



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	23 rd November 2016
Agenda Item	10
Title	Budget Update
<p>Summary</p> <p>This report provides an update on the budget setting process for partner contributions to East Renfrewshire's Health and Social Care Partnership for Financial Year 2017/18.</p>	
Presented by	Lesley Bairden, Chief Financial Officer
<p>Action Required</p> <p>It is recommended that the Integration Joint Board:-</p> <ul style="list-style-type: none"> ▪ Note the updates since last reported as at 5 October 2016 ▪ Agree the 2016/17 savings proposals to achieve recurring balance against target by 2017/18 ▪ Agree to the creation of an earmarked reserve to ring fence residential childcare under / overspends; recognising the volatility in this area. 	
<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

23 November 2016

Report by Lesley Bairden, Chief Financial Officer

BUDGET UPDATE 2017/18

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 2017/18.

RECOMMENDATION

2. It is recommended that the Integration Joint Board:-
 - Note the updates since last reported as at 5 October 2016.
 - Agree the 2016/17 savings proposals to achieve recurring balance against target by 2017/18
 - Agree to the creation of an earmarked reserve to ring fence residential childcare under / overspends; recognising the volatility in this area

BACKGROUND

3. This report follows from the previously reported budget updates to the IJB from March 2016 to date.
4. This report sets out the actions taken and updated information since last reported on 5 October.

REPORT

5. There has been little by way of update or new information since the October budget report. The updates are:
6. The East Renfrewshire Council Budget Strategy Group met on 27 October to consider spending pressures across all council services, including those impacting on the contribution to the IJB. We set out a number of pressure bids both inflationary and demographic, in line with those areas previously reported. The budget strategy information is not public and to respect partnership working this information will not be reported until confirmed.
7. We have also reiterated that the HSCP has made significant savings over the last few years, largely through reductions in commissioned services and back office services. In recent years we have had to turn to frontline device redesign to meet savings challenges. Any additional funding reductions will require us to continue to look at frontline service delivery. If the IJB budget contribution was reduced per the previously advised range (up to £1.4m additional savings) this equates to the loss of up to 30 frontline posts.

8. One element of our redesign programme is called 'community led support' which we anticipate will help us manage demand in the longer term. We are also embarking on a comprehensive and to end review of all community care frontline services and support services in order to optimise efficiency, review skill mix and make use of new digital technologies in an attempt to minimise the impact on staff while continuing to support our vulnerable service users and patients.
9. The ERC Budget Strategy Group will meet again on 17 November 2016.
10. The NHSGGC Board met on 1 November and agreed non-recurring support to partnerships in the current year, as previously reported, subject to approval of plans to achieve the 2016/17 savings target on a recurring basis by 2017/18.
11. The IJB is asked to approve the following NHS savings proposals:

Service	£'000	Impact
Alcohol & Addictions	100	Service redesign commenced
Community Children's Services	17	System wide redesign
PHI System Wide	22	System wide redesign
Turnover	150	Based on current trend, could increase further but risk of under recovery
Discretionary Spend	50	Reduce and manage all non-pay budgets
Optimise Social Care Funding	500	Review all funding sources and optimise social care funding
Accommodation (move to Eastwood)	25	Based on finance model for EHCC, provisional subject to final sum tbc
Organisational Development	40	Post deleted
School Nursing	60	System wide redesign
Mental Health CAPA		Options to be reviewed
Learning Disability Inpatients		
Blythwood Flat	25	Commissioned service being reviewed
Out of Area Placements	150	Commissioned service being reviewed
Academic Admin Support	20	Reconfigure administration support
Total Savings Proposals	1,159	Potential over recovery of £2k

12. The savings target of £1.157m was allocated in two tranches;
 - Tranche 1 reflected partnership proposals identified earlier in the year, for us this was £0.314m
 - Tranche 2 was a further in-year target of £0.843m being our proportion of the remaining savings required for the partnerships to meet their collective allocation of £20m.
13. The non-recurring support will fund our tranche II savings in 2016/17. We have identified £0.22m against tranche I and we will continue to work to contain this in the current year.
14. A financial planning session with NHSGGC Director of Finance is being arranged by partnerships CFOs where we will negotiate our pressures and savings position. We continue to pursue £ per population and NRAC comparator information. The next NHSGGC Board meeting is 6 December.
15. There has been no update on the likely settlement impact on HSCPs nor any confirmation of additional funding such as last year's Integration Fund (now referred to as the Social Care Fund).

16. The Scottish Government Health & Sport Committee and COSLA continue to seek information from HSCPs on our pressures and impact of Living Wage. A useful discussion was held with a colleague from COSLA at a national CFO event on 31 October.
17. The impact of a Living Wage at £8.45, as announced on 1 November, will be assessed.
18. The Scottish Government and CIPFA have planned a national event on 1 December for Section 95 Officers and NHS Directors of Finance to discuss:
 - Assessment of the current situation of joint service delivery arrangements and the lessons learned to date
 - Perspectives from different partners and stakeholders
 - Identification of the financial management context, challenges and opportunities
 - Prioritisation of actions for all stakeholder CFOs
 - Development of a Financial Action Plan
19. An IJB budget seminar will be held early in the new year to discuss impacts of budget settlement.
20. As previously reported the Scottish budget settlement is expected 15 December.
21. For the next report to the IJB we should be clearer about the settlement impact on our budget contribution from our partners, allowing us to confirm our budget proposals and associated directions.
22. In the meantime we continue to work on our savings options, recognising that the traditional approach to savings is not viable and fundamental redesign is needed per our redesign programme.
23. The IJB has recognised that this longer term approach will not deliver savings immediately given the lead in time for redesign and change. This longer term strategy was agreed on 30 March and approved the investment in reserves to facilitate the phased implementation of savings.

24. Our current reserves position is:

IJB Reserves Strategy	Source	£'000	Purpose
Earmarked Reserves from 2015/16			
Integrating Learning & Development	ERC	70	Project post for 18 months
Community Capacity Building	ERC	80	To build community capacity and inform future service redesign
Child Protection Training	ERC	40	Training programme to support new structure
Foster Care Recruitment Campaign	ERC	150	Funding for Foster Carer Recruitment campaign
Children & Families Initiatives	ERC	50	Initiatives and development
Learning Disability Specialist Services	NHS	375	Bridging finance for community RAM pressures and transitional period for individuals moving from continuing care to community care
Barrhead Health & Care Centre	NHS	104	Agreed contribution for refurbishment of Barrhead H&CC
		869	Sub Total Earmarked Reserves from 2015/16
Investment 2016/17			
Savings Bridging	IJB	900	To allow the phased implementation of savings from redesign programme
Children's Residential Care	ERC		Subject to approval and year end position - to smooth fluctuation in activity
Total Earmarked Reserves		1,769	
General Reserves from 2015/16			
East Renfrewshire Council	ERC	109	Funding a number of one off initiatives
NHSGGC	NHS	163	Potential one off application to savings target
Total General Reserves		272	
Grand Total All Reserves		2,041	

25. It is recognised there is a tension between holding funds in reserve whilst having to achieve savings; the IJB strategy is clear and the reserves are fully committed funds.

26. In addition to the existing reserves the IJB is asked to approve the creation of a new earmarked reserve to ring fence any underspend in residential childcare; recognising that a small change in numbers will have a significant cost impact. Any contribution to this reserve will be dependent on managing the bottom line of the HSCP total budget. Any funds built up in this reserve will be used to smooth fluctuation in use of purchased residential care. The current projected underspend within children's residential care is £0.4m, however this will vary between now and March 2017.

FINANCE AND EFFICIENCY

27. All financial implications are discussed in full in the report above. The IJB will continue to receive budget updates at each meeting and through seminars.

CONSULTATION

28. The Council's Section 95 Officer and NHSGGC Assistant Director of Finance will continue to be consulted in full on all budgetary implications.

PARTNERSHIP WORKING

29. The IJB revenue budget funding is determined by contribution of revenue budgets for the HSCP from East Renfrewshire Council and NHS Greater Glasgow & Clyde.
30. The financial position of the HSCP is regularly discussed at the Joint Staff Forum, with regular engagement with respective Trade Unions and staff side representatives. Specific consultation will be undertaken as redesign implications crystallise.

IMPLICATIONS OF THE PROPOSALS

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

RISK

34. The risks remain as last reported.

CONCLUSIONS

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

RECOMMENDATIONS

36. It is recommended that the Integration Joint Board:-
 - Note the updates since last reported as at 5 October 2016.
 - Agree the 2016/17 savings proposals to achieve recurring balance against target by 2017/18
 - Agree to the creation of an earmarked reserve to ring fence residential childcare under / overspends; recognising the volatility in this area

REPORT AUTHOR AND PERSON TO CONTACT

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23 November 2016

BACKGROUND PAPERS

IJB Budget report 30 March 2016
Budget update report to IJB 1 June 2016
Budget update report to IJB August 2016
ERC Budget setting report 9 March 2016
NHS Board 2016/17 financial plan paper 28 June
IJB budget report August 2016
IJB budget report 5 October 2016

KEY WORDS

Finance, budget, revenue, savings, pressures, integration fund,