

# Agenda

West Dunbartonshire  
Health & Social Care Partnership

## West Dunbartonshire Health & Social Care Partnership Board Audit Committee

**Date:** Wednesday, 23 March 2016

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**Time:** 10:00

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**Venue:** Committee Room 3,  
Council Offices, Garshake Road, Dumbarton

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**Contact:** Nuala Borthwick, Committee Officer  
Tel: 01389 737594 Email: [nuala.borthwick@west-dunbarton.gov.uk](mailto:nuala.borthwick@west-dunbarton.gov.uk)

Dear Member

### ITEM TO FOLLOW

I refer to the agenda for the above which was issued on 15 March 2016 and now enclose for your attention **agenda item 14** which was not available for issue at that time.

Yours faithfully

**JEANNE MIDDLETON**

Chief Financial Officer of the  
Health & Social Care Partnership

Submit report by the Chief Financial Officer providing an update on the budget available to the Health & Social Care Partnership Board for 2016/17 from NHS Greater Glasgow & Clyde and West Dunbartonshire Council.

**Distribution:-**

**Voting Members**

Ros Micklem (Chair)  
Gail Casey (Vice Chair)  
Heather Cameron  
Allan Macleod  
Jonathan McColl  
Martin Rooney

Senior Management Team – Health & Social Care Partnership  
Mr C. McDougall  
Mr P. Lindsay  
Mr L. Slavin

Date of issue:            17 March 2016

**WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP****Audit Committee: 23 March 2016**

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**Subject: 2016/17 Annual Revenue Budget Update****1. Purpose**

- 1.1** The purpose of this report is to provide the Audit Committee with an update of the budget being available to the Health & Social Care Partnership (HSCP) Board for 2016/17 from NHS GG&C and West Dunbartonshire Council.
- 1.2** The NHS GG&C Health Board have presented a 2016/17 Financial Planning report to Chief Officers and Health Board Non Executives to outline key elements of the 2016/17 financial planning and budget and to outline the process going forward, including engagement with the Scottish Government and submission of the Local Development Plan (LDP).
- 1.3** The Health Board report is presented for consideration by the Audit Committee. It should be noted that the reported position is subject to ongoing review and consultation prior to being submitted for approval at the NHS GG&C Health Boards meeting scheduled for June 2016.
- 1.4** In addition the Scottish Government Directorate for Health Finance issued a Director letter - Financial Resources for Integration Authorities to confirm that, as part of setting allocations for delegated health services for 2016-17, Health Boards are required to delegate the full £250 million included in initial budget allocations to their Integration Authorities.
- 1.5** The 2016/17 Social Care budget was approved by Council Members on 24 February 2016 at the meeting of West Dunbartonshire Council.

**2. Recommendations**

- 2.1** The Audit committee is recommended to:
  - (a) Note the Council approved budget position for 2016/17;
  - (b) Note the NHS GG&C 2016/17 Financial Planning report for update on the HSCP budget for 2016/17;
  - (c) Note the Scottish Government Directorate for Health Finance letter reporting Financial Resources for Integration Authorities to confirm that, as part of setting allocations for delegated health services for 2016-17, Health Boards are required to delegate the full £250 million included in initial budget allocations to their Integration Authorities;

- (d) Note that the updated NHS GG&C 2016/17 Financial Planning position is subject to amendment as assumptions continue to be clarified and revised between now and NHS GG&C Health Board in June 2016;
- (e) Consider the overall HSCP 2016/17 budget position update; and
- (f) Agree that the 2016/17 Health & Social Care interim budget will be submitted to the Partnership Board for approval at the next session.

### **3. Introduction**

- 3.1 The following sections highlight the current Health & Social Care budget position to the Audit Committee for 2016/17 and provide update from the Scottish Government Directorate for Health Finance, NHS GG&C Health Board and West Dunbartonshire Council.

### **4. NHS Greater Glasgow & Clyde - Health Revenue Budget**

- 4.1 The purpose of the NHS GG&C Health Board 2016/17 Financial Planning report is to:
  - Outline key elements of the 2016/17 financial planning and budget setting process;
  - Summarise the key messages and actions from the Board Away day of the 29<sup>th</sup> February 2016; and
  - Outline the process going forward, including engagement with the Scottish Government and submission of the Local Development Plan (LDP).
- 4.2 The final HSCP Board 2016/17 budget aligns with the overall NHS GG&C Health Board financial plan. Therefore, final uplifts and adjustments will be actioned in early July following final agreement of 2016/17 budget in June.
- 4.3 The outcome of this work will be included within the interim 2016/17 Revenue Budget for approval at the next HSCP Board session.
- 4.4 The Health Board 2016/17 Financial Planning report is reported in Appendix 1 of this report.
- 5. The Scottish Government Directorate for Health Finance confirms Boards' shares of the £250 million to be directed to Integration Authorities for investment in social care. The letter provides confirmation that Health Boards are required to delegate the full sum included in initial budget allocations to

their Integration Authorities. The sum should be included in the allocation to the Integration Authority and made available from the outset of 2016-17.

- 5.1 The Scottish Government Directorate for Health Finance letter is reported in Appendix 2 of this report.

## **6. West Dunbartonshire Council – Social Care Revenue Budget**

- 6.1 The Council's budget was approved at the full Council meeting of 24 February 2016. The Social Care element of that budget, with full details, will be presented to the Partnership Board at the next session.

## **7. People Implications**

- 7.1 Any workforce implications arising from this budget will be dealt with in conjunction with the NHS and Council HR services as appropriate

## **8. Financial Implications**

- 8.1 Other than the budget position update noted, there are no financial implications of the budget update.

Work continues with the NHS GG&C Board to work with all Partnerships to develop an agreed methodology to calculate the appropriate budget to represent consumption of unscheduled care services by Integrated Joint Boards. Set aside interim budgets will be agreed and made available to partnerships from 1 April 2016.

## **9. Professional Implications**

- 9.1 None

## **10. Locality Implications**

- 10.1 None

## **11. Risk Analysis**

- 11.1 The main financial risks to the ongoing financial position relate to currently unforeseen issues arising between now and the NHS GG&C Board meeting in June 2016. Any significant issues will be reported to future Partnership Board meetings.

## **12. Impact Assessments**

- 12.1 None

### **13. Consultation**

#### **13.1 None**

### **14. Strategic Assessment**

- 14.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support the Partnership Board and officers to pursue the strategic priorities of the HSCP Strategic Plan.

**Author:** Jeanne Middleton – Chief Financial Officer,

**Date:** 23 March 2016

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**Person to Contact:** Jeanne Middleton – Chief Financial Officer,  
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**Appendices:** Appendix 1 – NHS GG&C 2016/17 Budget Update  
Appendix 2 – SGSHD 2016/17 Budget Update

**Background Papers:** West Dunbartonshire Council Report – 24 February 2016:  
**General Services Revenue Estimates and Council Tax –  
Financial Years 2016/17 to 2018/19**

**Wards Affected:** All

**Greater Glasgow and Clyde NHS Board**

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[www.nhsggc.org.uk](http://www.nhsggc.org.uk)

Date: 14<sup>th</sup> March 2016  
Our Ref: RC/mw/

Enquiries to: Robert Calderwood  
Direct Line: 0141-201-4614

Dear Non-Executive Member and Chief Officer,

**Financial Planning 2016/17**

Thank you for your attendance at the Board Away Day on Monday the 29<sup>th</sup> February 2016. Hopefully you found the session useful and informative in relation to addressing the previously reported £69m savings target.

The purpose of this paper, for both Non-Execs and Chief Officers, is to;

- Outline key elements of the 2016/17 financial planning and budget setting process;
- Summarise the key messages and actions from the Board Away day of the 29<sup>th</sup> February 2016; and
- Outline the process going forward, including engagement with the Scottish Government and submission of the Local Development Plan (LDP).

**Budget Setting 2016/17 – The Wider Context.**

In order to ensure that we make financial decisions which align with our strategic direction we established a set of the principles which have previously been reported to the Board. These principles are underpinning a whole system approach to financial planning and addressing savings.

The Board has not yet completed the service and financial planning process for 2016/17 to enable allocations to be formally set for the Integrated Joint Boards and Acute Division. This reflects the scale of the challenges and continuing discussions with the Scottish Government.

However, all Chief Officers across the business need to understand and identify their priorities, opportunities and pressures for the year. It is particularly important for IJB Chief Officers to start setting Commissioning Strategic Plans against the parent bodies in mid March 2016 – in compliance with Scottish Government guidance.

As such, an important part of the initial financial planning process has involved a detailed analysis exercise to apportion the Board's uplift (1.7% / £33.7m) and cost pressures (£102.7m) across the 3

key parts of the business (Table 1 below) based proportionately on base budgets, to provide indicative numbers and an initial assessment of the gap. The £59.4 million allocated wholly to IJBs to fund Social Care has been excluded. It is for each individual IJB to separately negotiate their share of these monies.

**TABLE 1 – 2016/17 Indicative Allocation of Uplift and Cost Pressures Across the Board**

	Corporate £m	Acute £m	Partnership £m	Total £m
<b>Allocation of Uplift</b>	4.6	16.2	12.9	33.7
<b>Cost Pressures</b>	<u>16.9</u>	<u>52.9</u>	<u>32.9</u>	<u>102.7</u>
<b>2016/17 Gap</b>	<b>12.3</b>	<b>36.7</b>	<b>20.0</b>	<b>69.0</b>

The above numbers are indicative only at this stage and designed to underpin the whole system planning approach adopted by the Board and enable Chief Officers to begin planning for 2016/17. We have not yet finalised our assessment on the sources of the savings required in 2016/17 to achieve a balanced budget. In addition, we are yet to finalise the position on the achievement of agreed 2015/16 savings and the resultant impact (if any) on the starting position in 2016/17.

As explained further below, we continue to work to identify changes which make service and financial sense across the system to enable us to make financial allocations which reflect a fair allocation of our uplift and cost pressures, with savings which reflect viable cost reductions and are consistent with our approved Service Strategies.

#### **Setting opening (indicative) budgets for HSCPs in 2016/17**

There is a recognised approach established through Scottish Government Guidance and as adopted by other Scottish NHS Boards to deriving opening budgets for HSCPs in 2016/17.

The process starts with the recurring base budgets currently available (closing budgets for 2015/16), uplifts the budgets with the estimated cost pressures specific to individual partnerships and then derives the funding gap by allocating the HSCPs share of the Board's available uplift using a formula basis for allocating funds. This approach allows funds to be allocated according to a formula such as pro rata to existing budgets/costs or NRAC. For the purposes of this paper, the uplift has been proportionately allocated on base budgets.

Table 2 below highlights the resulting funding gap for each HSCP when compared to the expected increases in their costs. Corporate FHS and Non-integrated services are shown separately. This analysis shows that costs for HSCPs are forecast to increase by £32.91m over existing budgets in 2016/17. However, as there is only income of £12.90m available to meet these cost pressures there is a funding gap of £20.8m across HSCPs.



**TABLE 2 - 2016/17 Indicative Allocation of Uplift and Cost Pressures Across each HSCP**

	Glas £m	East Dun £m	East Ren £m	Inver £m	Renfw £m	West Dun £m	Corp and Int £m	Total £m
<b>Allocation of Uplift (on base budgets)</b>	7.30	0.81	0.77	0.87	1.78	0.93	0.44	<b>12.90</b>
<b>Cost Pressures</b>	<u>18.06</u>	<u>2.03</u>	<u>1.77</u>	<u>2.23</u>	<u>4.26</u>	<u>2.4</u>	<u>2.16</u>	<b><u>32.91</u></b>
<b>2016/17 Gap</b>	<b>10.76</b>	<b>1.22</b>	<b>1.00</b>	<b>1.36</b>	<b>2.48</b>	<b>1.48</b>	<b>1.72</b>	<b>20.08</b>

As outlined above, we continue to identify savings schemes and changes on a whole system which reflect viable cost reductions. This is currently being progressed by the Board Corporate Management Team and HSCP Chief Officers with regular reporting to the Board and dialogue with the Scottish Government – as outlined below.

#### **Board Away Day - Savings to Date**

The savings identified to date classed as “green and amber” rated, as presented at the Board Away Day, can be summarised as follows;

**TABLE 1- Savings Presented as “green and amber” rated**

<b>Acute £m</b>	<b>Corporate £m</b>	<b>Partnership £m</b>	<b>Total £m</b>
<b>12.3</b>	<b>20.3</b>	<b>6.5*</b>	<b>39.1</b>

\*Includes £1.5m in relation to Bundled Funding.

All Management Teams are progressing these “green and amber” rated schemes to ensure the full year effect is maximised.

Also as discussed at the Board Seminar, in order to address the remaining gap, Management Teams have identified a further circa £5m “green and amber” rated schemes and also produced a range of schemes classed as “red” risk rated which amount to circa £10m. Each scheme is at different stages of progress and there will be further presentation and debate at the 5<sup>th</sup> April 2016 Board Away day. A list of schemes will be sent out in advance of the Board Away Day. Please contact the Director of Finance for further information on any scheme or access to a PID.

#### **Process through March and Board Away day 5<sup>th</sup> April 2016**

As outlined above, Management continue to work to identify further schemes to address the remaining gap.

Dialogue continues with the Scottish Government, with the regular meetings planned through March. At present, the Scottish Government have informed NHS Boards that the submission of the Local Development Plan has now been delayed from the 4<sup>th</sup> March to the end of March to recognise the challenges facing NHS Boards in setting budgets.

We intend to present at the Board away day of the 5<sup>th</sup> April 2016 further actions to address the remaining gap in order we are able to set a budget for both the Board and the IJBs, and submit an LDP straight after the Board Away Day.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Robert Calderwood', enclosed within a thin black rectangular border.

**Robert Calderwood**  
**NHSGGC Chief Executive**



Dear Colleague

## **FINANCIAL RESOURCES FOR INTEGRATION AUTHORITIES**

### **Summary**

To confirm that, as part of setting allocations for delegated health services for 2016-17, Health Boards are required to delegate the full £250 million included in initial budget allocations to their Integration Authorities.

### **Background**

Health Board Directors of Finance received confirmation on 26 February of initial Health Board budget allocations for 2016-17. For the purpose of effective strategic commissioning from 2016-17, it is important that Integration Authorities have as much clarity as soon as possible regarding their financial allocations. I am writing to you to set out the Cabinet Secretary's expectations in this regard, which flow from the arrangements in the Public Bodies (Joint Working) (Scotland) Act 2014.

### **Action**

Each Health Board has in place an Integration Scheme, agreed with its Local Authority partner(s), which sets out the local process of due diligence for determining the financial allocations from both Partners to the Integration Authority. Health Boards and Integration Authorities should now be setting allocations for delegated health services for 2016-17 to allow Integration Authorities to set budgets and sign off on the due diligence process, subject to subsequent final confirmation of the Health Board allocation.

**DL (2016) 4**

14 March 2016

### **Addresses**

#### For action

Chief Executives, NHS  
Territorial Boards

#### For information

NHS Territorial Board  
Directors of Finance,  
Local Authority  
Directors of Finance,  
IJB Chief Officers

### **Enquiries to:**

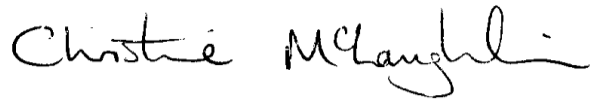
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Health Board budgets this year also include Boards' shares of the £250 million to be directed to Integration Authorities for investment in social care. This letter provides confirmation that Health Boards are required to delegate the full sum included in initial budget allocations to their Integration Authorities. The sum should be included in the allocation to the Integration Authority and made available from the outset of 2016-17.

Yours sincerely

A handwritten signature in black ink, reading "Christine McLaughlin". The signature is written in a cursive, flowing style.

Christine McLaughlin  
**Director of Health Finance**