agreed. For East Renfrewshire, as a long established Partnership, much of the preventative work to shift the balance of care has been achieved and is reflected in our delayed discharge

performance. In order to build on this and continue to deliver community based services we must have a mechanism to fund any increase in community provision.

36. Whilst this is very positive for residents of East Renfrewshire it does mean that based on the historic modelling the partnership appears to use a lower proportionate share than expected for unscheduled care.

2017/18 Budget and Future Financial Strategy

37. As reported to the IJB in June the 2016/17 budget needs to form the basis of our future financial strategy, underpinning our strategic plan. Given the uncertainties outlined above the detailed strategy will be reported to a future IJB.
38. The financial strategy must ensure sustainability for future years, whilst recognising the significant and unprecedented challenges ahead and the recognition that service delivery models cannot continue in the current format. The tables below set out a number of scenarios that will be updated and refined over the coming weeks as we work up detailed savings proposals, for both 2016/17 for NHS contributions and for 2017/18 for both partners.
39. At this point we have no set dates for the expected autumn spending review, the impact of changes in the government and chancellor are unknown and the impact of BREXIT is unclear.
40. The scenarios below set out a good, medium and poor budget contribution from our partners, recognising potential pressures and savings:

	Good	Medium	Poor
2016/17	<p>Deliver existing savings – early achievement if possible</p> <p>Receive non-recurring support for NHS savings</p> <p>Deliver balanced budget</p>	<p>Deliver existing savings</p> <p>No non- recurring support</p> <p>No further savings</p> <p>Require to fully use free reserves and release earmarked reserves</p>	<p>Delays or shortfalls in existing savings</p> <p>Additional in year savings target</p> <p>Increased demand</p> <p>Utilise all reserves and not deliver balanced budget – recovery plan would impact on future years funding</p>
2017/18 and 2018/19	<p>Deliver existing savings</p> <p>Settlement increases / NRAC parity</p> <p>Favourable savings target</p> <p>Demographics recognised</p>	<p>Flat cash for savings and inflation</p> <p>Demographics recognised</p> <p>Support for any release of staff costs</p>	<p>Net funding reduction</p> <p>No NRAC parity</p> <p>No shifting the balance of care funding mechanism</p> <p>No support for any release of staff costs</p> <p>Future funding of FHS & Prescribing</p>

	Shift in balance of care mechanism agreed		
	Impact on outcomes	Impact on outcomes	Impact on outcomes

41. The mechanism for our partners identifying the budget contribution to the IJB remains an active discussion, with recognition that the individual partner's process for budget setting now needs to reflect the IJB responsibility for negotiating pressures, agreeing savings and setting directions.
42. For ERC contribution we had an indicative budget contribution of £45.77m for 2017/18 as part of the ERC budget agreed in February 2016. Based on our latest discussions the contribution is likely to be in the range of £43.4m to £45.4m depending on ERC settlement. Any additional savings challenge will be on top of the existing 2017/18 savings programme of £2.8 million. Given the increasing demand and pressure on our services this will be very challenging.
43. There is recognition in the NHSGGC financial plan that there is a need to change the approach to future financial planning for 2017/18 and beyond. NHSGGC acknowledge "the need to devise a 3-5 year Strategic Plan, drafted in conjunction with IJBs to ensure a model of affordable service delivery and quality patient care up to, and beyond, 2020." The Director of Finance has subsequently confirmed his intention to bring forward budget contribution proposals in line with council budget setting timetables.
44. Given the uncertainty of future funding following spending reviews and all risks as outlined in this report the savings options for 2017/18 and 2018/19 will impact on frontline services.
45. The IJB will need to prioritise service delivery, potentially cease some services and scale back on others. It must also be recognised that support services have been the mainstay of achieving historical savings; there is no doubt that this level of savings can only be achieved from reviewing front facing service delivery. This will impact on our strategic plan and the outcomes therein.
46. Areas for consideration and discussion:
 - a) Apply free reserves as a one off contribution to savings
 - b) Release of earmarked reserves – not recommended as this destabilises long term planning
 - c) Voluntary release of staff / voluntary reduction in hours
 - d) Increase turnover targets / vacancy freeze / targeted approach to recruitment / fixed term appointments
 - e) Moratorium on discretionary spend
 - f) Review of all Out of Hours and Standby arrangements
 - g) Explore potential for shared services
 - h) Escalate and bring forward workforce planning including end to end service reviews
 - i) Critical review of Integrated Care Fund and Delayed Discharge spending plans – cease the "good to have" and focus on "must have"
 - j) In addition to the critical review in point 9 above we must also consider a detailed review of the expenditure funded from each of these sources and the option to review the application of all funding streams, utilising the £0.5m balance of the Integration Fund to meet social care costs. We can therefore maximise the uncommitted resource to help avoid cuts to frontline services.

47. The set aside budget included at Appendix 6 remains notional and reflects a 1% uplift to show indicative 2016/17 rates. We acknowledge the set aside is notional and will have nil cash impact in the current year. However significant work is required, partnership wide, with NHSGGC to recognise the shift to community based services, supported by an appropriate funding mechanism. This is key to planning, quantifying, appraising and implementing changing models of service.
48. Work is ongoing to finalise an accommodation strategy, develop locality reporting and quantify change programmes, with detail to be reported to future meetings of the IJB recognising progress achieved from identifying budget savings and pressures.

FINANCE AND EFFICIENCY

49. All financial implications are discussed in full in the report above. The IJB decision regarding the NHS budget contribution will be determine further action for the next meeting of the board.

CONSULTATION

50. The Council's Section 95 Officer and NHSGGC Assistant Director of Finance have been consulted on this report. Discussions remain ongoing with NHSGGC over the revenue budget contribution, the timing of savings and application of any board non-recurring funding and the indicative set aside budget.

PARTNERSHIP WORKING

51. The IJB revenue budget funding is determined by contribution of revenue budgets for the HSCP from East Renfrewshire Council and NHS Greater Glasgow & Clyde.

IMPLICATIONS OF THE PROPOSALS

52. As the Partnership will continue to operate across the two parent bodies there are currently no implications for
 - Staffing
 - Property
 - Legal
 - IT
 - Equalities
53. The financial sustainability of the HSCP is addressed above.
54. The detailed savings and change proposals will be subject to an equalities impact assessment as these are refined.

RISK

55. There are a number of risks that should be considered which will be monitored on an ongoing basis:
 - a) Sufficient future funding to deliver core services, including funding mechanisms to support shifting the balance of care, allowing implementation of new service delivery models
 - b) Delivery of existing savings plans, impact of shortfalls and timing delays

- c) Impact of additional in year savings allocations
- d) Future demographic pressures, ensuring these are identified, quantified and funded
- e) Future year impacts of Living Wage and other policy decisions
- f) Securing NRAC parity in future funding allocations
- g) Impact reduced funding will have on performance including HEAT targets
- h) Impact reduced funding will have on our ability to deliver outcomes set out in our strategic plan

CONCLUSIONS

56. The 2016/17 total revenue budget, will inform development of the HSCP Financial Strategy for 2016/17 to 2018/19, as well as the basis of service planning and financial monitoring for 2016/17. Recurring financial balance needs to be achieved in future years to ensure financial sustainability.

RECOMMENDATIONS

57. It is recommended that:

- That the Integration Joint Board note:
 - The 2016/17 East Renfrewshire Council Contribution to the budget of £46.137million as previously agreed on 30 March 2016
 - The proposed budget contribution from NHSGGC of £65.177m
 - The risks associated with NHSGGC budget contribution and directions not in recurring balance
 - The potential of non-recurring funding from NHSGGC during 2016/17
 - The indicative NHSGGC Set Aside budget for 2016/17
 - The change in timetable for NHS budget setting for 2017/18
 - The reserves position
 - The risks as outlined in this report
- That the Integration Joint Board approve:
 - The review of the application of all funding streams to maximise uncommitted resource to help avoid cuts to frontline services
- That the Integration Joint Board agree:
 - To receive detailed proposals at the October meeting of the IJB to achieve recurring financial balance for 2016/17 and 2017/18
 - To receive an analysis of the impact the proposed funding reductions will have on the delivery of outcomes per our strategic plan.

REPORT AUTHOR AND PERSON TO CONTACT

58. Lesley Bairden, Chief Financial Officer

lesley.bairden@eastrenfrewshire.gov.uk

0141 577 3355 or 0141 577 4030

1 August 2016

BACKGROUND PAPERS

[IJB Budget report 30 March](#)

[Budget update report to IJB 1 June](#)

ERC Budget setting report 9 March 2016

NHS Board 2016/17 financial plan paper 28 June

KEY WORDS

Finance, budget, revenue, savings, pressures, integration fund, East Renfrewshire Integration Scheme, Public Bodies (Joint Working) (Scotland) Act;

East Renfrewshire Council Budget Contribution

Appendix 1

	£'000
Base Budget 2015/16	47,070
Welfare Rights Transfer	(229)
Non Recurring Aids & Adaptations	(100)
0.5% Pay Award claw back & living wage internal	(153)
Other	(13)
Kinship redetermination	62
Criminal Justice Redetermination	50
Pay Award / Increments / Living Wage (internal)	320
Inflation	175
Restated Base Budget 2015/16	47,182
Demographics - now Funded by Integration Fund	(1,028)
Living Wage already funded in base	(165)
Council Pressures	(710)
Reduction in required savings - compliance	343
Living Wage Internal - Pay element	30
Living Wage - Providers	165
Support Costs	301
Other	19
Agreed Budget 2016/17	46,137

NHSGGC Proposed Budget Contribution 2016/17

Appendix 2a

	£'000
Base Budget 2015/16	62,647.0
Pay Award including low pay allowance	247.9
National Insurance changes	296.1
Auto enrolment	35.5
Resource Transfer uplift	99.0
Non pay inflation	20.6
Facilities budgets centralised	(322.0)
Capital charges budgets centralised	(423.0)
Other adjustments	108.0
Integration Fund	3,621.0
Agreed Savings Targets	(309.0)
New Savings Targets as of 28 June	(843.4)
Proposed IJB Budget 2016/17	<u>65,177.7</u>
Proposed budget per above	65,177.7
Less:	
FHS	(11,625.1)
GMS	(9,388.8)
Prescribing budget	(14,818.4)
Integration fund	(3,620.0)
Resource Transfer	(5,511.5)
"Controllable Budget pre savings"	<u>20,213.9</u>
Agreed Savings	(309.0)
New Savings	(843.4)
"Controllable Budget post savings"	<u>19,061.5</u>

East Renfrewshire HSCP Integration Fund

Appendix 3

Application of £782 Unallocated Funds:	2016/17			2017/18		
	ERC £'000	IJB £'000	Total £'000	ERC £'000	IJB £'000	Total £'000
Charging Thresholds	30		30	30		30
Living wage - additional funding			-	250		250
Contribution to reserves / Reallocation		753	753		503	503
Total	30	753	783	280	503	783

Subject to actual costs of implementation

Subject to reallocation proposals to be brought to October IJB

	2015/16	2016/17	2017/18	Total
	£'000	£'000	£'000	£'000
Children & Families / Justice				
Children & Family Structure		90		90
Fostering & Adoption	60	60	60	180
Residential Delivery			140	140
Early Years		100	100	200
Respite Reprovision		50		50
1 C&F Youth Councillng Services		50		50
	60	350	300	710
Strategic Services				-
Strategic Services HIT Structure	15			15
Strategic Services LD Post Grad Courses	10			10
Strategic Services HIT Budget Review	75			75
Strategic Services L&D Workforce	18			18
Strategic Services Buisness Support Workforce		97		97
Strategic Services Support Services		66	66	132
	118	163	66	347
Community Care				
Care at Home	90	160	210	460
2 Older People Care Home trends Nursing to Residential		185		185
Older People Band F	32			32
Older People Redesign	15			15
Older People Meals on Wheels	17			17
Older People Day Services Review			60	60
Older People Bonnyton			600	600
Older People Jewish Care Redesign	20	20	21	61
Learning Disability Respite Review	40			40
Learning Disability Redesign	591	515	505	1,611
3 Learning Disability Day Services		-		-
Physical Disability Redesign	39			39
Mental Health Redesign	75	50	50	175
Addictions	27	13		
Integrated Care Fund			336	336
4 Review of Charging	-	-	220	220
Respite Reprovision		100		
	946	1,043	2,002	3,991
System Wide				
All Services Misc Suppliers & Admin	4	4		8
Car Users		15	15	30
Workforce Planning			417	417
	4	19	432	455
Total Existing Savings	1,128	1,575	2,800	5,503

1 Reduced by £55k from original for compliance adjustment

2 Reduced by £38k from original for compliance adjustment

3 Reduced by £90k from original for compliance adjustment

4 Reduce by £160k until 2017/18 for compliance adjustment

East Renfrewshire Integration Joint Board Reserves 2016/17

Earmarked Reserves	Brought Forward from 2015/16	New Funds	Total Funds	Projected Spend 2016/17
	£	£	£	£
East Renfrewshire Council				
Integrating L&D Function	70,000	-	70,000	-
Community Capacity Building	80,000	-	80,000	80,000
Child Protection Training	40,000	-	40,000	40,000
Foster Care Recruitment Campaign	150,000	-	150,000	150,000
Children & Families Initiatives	50,000	-	50,000	50,000
Sub Total	390,000	-	390,000	320,000
NHSGCC				
Learning Disability Specialist Services	374,500	-	374,500	-
Barrhead Health & Care Centre	104,000	-	104,000	104,000
Sub Total	478,500	-	478,500	104,000
Total All Earmarked Reserves	868,500	-	868,500	424,000
General Reserves				
East Renfrewshire Council	109,200	-	109,200	91,400
NHSGCC	163,000	-	163,000	
Total General Reserves	272,200	-	272,200	91,400
Grand Total All Reserves	1,140,700	-	1,140,700	515,400

Notes:

1. Reserves exclude CFCR projects or any balance sheets funds relating solely to timing differences
2. The timing of earmarked spend will be revised as plans are refined.

Projected Carry Forward to 2017/18	Comments
£	
70,000	To meet cost of project post for 18 months , current year spend will be dependent on start date
-	To build community capacity and inform future service redesign
-	Training programme to support new structure implemented
-	part way through 2015/16. Funding for Foster Carer Recruitment Campaign and further Children & Families Initiatives.
70,000	
374,500	NHS funding contribution agreed with NHS and met from transitional funding and cross boundary income , for future staff redeployment training, future care package costs , double running costs of transitional period for individuals moving from continuing to community care.
208,000	Agreed NHS funding contribution agreed towards refurbishment of Barrhead Health & Care Centre
582,500	
652,500	
17,800	Funding a number of one off initiatives
163,000	Potential one off application to savings target
180,800	
833,300	

Comparison of 2015/16 Notional Set Aside Budgets with NRAC Share

	2013/14				2014/15				Average				2015/16	2016/17	NRAC	
	Activity SMR Discharges	Activity OBD	A&E Visit	£000	Activity SMR Discharges	Activity OBD	A&E Visit	£000	Activity SMR Discharges	Activity OBD	A&E Visit	£000	£000	£000	%	£000
East Renfrewshire																
Accident & Emergency	50	63		25	52	58		21	51	61		23	23	23		66
General Medicine	5,874	19,144		5,105	6,821	20,535		5,753	6,346	19,837		5,427	5,481	5,536		6,521
GP other than Obstetrics	0	0		0	5	93		21	3	47		11	11	11		3
Rehabilitation Medicine	15	837		192	23	831		245	19	834		219	221	223		209
Respiratory Medicine	89	267		100	86	324		121	88	296		111	112	113		611
Sub-total	6,028	20,311		5,422	6,987	21,841		6,161	6,507	21,075		5,791	5,849	5,907		7,409
Geriatric Medicine	2,196	33,965		5,093	2,649	34,507		6,106	2,423	34,236		5,600	5,656	5,713		4,825
Inpatients Total	8,224	54,276		10,515	9,636	56,348		12,267	8,930	55,311		11,391	11,505	11,620		12,234
A&E Outpatients			21,022	1,882			21,445	1,920			21,234	1,901	1,920	1,939		1,916
East Renfrewshire Total	8,224	54,276	21,022	12,397	9,636	56,348	21,445	14,187	8,930	55,311	21,234	13,292	13,425	13,559	6.74	14,150

Notes

- 1 2014/15 Notional Budget is based on the average of 2013/14 and 2014/15 activity
- 2 Average Costs uplifted by 1% to 2015/16 and a further 1% for 2016/17
- 3 NRAC shares for 2016/17 used as a comparison

Funding Directions Summary 2016/17

Appendix 7

Funding Sources in to the IJB:	NHS £'000	ERC £'000	IJB £'000	Total £'000
Revenue Budget Contribution	59,627	46,137		105,764
Integration Fund	3,621			3,621
Integrated Care Fund	1,430			1,430
Delayed Discharge	500			500
Sub-Total Direct Revenue Funding	65,178	46,137	-	111,315
Housing Aids & Adaptations *		632		632
Set Aside Notional Budget	13,425			13,425
Total Funding	78,603	46,769	-	125,372

Directions to Partners:

Revenue Budget Contribution	59,627	46,137		105,764
Integration Fund - budget 30 March		1,903		1,903
Integration Fund - living wage			935	935
Integration Fund - charging thresholds		30		30
Integration Fund - balance			753	753
Integrated Care Fund	365	1,065		1,430
Delayed Discharge	165	335		500
Sub-Total Direct Revenue Funding	60,157	49,470	1,688	111,315
Housing Aids & Adaptations		632		632
Set Aside Notional Budget	13,425			13,425
Total Funding	73,582	50,102	1,688	125,372

* Includes capital spend

Greater Glasgow and Clyde NHS Board

JB Russell House
Gartnavel Royal Hospital
1055 Great Western Road
GLASGOW
G12 0XH
Tel. 0141-201-4444
Fax. 0141-201-4601
Textphone: 0141-201-4479
www.nhsggc.org.uk



Julie Murray
Chief Officer
East Renfrewshire Health and Social Care
Partnership
Eastwood Park,
Rouken Glen Road
Giffnock
G46 6UG

Date: 5th July 2016
Our Ref: RC/BOB

Enquiries to: Robert Calderwood
Direct Line: 0141-201-4614
E-mail: <mailto:robert.calderwood@ggc.scot.nhs.uk>

Dear Julie

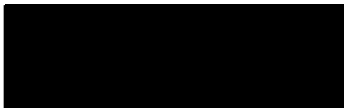
2016/17 Financial Allocation to East Renfrewshire Health & Social Care Partnership

The Board approved the 2016/17 Financial Plan for NHS Greater Glasgow and Clyde on 28 June 2016.

The attached paper outlines the main assumptions as they apply to HSCPs and Appendix I gives specific details for your partnership including some recently agreed adjustments to Facilities budgets. Some further adjustments are required for telecoms, property maintenance and rates budgets. The prescribing out-turn figures for 2015/16 which form the basis for setting the current year budget have only recently become available and therefore the net uplift to your current prescribing budget will be applied during July.

The adjustments in the attached schedule will be processed in the Health Board ledger in time for the closure of the June reporting period and should be reflected in the out-turn you report to your HSCP Board for the first quarter of 2016/17.

Yours sincerely



Robert Calderwood
Chief Executive

Summary

The Board's Financial Plan was approved by the Board on 28 June 2016.

This paper provides details of uplifts for pays, non-pays and prescribing growth in 2016/17. This will form the basis for updating budgets for 2016/17.

Salaries Inflation

(1) Agenda for Change

A provision has been made for an increase of 1.0%. In addition, a provision has been made for a flat rate increase of £400 for staff earning less than £22,000.

(2) Medical & Dental

A provision has been made for a general increase of 1.0%.

(3) Other Staff Groups

A provision has been made for a general increase of 1.0%.

(4) Employers' National Insurance

A provision has been made for the abolition of the contracted out rebate of 3.4% in employers' national insurance contributions in respect of staff who are members of the superannuation scheme.

For paragraphs (1) to (4), this gives a composite uplift of 2.98% with the following recurring uplift:

Salaries Inflation	<u>£9,583,168</u>
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(5) Incremental Pay Progression – AfC

The experience of monitoring Agenda for Change (AfC) related pay trends has helped the Board develop a detailed understanding of the effect of incremental pay progression. This has enabled us to carry out a detailed forecast of pay growth for 2016/17, using current staff turnover ratios by staff category. The pay modelling has indicated incremental pay progression will not be a cost pressure in 2016/17, so no provision has been made for additional costs.

(6) Incremental Pay Progression – Consultants

The pay modelling has indicated incremental pay progression will not be a cost pressure in 2016/17, so no provision has been made for additional costs.

(7) Auto-enrolment to Superannuation

A provision has been made for the estimated cost of additional staff remaining within the Superannuation scheme following automatic re-enrolment on 1 April 2016. This will be applied to budgets as the actual costs are confirmed.

(8) Discretionary Points

A provision has been made for the on-going impact of funding additional discretionary points. This gives the following recurring uplift:

Discretionary Points	<u>£100,000</u>
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Supplies Inflation

(1) PPP and similar costs

Provision has been made for the following recurring uplift:

PPP Inflation	<u>£209,813</u>
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(2) General non pay uplifts – a provision of 1.0% has been made for other supplies, excluding drugs which will be separately funded. This gives the following recurring uplift:

Supplies Inflation	<u>£603,142</u>
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Capital Charges

It is not possible to establish allocations for capital charges costs at this stage until the effects of the revaluation are assessed and capital charge forecasts are finalised. When this is complete the funding allocations for 2016/17 will be confirmed. It has been agreed that capital charges budgets will be removed from partnerships during 2016/17 and managed on a whole system basis.

Prescribing Growth – Primary Care

The prescribing cost growth projection for 2016/17 is based on information from the Board's Prescribing Advisers. It includes provision for likely growth in volume / prices, based on current trends, related to drug treatments prescribed within Primary Care.

The recurring uplift for 2016/17 is:

Partnerships	
Increase in Volume	£12,200,000
New Drugs	£8,500,000
Targeted Cost Savings	<u>(£5,000,000)</u>
Prescribing Growth	<u>£15,700,000</u>

Allocations to individual partnerships are currently being finalised and will be applied to budgets prior to closure of the June reporting period. The Board will continue to operate the risk sharing arrangement for prescribing costs during 2016/17.

Resource Transfer

A provision of 1.7% has been made for uplifts to resource transfers. This gives the following recurring uplift:

Resource Transfer	<u>£2,207,688</u>
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Cost Savings

Local Cost Savings plans for 2016/17 have not yet been fully developed and quantified. An interim recurring amount of £10.4m has been identified for 2016/17 reflecting the collective cost savings programme to achieve £69.0m.

Chief Officers were advised by the Chief Executive on 14 March 2016 that further recurring local savings will be required during 2016/17 to meet the overall partnerships savings requirement of £20.0m. The allocation of the overall savings requirement is shown in appendix I.

Cost Savings	<u>(£20,000,000)</u>
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It is recognised that Partnerships may not be able to release the full £20.0m in 2016/17. Non recurring relief is limited but availability of non-recurring relief to offset the full year effect will be subject to further discussion during the year, so no funding will be released at this stage.

The Board will endeavour to cover 2015/16 unachieved savings of £7.8m from non recurring sources, however further savings schemes may need to be identified as part of the contribution to the £10m of unidentified savings in the Board's financial plan should the national programme of work fail to identify sufficient savings to cover this gap.

Service Commitments

Provision has been made to fund service commitments arising from specific funding allocations. This gives the following recurring uplifts:

Integrated Care Fund	<u>£59,354,000</u>
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Funding for other service commitments will be dealt with separately.

Appendix I

Details of the specific uplifts and other adjustments are detailed in the table below.

Partnership Budgets	East Ren £k
<i>Rollover Budgets</i>	62,647.0
Uplifts Applied	
Pay incl low pay allowance	247.9
National Insurance rebate withdrawn	296.1
Auto Enrolment (NR - Amounts to M2 only)	35.5
RT Uplift incl additions RT	99.0
Non Pay Uplift	20.6
PPP	
Net Prescribing adjustment tbc	
Social Care funding	3,621.0
Facilities Budget withdrawn	-322.0
Depreciation Budget Withdrawn	-423.0
Savings	
Savings Targets Applied (Month 2)	-309.0
Outstanding Savings Targets to be applied (Month 3)	-843.4
2016.17 Opening Budget	65,069.5
Anticipated Funding & Minor adjustments	108.2
2016.17 budget as at 30.06.16	65,177.7

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