



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	30 March 2016
Agenda Item	7
Title	Budget 2016/17 Update
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.	
Presented by	Lesley Bairden, Chief Financial Officer
Action Required	
That the Integration Joint Board:	
<ul style="list-style-type: none"> ▪ Agree the 2016/17 East Renfrewshire Council Contribution to the budget of £46.137 million ▪ Agree the 2016/17 Integration Fund allocations to date and to receive progress reports from themes to deliver future savings ▪ Agree to proposed savings reduction of £0.343 million ▪ Note the NHS indicative revenue budget contribution ▪ Note the NHS current Set Aside budget for 2016/17 ▪ Note the further funding and earmarked reserves position ▪ Agree to receive further updates and future financial strategy in June 2016 	
Implications checklist – check box if applicable and include detail in report	
<input checked="" type="checkbox"/> Financial	<input checked="" type="checkbox"/> Policy
<input type="checkbox"/> Staffing	<input type="checkbox"/> Property
<input type="checkbox"/> Legal	<input type="checkbox"/> IT
<input type="checkbox"/> Equalities	<input type="checkbox"/> Efficient Government

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

30 March 2016

Report by Lesley Bairden, Chief Financial Officer

BUDGET UPDATE 2016/17

PURPOSE OF REPORT

1. The purpose of this report is to provide the Integration Joint Board (IJB) with an update on the budget setting process for partner contributions to East Renfrewshire's Health & Social Care Partnership for Financial Year 2016/17.

RECOMMENDATION

2. It is recommended that the Integration Joint Board:
 - Agree the 2016/17 East Renfrewshire Council Contribution to the budget of £46.137 million
 - Agree the 2016/17 Integration Fund allocations to date and to receive progress reports from themes to deliver future savings
 - Agree to proposed savings reduction of £0.343 million
 - Note the NHS indicative revenue budget contribution
 - Note the NHS current Set Aside budget for 2016/17
 - Note the further funding and earmarked reserves position
 - Agree to receive further updates and future financial strategy in June 2016

BACKGROUND

3. This report follows from and builds upon the Budget Update report presented to the IJB in February 2106, which set out the legislative background, an update position for each partner's budget setting progress and the details of the Governments settlement offer to Councils, including the conditions associated with the £250 million Integration Fund.
4. The conditions of the Integration Fund of £250 million were:
 - a. £125 million for demographic pressures, review of charging thresholds and capacity
 - b. £125 million for payment of living wage to staff of providers of social care services and to fund existing pressures
5. East Renfrewshire's share of this fund id £3.62 million. This Integration Fund has recently been confirmed as recurring, however should not be confused with the existing Integrated Care Fund for adults, which followed from the Change Fund for Older Peoples Services.

REPORT

6. The current position with each of our partners is identified below:

East Renfrewshire Council

7. Whilst East Renfrewshire Council set a 3 year budget in February 2015 for financial years 2015/16 to 2017/18, it is recognised that each year would be reviewed to reflect the settlement from the Scottish Government. This report provides an update on the latest position, reflecting the Council budget as agreed on 9 March 2016.
8. This budget cycle has been particularly challenging given the timing and complexities of the Government's settlement, including the £250 million integration fund identified for social care.
9. The Council contribution to the Integration Joint Board is £46.137 million, with a reconciliation of all adjustments from 2015/16 included at Appendix 1. The Council budget contribution to the IJB includes pay and inflation uplifts for all services and recognises demographic pressures in relation to corporate and Children's Services, including kinship allowances. Whilst this appears as a year on reduction from the £47.182 million for 2015/16 this needs to be viewed in conjunction with the Integration Fund identified as part of Council's 2016/17 grant settlement.
10. As above, in addition to the Council budget contribution, the East Renfrewshire Integration Fund allocation is £3.62 million, whilst routed through the NHS, relates to social care. The allocations agreed to date are:

£'000	Application
928	To fund adult demographic pressures as detailed in Appendix 2
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 (approximately £30k)
3,620	Total

11. The IJB will need to consider the use of unallocated funds on both a non-recurring basis as well as funding recurring new activity. The advice of the Chief Financial Officer is:
 - a. A non-recurring invest to save approach to facilitate change enabling options, recognising that significant redesign is required to ensure sustainable service delivery and ensure fit with our strategic plan.
 - 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.
12. In order to identify proposals for allocation of the £0.782 million it is proposed that options are developed within four themes
 - a. Data and Analytics
 - b. Capacity Building
 - c. Workforce Planning & Development
 - d. Change Programme Capacity & Facilitation
13. Progress will be reported to the IJB with plans for achievement of savings targets to be identified by October 2016.

14. The Government had estimated that Living Wage will cost nationally £76 million, per annum; however we still await detail of this estimate. Work has commenced to estimate the local cost of implementing the living wage including the impacts on self-directed support care packages and the impact to our equivalence model. We also need to consider how the £8.25 rate will be applied through existing frameworks and contracts. There may be potential challenge from organisations currently paying living wage losing out on increases to those not currently paying the living wage.
15. Once this work has been completed we will be able to assess the part year and full year costs expected, in comparison to those estimated by the Scottish Government within the 2016/17 settlement. In the meantime it is the advice of the Chief Financial Officer that a prudent approach is to assume all funds are fully committed.
16. Based on the Scottish Government's estimate of £76 million to implement the Living Wage this left a balance of £49 million that Councils can use to offset budget pressures. Therefore £0.71 million is included above to reflect funding from the Integration Fund for social care, previously within Council budget.
17. As part of the funding settlement the Government have put a limit on the reduction that the Council can make to its contribution to the IJB budget. In practice this means that the reduction in contribution from the Council for demographic pressures cannot be more than the difference between the planned 2016/17 budget and the actual 2015/16 budget on a comparative basis. A compliance calculation is included at Appendix 3 and shows that £0.343 million will be reduced from the 2016/17 original budgeted savings of £1.818 million.
18. The proposed reduction of savings is:

£'000	Saving
160	Review of Charging. This is a temporary reduction in the target to allow detailed work to be undertaken including review of thresholds, carers, impact of private members bill. The delivery of savings options will be reviewed for the 2017/18 budget.
90	Learning Disability Day Services. Permanently reduce this saving recognising that ongoing work will continue to undertaken with both centres and wider community options
55	Youth Services. Permanently decrease this saving from £105k to £50k recognising increasing demand for this service
38	Apply the balance of the savings reduction to Care Home Trends recognising increased demographics. This is a recurring reduction.
343	Total savings reduction

19. The existing Council savings targets are included at Appendix 4 for information. This includes 2015/16 and 2017/18 agreed savings for information. It should be noted that within the Council overall budget for 2017/18 there remains an unallocated savings target of £7 million with the partnership share expected to be £1.5 to £2.5 million, which must be recognised in our proposals for savings to be developed.

NHS Greater Glasgow and Clyde

20. NHSGGC historically agreed the revenue budget for partnerships around June of each year, which was due to the timing of the funding settlement from government and the results of the previous financial year. Whilst in future years it may be possible to bring this forward for 2016/17 the NHS will not be able to confirm the 2016/17 budget without an agreed, robust financial plan to deliver savings. For the remainder of this section on the NHS contribution to the partnership budget all figures quoted are indicative only.

21. NHSGGC remain actively working on revenue budgets for IJB funding, with papers expected to be circulated to NHS Board members in the week commencing 14 March and to Chief Officers thereafter.

22. For East Renfrewshire the indicative position is:

£'000	
62,464	Recurring base budget (inclusive of Integrated Care Fund £1.4m, discussed further below)
(1,800)	Cost pressures from pay, national insurance, superannuation, prescribing, inflation and bundled funding reductions
800	Share of £12.9 million uplift to NHS
1,000	Savings target to be achieved – further analysed below
Savings to be achieved:	
149	Bundled funding reduction to Alcohol and Drugs Partnership. £100k identified to date
209	Share of collective savings programmes identified thus far
642	Potential local target, subject to final budget and final shared programme achievements

23. It is difficult to see at this stage how the local target can be delivered without significant change to employee terms & conditions, given that this is the only real area of flexibility within the budget.

24. To date the areas under consideration include:

- a. Integrated Care Fund – working assumption of £150k reduction
- b. Resource Transfer – working assumption £150k reflecting commission savings will be achieved within council purchasing
- c. Learning Disability Specialist Services continues to be reviewed reflecting RAM impacts, review of assessment and treatment and long stay beds modelling

25. Whilst no savings target has been associated with the review of Learning Disability Specialist Services this is a long term and ongoing review of complex service delivery models. The likely change programme will span financial years and will also result in a period of transition costs and in recognition of the agreement has been reached with NHS to contribute to a reserve to fund some transition costs.

26. Whilst an indicative savings target will be set for each IJB the magnitude of savings means that these will need to be identified and delivered, in the main, by collective working from partnerships. The partnerships continue to work collectively and have identified circa £5 million options to date, with the partnership share to date being £209k.

27. The set aside, or notional budget, for large hospital services will be included in the IJB total resources for 2016/17. The latest notional budget is included at Appendix 5 and reflects an average of £16 million per annum; however the NRAC comparator is £19 million. This is broadly in line with the previous analysis provided to the IJB.

28. There is 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 the partnership's delayed discharge performance.

29. 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.
30. The guidance states that the initial allocation should be based on existing resource usage and East Renfrewshire Integration Joint Board recognise that an immediate move to NRAC will potentially destabilise the whole system approach, with our partners, to planning and service delivery, however would look for assurance of a move to NRAC parity over time, for both the notional and the revenue budget.
31. Hosted services notional allocation will follow, along the same principles as the set aside budget.

Further Resources

32. The funding discussed above for the partnership budget includes:

Funding Allocations	2015/16 £'000	2016/17 £'000	2017/18 £'000
Early Years Change Fund - reflects partnership allocation from council total of £730/630/530k respectively.	429	294	194
Delayed Discharge – NHS funded, spend predominantly social care	430	500	500
Integrated Care Fund - NHS funded, spend approximately £1,100 / £400 Council / NHS	1,400	1,400	1,400

33. The Early Years Change Fund is fully committed to a range of projects and works in harmony with a number of council wide initiatives.
34. The Delayed Discharge work scoping work has commenced in 2015/16 with longer term plans to be identified from the initial work. Given the longer term strategic approach there will be an underspend of approximately £304k in 2015/16 however this is being treated as a timing difference as the full funding will be utilised of the life of the projects.
35. The Integrated Care Fund annual allocation of £1,400k is included within the NHS core budget and based on current projects this is allocated £1,100k to council activity and £300k to NHS. The programme is currently supplemented by a further £336k from council budget contribution, however this will end in 2107/18 as an agreed saving.
36. Work is ongoing to agree exit strategies for those activities that are will be required to end or to be redesigned to deliver the activities and achieve the reduction in council additional funding and identify savings proposals for the partnerships NHS local savings target. Any underspend in 2015/16 or 2016/17 will be invested in this area (again treated as a timing difference) in order to facilitate the required redesigns.
37. The further resources discussed above relate to existing and ongoing funding streams. In addition to these earmarked reserves will be created for the partnership, identifying specific new areas of activity commenced in 2015/16 but spanning future financial years. Whilst these reserves will formally be agreed as part of the year end closure process the indicative position is:

Purpose	£'000
ERC funded from in year revenue as planned activity delayed due to capacity constraints from restructuring and recruitment:	
Integration of Learning & Development and capacity building , to fund 18 month project, recruitment delayed	70
Community capacity building and scope work for future redesigns	80
Child protection training to support new structure	40
Foster care recruitment campaign	150
Children & Families various initiatives	50
NHS funding contribution agreed with NHS and met from transitional funding and cross boundary income.	
Learning Disability Specialist Services – transitional funding for future staff redeployment training, funding care package costs, double running costs of transitional period for individuals moving from continuing care to community care.	365

Future Considerations

38. The 2016/17 budget will form the basis of year one of the three year HSCP financial strategy, which will be developed and incorporated in our strategic plan.
39. There will be significant challenges for 2017/18 with existing savings of £2.64 million already agreed as part of the existing Council budget cycle, with further significant savings expected from the total £7.019 million identified in the Council's budget report of 9 March 2016, with the HSCP share expected to be in the range of £1.5 to £2.5 million.
40. The NHSGGC funding contribution and savings target will be equally challenging, particularly as East Renfrewshire has long established integration of health and social care and therefore has already achieved many of the savings opportunities open to newly established partnerships.
41. Whilst this budget proposal to the IJB includes some themes for investment now to reshape services, build community capacity, fund existing pressures, further work will be required once the NHS element of the budget is finalised. 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.
42. A reserves policy will be taken to the Performance and Audit Committee on 16 March for approval. This will underpin the proposed earmarked reserves included above and will support any contribution to a general reserve to be agreed as part of the year end accounting process.
43. Further work will be undertaken to create an accommodation strategy, develop locality reporting, identify any additional housing reporting requirements and establish a number of focussed workstreams tying into wider change programmes.

FINANCE AND EFFICIENCY

44. All financial implications are discussed in full in the report above. The final NHS budget for IJB decision will be taken to the next meeting of the board.

CONSULTATION

45. The Council's Section 95 Officer and NHSGGC Assistant Director of Finance have been fully consulted on this report. The Chief Financial Officer would like to extend thanks to both colleagues for input into the budget setting process.

PARTNERSHIP WORKING

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

IMPLICATIONS OF THE PROPOSALS

47. As the Partnership will continue to operate across the two parent bodies there are currently no implications for
- Staffing
 - Property
 - Legal
 - IT
 - Equalities
48. The financial sustainability of the HSCP is addressed above.

CONCLUSIONS

49. The 2016/17 total revenue budget, once confirmed 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.

RECOMMENDATIONS

50. It is recommended that the Integration Joint Board:
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REPORT AUTHOR AND PERSON TO CONTACT

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30 March 2016

BACKGROUND PAPERS

Budget update report to IJB, February 2016
ERC Budget setting report 9 March 2016

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

East Renfrewshire HSCP Integration Fund

Appendix 2

Committed to date:	ERC £'000	IJB £'000	Total £'000
Demographic Pressures			
Older People Care Home Placements	326		326
Older People Community Support	184		184
Case management - adults	66		66
Adult transitions	302		302
Adult caseload growth	50		50
	<hr/> 928	-	<hr/> 928
Living Wage - Care Service Providers	165	935	1,100
Aids & Adaptations	100		100
Council Pressures	710		710
Unallocated		782	782
Total	<hr/> 1,903	<hr/> 1,717	<hr/> 3,620

Template for checking £250m deduction from IJB

Appendix 3

	£	£
(1) Council contribution to IJB - 2015/16		46,847,000 restated base budget
(2) Less % share of £125m		(1,812,500) ERC1.45 % share of £125m
(3) Cost of living wage to £8.25 per hour - based on Scottish Governemnt estimate		1,102,000 ERC 1.45% share of £76m (full year)
(4) Qualifying Value		46,136,500
(5) Council contribution to IJB - 2016/17		49,515,000
(6) Less: Savings/efficiencies applied		(1,818,000)
(7) Less: reduction from IJB contribution as funded as pressures from 1st £125m:		
Older people and adult social care	(928,000)	
Existing living wage provision	(165,000)	
Aids and adaptations	(100,000)	
	(1,193,000)	
(8) Less: share of 2nd £125m	(710,500)	ERC 1.45 % share of £49m
(9) Check Value - New Council Contribution to IJB 2016/17		45,793,500
(10) Does this meet the rule that (9) cannot be less than (4)?		non-compliant
Difference to be adjusted - reduction in existing HSCP savings above		343,000
HSCP savings target reduced from £1.818 to £1.475m and ERC contribution to IJB		46,136,500
1 Restated base budget adjusted to ensure like for like comparison		
Base Budget 2015/16	47,070	
Welfare Rights Transfer	(229)	
Non Recurring Aids & Adaptations	(100)	
0.5% Pay Award claw back & living wage internal	(123)	
	46,618	
Add: Back Welfare Rights	229	
2015/16 Comparable Base Budget	46,847	

	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 Councelling Services		105		105
	60	405	300	765
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		223		223
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		90		90
Physical Disability Redesign	39			39
Mental Health Redesign	75	50	50	175
Addictions	27	13		40
Integrated Care Fund			336	336
4 Review of Charging	100	60	60	220
Respite Reprovision		100		100
	1,046	1,231	1,842	4,119
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	1,228	1,818	2,640	5,686

- 1 Proposed to reduce permanently to £50k
- 2 Propose to reduce permanently to £185k
- 3 Propose to reduce permanently to £0
- 4 Propose to reduce by £160k until 2017/18

Comparison of 2014/15 Notional Set Aside Budgets with NRAC Share

	2013/14				2014/15				Average				NRAC	NRAC
	Activity SMR Discharges	Activity OBD	A&E Attendances	£000	Activity SMR Discharges	Activity OBD	A&E Attendances	£000	Activity SMR Discharges	Activity OBD	A&E Attendances	£000	£000	£000
East Renfrewshire														
Accident & Emergency	50	63		25	52	58		21	51	61		23	65	(42)
General Medicine	5,874	19,144		5,105	6,821	20,535		5,753	6,346	19,837		5,427	6,456	(1,029)
GP other than Obstetrics	0	0		0	5	93		21	3	47		11	3	8
Rehabilitation Medicine	15	837		192	23	831		245	19	834		219	207	12
Respiratory Medicine	89	267		100	86	324		121	88	296		111	604	(493)
Sub-total	6,028	20,311		5,422	6,987	21,841		6,161	6,507	21,075		5,791	7,336	(1,545)
General Psychiatry	186	6,481		1,446	178	7,325		1,667	182	6,903		1,557	3,235	(1,678)
Learning Disability				0				0	0	0		0	202	(202)
Psychiatry of Old Age	45	5,335		705	29	4,054		499	37	4,695		602	1,388	(786)
Sub-total	231	11,816		2,151	207	11,379		2,166	219	11,598		2,159	4,824	(2,665)
Geriatric Medicine	2,196	24,349		4,652										
Geriatric Long Stay	0	9,616		441										
Sub-total	2,196	33,965		5,093	2,649	34,507		6,106	2,423	34,236		5,600	4,778	822
Inpatients Total	8,455	66,092		12,666	9,843	67,727		14,433	9,149	66,909		13,550		
A&E Outpatients			25,644	2,296			19,208	1,720			22,426	2,008	1,998	10
East Renfrewshire Total	8,455	66,092	25,644	14,962	9,843	67,727	19,208	16,153	9,149	66,909	22,426	15,558	18,936	(3,378)

Notes

- 1 2014/15 Notional Budget is based on the average of 2013/14 and 2014/15 activity
- 2 Forensic Learning Disability activity and costs have still to be excluded from 2014/15 data
- 3 NRAC shares for 2016/17 used as a comparison

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