



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	15 February 2017
Agenda Item	10
Title	Budget 2017/18 Update
<p>Summary</p> <p>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.</p>	
Presented by	Lesley Bairden, Chief Financial Officer
<p>Action Required</p> <p>That the Integration Joint Board:</p> <ul style="list-style-type: none"> ▪ Note the updates contained within this report ▪ Agree to receive a budget proposal on 29 March 2017 for approval 	
<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 type="checkbox"/> Equalities <input 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

15 February 2017

Report by Chief Financial Officer

BUDGET UPDATE 2017/18

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 2017/18.

RECOMMENDATION

2. It is recommended that the Integration Joint Board:
 - Note the updates contained within this report
 - Agree to receive a budget proposal on 29 March 2017 for approval

BACKGROUND

3. This report is a continuation from previous budget update reports to the IJB, the last of which was November 2016 and sets out the implications from the Scottish Government budget announcement of 15 December 2016.
4. The key messages from the budget announcements were :
 - a. A further £107 million Social Care Funding (in addition to the £250 million now included in the 2016/17 base budget).
 - b. Local Authorities are able to adjust allocations to IJB by up to £80 million below the level of budget agreed for 2016/17 in recognition of the above.
 - c. NHSGGC budget contribution to IJBs will be maintained at 2016/17 cash levels
 - d. A list of 9 priorities for each IJB were set out by the Scottish Government in a letter of 15 December to Chief Officers
5. The implications and impacts from each of these key messages, along with the associated impact on budget contributions from each partner are discussed further below and outline the presentation given to the IJB on 23 January 2017.

REPORT

6. The 9 priorities for IJBs identified by the Scottish Government are summarised below with the full detail included at Appendix 1:
 - 1) Reduce occupied hospital bed days associated with avoidable admissions and delayed discharges, focussing investment in care alternatives that can help people to continue living independently in their own homes and communities for as long as possible.
 - 2) Increase provision of good quality and appropriate palliative and end of life care, particularly in peoples own homes.

- 3) Enhance primary care provision with particular focus on developing multi-disciplinary teams.
 - 4) Reflect delivery of the new Mental Health Strategy with particular focus on developing new models of care and support for mental health in primary care settings.
 - 5) For integrated children's services continue to invest in prevention and early intervention to deliver 500 more health visitors by 2018.
 - 6) Support delivery of agreed service levels for Alcohol and Drugs Partnership work.
 - 7) Ensure provision of the living wage to adult care workers and plan for sustainability of social care provision.
 - 8) Continue implementation of Self Directed Support.
 - 9) Prepare for commencement of the Carers (Scotland) Act 2016 on 1 April 2018.
7. East Renfrewshire is well advanced with excellent performance on delayed discharge, reflecting our long history of integration. It is difficult to see where any new savings can be achieved to invest into community provision without disinvestment from acute services.
 8. To date the set aside budget has been notional only, supported by limited activity information which is far from current. If the IJB is to deliver on these priorities and remain sustainable there needs to be a radical change to this notional approach to allow direct decision making and control of resources, working in conjunction with acute colleagues.
 9. At this stage no specific detail is available on the allocation of Scottish Government funding for the Mental Health and Primary Care funds. This gives us a potential conflict when looking at immediate decisions needed in order to balance budgets.
 10. The £107 million increase to the Social Care Fund (£100 million of which is from NHS recurring budget) is to fund the following:

	National £m	East Renfrewshire £m
Full Year Effect of Living Wage to £8.25	50	0.724
Living Wage £8.25 to £8.45	20	0.290
Sleepovers*	10	0.145
Sustainability	20	0.290
Implementation of Carers Legislation	2	0.029
Veterans Pension Disregard	5	0.072
Total	107	1.550

* Scottish Government will review adequacy in-year

11. In recognition of the above East Renfrewshire Council can reduce the IJB budget contribution by up to the proportionate share of £80 million below the level of budget agreed for 2016/17. The basis for this adjustment is on the same allocation methodology of the Social Care Fund, being £1.152 million.
12. The subsequent compliance to ensure this does not take the contribution below the 2016/17 base budget (Appendix 2) would result in £0.186 million added back to the budget contribution. It should be noted that the East Renfrewshire proposed budget contribution recognises the pressures facing the IJB.

13. The IJB will recall that we agreed and committed the full year cost of the Living Wage at £8.25 in conjunction with our Care at Home and Care and Support framework agreements, as agreed in October 2016, which resulted in a residual cost pressure of up to £0.175 million. This cost will be met within the 2017/18 budget.
14. The increase from £8.25 to £8.45 equates to 2.4% and we need to assess the implications of increasing the full hourly rate, thus allowing for differentials, non-pay inflation etc. versus uplifting only the pay elements. At this stage we do not know the likely National Care Home Contract uplift. Both these costs will need to be funded from the 2017/18 budget and the sustainability monies from the Social Care Fund.
15. We have previously identified that our residual sleepover pressure is likely to be in the region of £0.250 million, after managing this down from £1 million plus. Through a desktop exercise, undertaken in partnership between commissioning, providers, and operational representatives, we have identified where we can reconfigure sleepover services. Implementation work will now commence and costs during the transition period will be monitored and contained within existing resources.
16. We need to identify the proposed activities, over and above those already within IJB budget, required to implement the Carers legislation and thereafter agree the allocation of the £0.029 million funding.
17. East Renfrewshire CHCP (pre HSCP and IJB) had already taken a policy decision in June 2015 to disregard veteran pensions within financial assessments. This means that the £0.072m funding can be allocated by the IJB. The advice from the Chief Financial Officer is to hold these funds until the full impact of Living Wage and National Care Home Contract is known.
18. The proposed revenue budget from each of our partners is discussed below:

East Renfrewshire Council

19. The Council will be asked to approve the proposed contribution to the Integration Joint Board, which will be no less than £45.057 million, on 9 February 2017 when the full budget for East Renfrewshire Council will be agreed. A summary of the minimum budget is included at Appendix 3
20. The Council's final decision will be based on information provided by the HSCP as advised by the Chief Officer and Chief Financial Officer evidencing pressures relating to pay and inflation uplifts and a full range of demographic pressures facing the partnership.
21. This is a net budget reduction of £1.08 million (subject to budget approval) and is in line with the expected level of additional savings expected in 2017/18. We had previously reported a likely further saving challenge in the region of £1.4 million.
22. In recognition of the likely funding reduction we have embarked on longer term change programmes such as Community Led Support and full end to end service reviews under our Fit for the Future work programme. Over the coming weeks and months, as each review is completed, we will model and assess the financial impact and will update the IJB on progress, both the impact in the current year and the full year effect of redesign.

23. We have started work on exploring opportunities to share services with other partnerships.
24. The IJB will recall the previous decision to invest one off monies of £0.9 million to bridge savings in recognition that redesign will not be implemented on 1 April 2017.
25. In addition to these three work streams we are reviewing our Self Directed Support resource allocation methodology, which will incorporate a review of services charged for. As part of this work we will benchmark the cost of in-house provision against our benchmark family as well as against the cost of purchased services. This will ensure equity with a fair and transparent allocation of resource to individual budgets.
26. We have limited options for accommodation savings as most services are now based in Barrhead and Eastwood Health & Care Centres however we will continue to review any savings potential from accommodation and associated resources including any income potential.
27. We continue to progress delivery of the existing savings of £2.64 million, previously agreed as part of the 2015-18 budget set by the council.

NHS Greater Glasgow and Clyde

28. Whilst the NHSGGC Board budget is unlikely to be approved before the IJB approve it's budget in March the direction by the Scottish Government that the contribution to IJBs be maintained at 2016/17 cash levels means that our recurring base budget can be no lower than £65.178 million. This report is written on that basis.
29. This flat cash position is inclusive of the £3.62 million Social Care Fund for 2016/17 passed to council, of which £1.0 million funded demographic increases and £0.7 million funded non-social care activity per settlement parameters. The £1.55 million Social Care Fund is in addition to the flat cash budget and again is a pass through to fund social care activity, with council able to adjust the allocation by £1.152 million per paragraph 11 above.
30. This flat cash approach means that the IJB must decide on allocation of funding for pay, inflation, pressures etc. Based on the detail at Appendix 4 this is currently estimated at cost pressure of up to £0.899 million. However there are a number of issues to be considered;
31. The NHS Board have advised of the intention to adjust partnership budget contributions for £7.8 million unallocated savings relating to 2015/16, representing a further £0.438 million pressure in addition to the above. IJB members will recall that a due diligence exercise was required in order for the IJB to accept formal delegation of budgets, in balance and sufficient to deliver the outcomes of the partnership's Strategic Plan. When this information was presented to and agreed by the IJB in October 2015 the NHS base budget did not include this sum as it was not part of the partnership recurring budget. There will be ongoing dialogue with the NHS board, however all six Partnerships refute this cost pressure as it relates to pre HSCP and IJB existence. Further, any such adjustment will then take the NHS contribution below the 2016/17 cash level and will therefore contravene the Scottish Government funding directions. The NHSGGC letter of 11 January is included at Appendix 5.

32. The drugs uplift of £0.405 million is a pro rata share of the estimated partnership uplift, whereas the costs will vary significantly by service, with realistic estimates only available around May 2017 when final data for the current year is collated. The NHS Board have advised that it can no longer operate the risk share approach currently in practice. This will be a significant area of risk (and potential reward) for the partnership. It is the advice of the Chief Financial Officer that, should the risk share cease, a ring fenced reserve be created to smooth the impacts of fluctuations in this volatile area. The 2016/17 projections is currently break even so there is no scope to add funds at this time. There are ongoing discussions around the future operation of prescribing budgets.
33. Further discussion is also required on the NHS board's treatment of allocation of the balance of uplift funding used to meet the cost of rates revaluation. Whilst appreciating the unprecedented pressures NHSGGC is under, to allocate all remaining funding uplifts to one area within Facilities this is simply at the expense of both Acute and HSCP's. We would ask that the uplift is allocated pro-rata to all budgets in the first instance.
34. We also dispute the allocation of £1.3 million historic pension costs to partnerships, this being the reversal of an accounting adjustment prior to the HSCP and IJB existence. This will reduce our cost pressure by £0.07 million.
35. The IJB can decide on whether to approve uplifts and were supplies and resource transfer held at 2016/17 levels this would reduce the potential cost pressure by £0.136 million.
36. In order to fund this pressure the partnership need to identify savings proposals of the same value. As previously reported it is increasingly difficult to see how service redesign from the Fit for the Future work stream can be fully implemented without significant change to employee terms & conditions, given that this remains the real area of flexibility within the budget.
37. We continue to explore options within our revenue contribution including:
 - a. Further review of Integrated Care Fund / Delayed Discharge / Social Care Fund uncommitted balance (if any) to seek alternative funding sources for activity to release resource
 - b. Increase turnover targets - there is a risk that this may under deliver and needs to reflect impact of Fit for the Future service reviews
 - c. Review of all agency and bank staff usage
 - d. Moratorium on non-pay expenditure
 - e. A working group is being established to review the purchasing, storage, and recycling of equipment
 - f. Resource Transfer – could be reduced, reflecting commissioned service savings within council purchased care – however this increases the cost pressure on council revenue contribution
 - g. Learning Disability inpatient services continues to be reviewed, with historic inherited cost pressures eliminated and contribution to 2016/17 savings achieved. This work will continue to redesign the service to not only reflect policy but to improve the outcomes for individuals
 - h. Opportunities for shared services are being explored
 - i. As we have previously reported we are not starting on a like for like basis so many savings opportunities from management and support staff have already been taken – however these will be reviewed again.

38. There is no update on the notional set aside budget, for large hospital services. However as discussed elsewhere in this report it is impossible to see how the IJB can deliver the Scottish Government priorities without a significant change in approach and achieving savings and reinvestment to community based services.
39. We continue to progress delivery of the £1.159 million, full year effect of savings agreed as part of the 2016/17 budget.
40. The impact on this partnerships use of services hosted by others is unknown at this time.
41. An indicative illustration of a review of NRAC showed potential increased funding for East Renfrewshire. Whilst fully accepting that this very high level analysis is not a true reflection of the detail we urge the IJB to continue to endorse pursuing a full review of the basis of partnership funding allocations. Discussion is ongoing amongst Chief Officers.

Further Issues

42. Detailed monitoring of progress on savings implementation will continue and will be reported to each IJB, allowing informed and timely decisions to be taken in the event of any under / over / early achievement against plans.
43. Scenario planning and sensitivity analysis will be undertaken to assess future impacts of funding scenarios. As set out in the conclusion to this report it is difficult to see how the partnership can deliver priorities and remain sustainable without significant change to the NHSGGC contribution and set aside funding.
44. The impacts of the Primary Care Fund and the Mental Health Fund are unknown.
45. The implications from changes to the GMS contract are unknown.
46. Reserves remain as last reported in November 2016; however we may consider adding a reserve for prescribing, depending on confirmation of cessation of the risk share agreement.

FINANCE AND EFFICIENCY

47. All financial implications are discussed in full in the report above. The proposed 2017/18 will be brought to the IJB on 29 March for approval.

CONSULTATION

48. 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

49. The IJB revenue budget is determined by contribution of revenue budgets for the HSCP from East Renfrewshire Council and NHS Greater Glasgow & Clyde. Draft directions for the 2017/18 budget are set out at Appendix 7, with a running analysis of the Social Care Fund at Appendix 6.

IMPLICATIONS OF THE PROPOSALS

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

CONCLUSIONS

52. The 2017/18 budget for the IJB will be proposed for agreement on 29 March 2017. Whilst the budget setting process for this year has been more timely and transparent as a result of the detail contained in the Scottish Government budget the scale of the challenge for East Renfrewshire IJB cannot be underestimated.
53. Without significant changes to funding and / or the operation of the set aside budget the ability of the partnership to deliver frontline services whilst achieving financial balance is questionable.

RECOMMENDATIONS

54. It is recommended that the Integration Joint Board:
- Note the updates contained within this report
 - Agree to receive a budget proposal on 29 March 2017 for approval

REPORT AUTHOR AND PERSON TO CONTACT

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15 February 2017

BACKGROUND PAPERS

IJB – 23 November 2016 : Budget Update
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=18740&p=0>

IJB – 5 October 2016 : Budget Update
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=18433&p=0>

IJB – 07 October 2015 : Financial Due Diligence
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=15370&p=0>

KEY WORDS

Finance, budget, revenue, savings, pressures, integration fund, East Renfrewshire Integration Scheme, Public Bodies (Joint Working) (Scotland) Act; Due diligence report October 2015



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Integration Authority
Ms Julie Murray – Chief Officer – East Renfrewshire
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Mr David Williams – Chief Officer – Glasgow City
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Mr Brian Moore – Chief Officer – Inverclyde Integration
Authority
Mr David Leese – Chief Officer – Renfrewshire Integration
Authority
Mr Keith Redpath – Chief Officer – West Dunbartonshire
Integration Authority

15 December 2016

Draft Budget 2017/18

Dear Colleagues

We are writing to you regarding the Scottish Government's draft budget for 2017/18, as set out by the Cabinet Secretary for Finance and the Constitution in Parliament today. Letters have also been sent today to Local Authorities and the NHS regarding the budget. This letter lays out how these financial arrangements relate to Integration Authorities. Please take account of all three letters to ensure a full understanding of the financial position and its implications for your responsibilities for the coming year.

This letter also sets out our plans to ensure the Ministerial Strategic Group for Health and Community Care, which is chaired by the Cabinet Secretary for Health and Sport, is well-briefed to fulfil its remit to provide joint political oversight between COSLA and the Scottish Government on progress with implementation of integration.

Priorities

Integration Authorities are responsible for planning and provision of social care, primary and community healthcare, and unscheduled hospital care, for, at least, adults. Integration priorities are to:

1. Reduce occupied hospital bed days associated with avoidable admissions and delayed discharges, focussing investment in care alternatives that can help people to continue living independently in their own homes and communities for as long as possible.



2. Increase provision of good quality, appropriate palliative and end of life care, particularly in people's own homes and communities and also, where appropriate, in hospices, so that people who would benefit from such care access it.
3. Enhance primary care provision, with particular focus on developing and expanding multi-disciplinary teams; sustainability of provision; development of GP clusters; and responsiveness to a new GP contract.
4. Reflect delivery of the new Mental Health Strategy, with particular focus on developing new models of care and support for mental health in primary care settings; improving the physical health of people with mental health problems, and improving mental health outcomes for people with physical health conditions; reducing unwarranted variation in access and assuring timely access; and developing services that focus on the mental health and wellbeing of children, young people and families, including improved access to perinatal mental health services.
5. Where children's services are integrated, continue to invest in prevention and early intervention, particularly in the early years, with the expectation that work will continue to deliver 500 more health visitors by 2018.
6. Support delivery of agreed service levels for Alcohol and Drugs Partnerships' work, in support of which £53.8m is transferring to NHS Board baselines for delegation to Integration Authorities.
7. Ensure provision of the living wage to adult care workers workers and plan for sustainability of social care provision.
8. Continue implementation of Self Directed Support.
9. Prepare for commencement of the Carers (Scotland) Act 2016 on 1 April 2018.

Ministerial Strategic Group for Health and Community Care

As you know, the Ministerial Strategic Group for Health and Community Care provides the forum for joint political oversight of progress with integration by Scottish Ministers and COSLA. The Group has recently considered its requirements in terms of understanding progress on integration. We will take forward work involving Scottish Government officials, COSLA, Chief Officers, and colleagues at NHS NSS leading on the Source and LIST data projects, to establish a suite of appropriate metrics for the Group's routine consideration. This will include agreeing data definitions and an appropriate methodology via which Integration Authorities can share their objectives for progress in 17/18 and beyond; we will also ensure the work is tied in with Sir Harry Burns' review of health and social care targets and indicators.

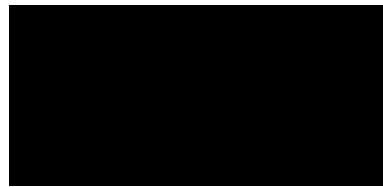
You will see from Christine McLaughlin's letter to Health Boards on the budget that we also intend to give some consideration to the efficacy of current arrangements for delegating appropriate hospital budgets, including set aside budgets, to Integration Authorities. We will report on that to the Ministerial Strategic Group in due course as well.

I trust this letter is helpful to you, and look forward to continuing to work with you as we embed integration across health and social care in Scotland.

Yours faithfully



GEOFF HUGGINS
Scottish Government



PAULA McLEAY
COSLA

Implications for East Renfrewshire IJB of Scottish Government Draft Budget 17/18

	£m
1. Letter from SG to COSLA advises that authorities will be able to adjust allocations to integration authorities in 17/18 by up to their share of £80m below the level of budget agreed for 16/17	
2. For ERIJB this equates to 1.45% of £80m	1.152
3. Approved budget savings attributable to IJB for 17/18	2.640
4. Proposed additional savings 17/18	1.388
5. Total savings 17/18 attributable to IJB	<u>4.028</u>
6. Pay award & Inflation uplift 17/18	0.617
7. Central Support Reduction	(0.045)
8. Pressures 17/18	2.118
9. Proposed increases 17/18	<u>2.690</u>
10. Net proposed decrease in IJB budget	1.338
11. Difference between (9) and (2) above	0.186

**EAST RENFREWSIRE COUNCIL
MINIMUM PROPOSED BUDGET CONTRIBUTION**

	£m
Base Budget 2016/17	46,137
Early Years Change Fund	(48)
Welfare Rights Support Recharges	(342)
Criminal Justice Grant income removal	462
Restated Base Budget 2016/17	<u>46,209</u>
Agreed savings	(2,640)
New savings proposed	(1,388)
Pay, Inflation etc.	572
Pressures	<u>2,118</u>
Net Proposed changes	<u>(1,338)</u>
Sub Total	<u>44,871</u>
Other contribution adjustments:	
IJB Funding Adjustment	<u>186</u>
Proposed budget contribution	<u><u>45,057</u></u>

Test	£m
Restated Base Budget 2016/17	46,209
Less share of £80m	(1,152)
Minimum budget	<u>45,057</u>
Proposed minimum budget	<u>45,057</u>
Check	0

NHSGGC Proposed Budget Contribution 2017/18

	£'000	
5	Base Budget 2016/17	65,177.7
1	Pay Award	208.1
1	Supplies uplift	32.8
1	Contractual inflation	0.0
1	Drugs uplift	404.7
1	Resource Transfer uplift	103.1
1	Apprenticeship Levy	80.2
1	Pensions Costs	70.0
2	Social Care Fund - 17/18	1,550.0
3	Proposed Budget 2017/18	67,626.6
	Less Social Care Fund	(1,550.0)
	NHSGGC Proposed Contribution	(65,177.7)
4	Required Savings Target to fund above pressures	898.9

1.38% of base budget

Proposed budget per above	67,626.6	
Less:		
FHS	(11,625.1)	
GMS	(9,388.8)	
Prescribing budget	(15,223.1)	
Social Care Fund	(5,171.0)	
Resource Transfer	(5,511.5)	
"Controllable Budget pre savings"	20,707.1	
Required Savings	(898.9)	-4.34% of controllable budget
"Controllable Budget post savings"	19,808.2	

1 Assumed share of total NHSGGC partnerships pressures until detailed split confirmed

2 Social Care Fund Analysis:

2016/17 - in base budget	3,621.0
2017/18	1,550.0
	<u>5,171.0</u>

3 Proposed budget reflects gross cost commitment assuming all uplifts accepted - IJB decision required

4	Cost pressures as estimated by NHSGGC:	898.9	
	Less:		
	Pensions costs	(70.0)	not accepted as an HSCP cost
	Supplies uplift	(32.8)	manage within 2016/17 budget levels
	Resource Transfer uplift	(103.1)	do not uplift - recognises commissioning savings
	Potential cost pressure	<u>693.0</u>	3.35% of controllable budget

5 Does not include adjustment for historic share of £7.8m unachieved savings - pre IJB and not accepted

Greater Glasgow and Clyde NHS Board

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Date: 11th January 2017
 Our Ref: RC/BOB

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Dear Julie

2017/18 Financial Allocation to Health and Social Care Partnerships

Following the publication of the draft Scottish budget on 15th December 2016, I am writing to advise you of the Board's proposed approach to confirming allocations to Health and Social Care Partnerships for 2017/18 and to outline some initial planning assumptions to help you to prepare your financial plans for next year.

You will appreciate that this information remains indicative at this stage and may change as further specific details of the settlement are finalised.

It has been confirmed that the Board will receive a general uplift of 1.5% (£31.1m) which is the general uplift available to fund all cost increases in pay, supplies and GP prescribing budgets. Scottish Government has confirmed that £23.7m of this uplift will pass directly through to HSCPs and some of this may be available to offset cost pressures within NHS budgets. The balance of the uplift will be fully consumed by the increase in the Board's rates costs as a result of the recent revaluation and as a result there will be no uplift available to current service budgets. The Scottish Government letter to me as Accountable Officer for NHS Greater Glasgow and Clyde has stated that for 2017/18 the Board's expenditure on services delegated to HSCPs should be maintained at least at current year levels and therefore 2017/18 allocations to HSCPs will remain at the value of the 2016/17 recurring base supplemented by any specific 2017/18 non recurring allocations from Scottish Government. However, in 2016/17 the Board has provided non recurring relief of £7.8m for unachieved savings from 2015/16 and approximately £8.0m for the in year shortfall against 2016/17 savings plans. The 2015/16 savings were not allocated to specific Partnerships but this will be adjusted in establishing the opening position for 2017/18. The Board will continue to work with HSCPs to identify how this gap can be closed from Partnership funds such as prescribing rebates and discounts.

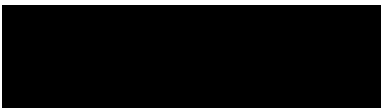
Family Health Services 'cash limited' budgets receive a separate annual uplift which will be passed on to Partnerships in full. We will also pass on in full any specific allocations for Health and Social Care. Family Health Services budgets will continue to be managed centrally in 2017/18.

During 2016/17 it was possible for the Board to provide non recurring relief to HSCPs for the in year shortfall against 2016/17 savings plans. The Board will require all of its non recurring funding sources to achieve breakeven in 2016/17 and as a result will not be in a position to offer any in year relief for 2017/18. HSCPs will therefore be required to cover any in year shortfalls internally from underspends within their integrated budgets or from reserves carried forward from prior years.

As you know HSCPs are now responsible for planning and commissioning unscheduled care services. As you are well aware the service has been under significant pressure due to increases in demand and acuity. The Board expects HSCPs and the Acute Division to determine an appropriate activity level that reduce demand, improve patient flows and ensure more consistent achievement of performance targets including delayed discharge. This should include a financial framework to describe the financial flows arising from increases or reductions in demand and cost.

I hope this enables you to start to develop your financial plans for 2017/18 and we will continue to monitor the overall position and provide you with regular updates as the position becomes clearer in the coming weeks

Yours sincerely



Robert Calderwood
Chief Executive
NHS Greater Glasgow and Clyde

Board Position

The estimated overall position for NHSGGC is set out below.

Description	£m
Additional Funding	Board
General Funding Uplift of 1.5%.	31.1
Less Specific HSCP Funding (Share of National £100.0m)	(23.7)
less Rates Revaluation	(11.0)
less Board Contingency	0.0
Additional Funding	(3.6)
Inflation, Pressures & Investments	HSCPs
Salaries inc Discretionary Points & ACT Offset	(4.3)
Supplies exc PPP & Contracts	(0.7)
PPP & Contracts	(0.2)
Drugs Uplift	(6.5)
Resource Transfer	(1.8)
Apprenticeships Levy	(1.8)
Pensions Cost - RRL Cost from AME Provision	(1.3)
Inflation, Pressures & Investments	(16.6)
add Specific HSCP Funding	23.7
Net Uplift / (Reduction)	7.1
Net Uplift / (Reduction)	0.9%
Note	
In addition, HSCPs are expected to deliver £7.8m of 2015/16 recurring savings, If possible, prescribing rebates may contribute to in-year delivery.	

Possible Pay Uplift

Based on 2016/17 pay policy (1% general uplift with £400 for those earning less than £22,000), it is likely that the additional pay cost to HSCPs in 2017/18 will be around 1.2%. In addition, HSCPs will be expected to meet the cost of the new Apprenticeships Levy at 0.5% of pay costs.

Possible GP Prescribing Costs

The Prescribing Management Finance Group met on 8 December 2016 to consider projections for 2017/18. Current indications are that the likely net prescribing uplift for 2017/18 will be circa £6.5m however this may change before prescribing budgets are finalised in June 2017. As indicated earlier the first call on rebates and discounts will be to cover prior year unachieved/unallocated savings.

Possible Price Inflation

The UK's rate of inflation is expected to rise in the coming months. As at November 2016 the RPI was 2.2%.

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East Renfrewshire HSCP Social Care Fund

	ERC £'000	IJB £'000	Total £'000
2016/17			
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
	<u>928</u>	-	<u>928</u>
1 Living Wage - Care Service Providers	1,350		1,350
Aids & Adaptations	100		100
Council Pressures - Non Social Care	710		710
Unallocated			-
Social Care Funding Reallocation	503		503
Charging Thresholds	30		30
2 Total 2016/17	<u>3,621</u>	-	<u>3,621</u>
2017/18			
Living wage to £8.25 full year effect	724		724
Living wage to £8.25 to £8.45	290		290
Sleepovers	145		145
4 Sustainability		290	290
4 Carers Legislation - preparation		29	29
5 Veterans Pensions Disregard		72	72
3 Total 2017/18	<u>1,159</u>	<u>391</u>	<u>1,550</u>
Cummulative Total	<u>4,780</u>	<u>391</u>	<u>5,171</u>
1 Living Wage and impact of framework agreement			
2 Represents 1.448% of £250m			
3 Represents 1.448% of £107m			
4 To be allocated once conditions confirmed			
5 Already disregarded so decision required on utilisation			

Draft Funding Directions Summary 2017/18**Funding Sources in to the IJB:**

	NHS £'000	ERC £'000	IJB £'000	Total £'000
Revenue Budget Contribution	65,178	45,057		110,235
Social Care Fund	1,550			1,550
Sub-Total Direct Revenue Funding	66,728	45,057	-	111,785
Housing Aids & Adaptations *		632		632
Set Aside Notional Budget	13,425			13,425
Total Funding	80,153	45,689	-	125,842

Directions to Partners:

Revenue Budget Contribution	65,178	45,057		110,235	
Social Care Fund 16/17	-	3,621		-	3,621
ERC pressures		1,903			1,903
Living wage to £8.25		1,688			1,688
Charging thresholds		30			30
Social Care Fund 17/18					-
ERC pressures		1,159			1,159
Living wage to £8.25 full year effect				-	full year impact was comitted for in 16/17
Living wage to £8.25 to £8.45				-	needs to be funded from sustainability / ERC contribution
Sleepovers				-	needs to be funded from sustainability / ERC contribution
Sustainability			290	290	to be allocated once consitions confirmed
Carers Legislation - preparation			29	29	plans to be confirmed
Veterans Pensions Disregard			72	72	free funds as pensions already disregarded
Sub-Total Direct Revenue Funding	61,557	49,837	391	111,784	
Housing Aids & Adaptations		632			632
Set Aside Notional Budget	13,425				13,425
Total Funding	74,982	50,469	391	125,841	

* Includes capital spend - 0

to be updated for 17/18 values