West Dunbartonshire
Health & Social Care Partnership

Supplementary Agenda

West Dunbartonshire Health & Social Care Partnership Board

Date: Wednesday, 1 March 2017

Time: 14:00

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

Contact: Nuala Borthwick, Committee Officer
Tel: 01389 737594 Email: nuala.borthwick@west-dunbarton.gov.uk

Dear Member

ITEM TO FOLLOW

I refer to the agenda for the above which was issued on 21 February 2017 and now enclose for your attention the undernoted report which was not available for issue at that time.

Yours faithfully

KEITH REDPATH

Chief Officer of the
Health & Social Care Partnership

Note referred to:- /

5 2017/18 ANNUAL REVENUE BUDGET 253 - 295

Submit report by the Chief Financial Officer outlining the budget allocations to the Health and Social Care Partnership Board (HSCP) for 2017/18 from funding partners, NHS Greater Glasgow and Clyde Health Board and West Dunbartonshire Council.

<u>Distribution</u>:-

Voting Members

Gail Casey (Chair)
Heather Cameron
Allan Macleod
Jonathan McColl
Martin Rooney
Rona Sweeney

Non-Voting Members

Barbara Barnes
Kenneth Ferguson
Wilma Hepburn
Jackie Irvine
John Kerr
Neil Mackay
Diana McCrone
Anne McDougall
Kim McNabb
Janice Miller
Peter O'Neill
Martin Perry
Keith Redpath
Selina Ross
Julie Slavin
Alison Wilding

Senior Management Team – Health & Social Care Partnership

Date of issue: 27 February 2017

Item 05

WEST DUNBARTONSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

Health & Social Care Partnership Board: 1 March 2017

Subject: 2017/18 Annual Revenue Budget

1. Purpose

1.1 To outline the budget allocations to the Health and Social Care Partnership Board (HSCP) for 2017/18 from our funding partners, NHS Greater Glasgow and Clyde Health Board and West Dunbartonshire Council.

2. Recommendations

2.1 The HSCP Board is recommended to:

- Approve the 2017/18 Social Care Revenue Estimates figure of £62.673m required to deliver the strategic priorities of the HSCP;
- Note the Council's Social Care saving reduction of £0.866m in the context of the Scottish Government's financial settlement direction to the council that it could reduce its allocation up to a maximum of £1.560m;
- Agree the 2017/18 West Dunbartonshire Council payment contribution to the HSCP of £60.673m and the application of £2.0m from the HSCP's ongoing available funding from the 2016/17 Social Care Fund budget;
- Note the required 2017/18 NHS Greater Glasgow and Clyde Health Board financial allocation of £80.676m to comply with the Scottish Government direction of maintaining contribution at 2016/17 cash levels;
- Agree with the Chief Financial Officer's recommendation in 4.27 to reject the 2017/18 financial allocation offer by NHSGG&C on 23 February 2017, as detailed in Appendix 7.
- Agree to the proposals set out in 4.29 to 4.31 on addressing Health Care inflation and cost pressures;
- Note the indicative 2017/18 set aside budget, being maintained at 2016/17 cash levels;
- Note the indicative reserves position for consideration and application in 2017/18 to mitigate any budget volatility and failure to deliver on approve savings plans; and
- Note the financial risks around the possible change or cessation to existing risk sharing or hosting arrangements;

3. Background

3.1 This report follows from and builds upon the Financial Report presented to the HSCP Board in November 2016 and sets out the funding implications for the Partnership based on the Scottish Government budget announcements of 15 December 2016 to Local Authorities and Health Boards.

3.2 The key messages from the financial settlement offers were:

- NHS contributions to Integration Authorities (IAs) for delegated health functions will be maintained at least at 2016/17 cash levels;
- Local authorities will be able to adjust their allocations to IAs by up to their share of £80 million below the level of budget agreed in 2016/17; and
- An additional £107m of Social Care funding, routed through Health Boards, in addition to the £250m received in 2016/17.

3.3 West Dunbartonshire Council approved its 2017/18 Revenue Budget on the 22 February 2017, which presented a improved position, from the December 2016 report, after taking account of the additional funding announcement, for local government, made in Parliament on 2 February 2017, which benefited the Council by £2.294m. Included in the budget report was an allocation to the HSCP of £60.673m.

3.4 Greater Glasgow and Clyde Health Board will be unlikely to approve the 2017/18 budget before June 2017. However in line with the direction issued by the Scottish Government that contributions to Integration Authorities, for delegated health functions must be maintained at least at 2016/17 cash levels, the recurring budget as at 31 December 2016 (Period 9) of £80.676m is recommended as being the minimum 2017/18 base budget allocation the HSCP can accept for the purposes of this report.

3.5 The 2017/18 set aside budget for large hospital services should also remain at least at the 2016/17 cash level. To date the HSCP was not received definitive confirmation of this amount, therefore for the purposes of this report the amount of £17.1m is assumed as the indicative 2017/18 set aside value.

4. Main Issues

4.1 The Cabinet Secretary for Finance and the Constitution laid before Parliament on the 15 December 2016 the 2017/18 financial settlements for Local Authorities (Appendix 1) and Health Boards (Appendix 2).

4.2 These funding allocations made specific reference to Health and Social Care in regard to the minimum settlement Integration Authorities should expect from their funding partners, as well as announcing additional funding to support social care and the intention to review the current arrangements around set-aside budgets, which have only been considered as “notional” to date.

4.3 The Social Care Fund which provided £250m of support to Social Care in 2016/17 has been increased by a further £107m in 2017/18 and is to fund the following:

	Scotland £m	WD HSCP £m (1.95%)
Full year effect of the Living Wage of £8.25/hr	50	0.975
Increase Living Wage to £8.45/hr	20	0.390
Sleepovers	10	0.195
Sustainability	20	0.390
Implementation of Carers Legislation	2	0.039
Veterans Pension Disregard	5	0.098
TOTAL	**107**	**2.087**

4.4 To reflect this additional support, local authorities could reduce their 2017/18 allocations to Integration Authorities by up to their share of £80m below the level of budget agreed in 2016/17. For West Dunbartonshire Council this was notified as £1.560m or 1.95% as per the Social Care Fund distribution methodology which uses Adult Care GAE (LA) and NRAC (NHS) indices (Appendix 3).

4.5 As reported to the November 2016 Board, the full year cost of the offers made to providers to pay all adult care worker £8.25/hr and £7.20/hr sleepovers was £1.494m from available resources of £1.5m. The Period 9 Financial Report indicates that we have agreement from the majority of our providers and dialogue continues with those with outstanding issues.

4.6 The additional cost burden to affect the increase from £8.25/hr to £8.45/hr and sleepovers from £7.20/hr to £7.50/hr is being assessed. The uplift on the National Care Home Contract is still being negotiated as is the parameters of provider sustainability; therefore the adequacy of the funding is still under review.

4.7 The current charging policy guidance already excludes several veterans' pension elements; therefore the impact on income from charging should be minimal.

4.8 An update will be provided to the May 2017 Board on the cost implications of the National Care Home Contract and living wage increases.

West Dunbartonshire Council – Social Care Revenue Budget

4.9 The Council's 2017/18 budget was approved at the full Council meeting of 22 February 2017. The contribution to the HSCP was set at £60.673m which is a reduction of £0.866m on the 2016/17 budget of £61.539m and is compliant with the Scottish Government's allowable allocation reduction (4.4 above).

4.10 This is an improved position from the one reported to the November 2016 Board, which detailed savings options of £3.048m to cover a 4% funding reduction of £2.607m and burdens of £0.441m.

4.11 The Board agreed to publically consult on the savings options, however at the Council meeting on 21December 2016 the elected members indicated that they expected to set a budget where no directorate should make cuts to current service provision.

4.12 Consequently, the Chief Officer wrote to the Board members on 22 December 2016 setting out the anticipated funding gap and the recommendation from the Chief Financial Officer that the £2.0m of unallocated monies from the Social Care Fund be applied in full with the Council closing the remaining gap. Given this improved position agreement was given that a public consultation on savings was no longer required.

4.13 Since the November report there have been additional burdens identified amounting to £0.430m, which have been added to the funding provided by the Council and is reflected in the 2017/18 budget position is as follows:

Required 2017/18 Budget for HSCP represented by:	£m
2016/17 Net Expenditure for Social Care	61,539
Approved inflationary adjustments in previous 3yr financial plan	263
Burdens as identified in November 2016 Board Report	441
Additional Burdens identified as per February 2017 Council Report	430
Proposed HSCP Budget 2017/18	**62,673**
Funding Contribution from WDC as per February 2017 Council Report	**60,673**
Funding Gap	**-2,000**
Uncommitted 2016/17 Social Care Fund as per November 2016 Board Report	**2,000**

4.14 The HSCP can manage the reduction in budget through the application of recurring, non-committed element of the 2016/17 Social Care Fund, as previously reported to the November 2016 Board. However it must be recognised that while this negates the requirement to find savings from existing services, it will impact on the partnership's ability to invest in new services to shift the balance of care to a more community based setting.

4.15 The Housing Aids and Adaptations and Care of Gardens for delivery of social care services is in scope as part of the minimum level of adult services which should be delegated to the IJB and should be considered as an addition to the HSCP's budget resource (4.13 table above) for 2017/18.

4.16 These budgets are currently held within West Dunbartonshire Council's – Regeneration, Environment and Growth Directorate and are managed on behalf of the HSCP Board. The 2017/18 budget was approved by Council on the 22 February 2017 for Care of Gardens £0.500m (unchanged) and Aids and Adaptations is £0.250m (an increase of £0.100m) and provides a total resource of £0.750m, bringing the 2017/18 HSCP budget to £61.423 million.

4.17 The £0.100m increase to the Aids and Adaptations budget re-instates the 2016/17 saving of the same value and brings the budget back into line with current levels of spend. The most recent Finance Report is projecting an outturn position of £0.770m.

Greater Glasgow & Clyde Health Board – Health Care Revenue Budget

4.18 As stated in 3.4 above NHS GG&CHB have not yet formally approved their 2017/18 budget position. However there has been significant dialogue between the Board's Chief Executive and Director of Finance with the Chief Officers and Chief Financial Officers from the 6 partnerships.

4.19 The Chief Executive wrote to Chief Officers on 11 January 2017 (Appendix 4), setting out how the requirement to pass through the full £23.7m (GG&C share of the additional £100m Social Care Fund) to HSCPs and the impact of a rates revaluation outweighed the general funding uplift received from the Scottish Government by £3.6m.

4.20 In addition to this underfunded starting position the Board have substantial, additional pressures in respect of salary uplifts, prescribing pressure, contractual inflation, acute service delivery and unachieved savings for 2017/18. The six partnerships share of these pressures has been assessed as £24.4m as detailed below, together with the anticipated level attributed to this partnership:

Inflation and Pressures	**Total HSCP £m**	**WD HSCP £m**
Salaries	4.3	0.336
Contracts, PPP & Supplies	0.9	0.031
Prescribing Uplift	6.5	0.502
Resource Transfer	1.8	0.145
Apprentice Levy	1.8	0.129
Pension Costs	1.3	0.095
Total Inflation & Pressures	**16.6**	**1.238**
2015/16 Unachieved CHCP Savings	7.8	0.593
Total Pressure	**24.4**	**1.831**

4.21 The detail of the Board's total funding pressure and the amount attributable to the HSCPs' has been much debated and challenged by both Chief Offer and Chief Financial Officer Groups, when considered within the context of the Scottish Government's direction that the 2017/18 funding allocation should be maintained at least at 2016/17 cash levels.

4.22 This position was reinforced and expanded in a further letter from Scottish Government on 18 January 2017 (Appendix 5):

"***In simple terms, this means that budgets for allocation from NHS Boards to Integration Authorities for 2017/18 must be at least equal to the recurrent budgeted allocations in 2016/17. The allocation should include the total of the set aside for hospital services."***

4.23 In particular, all six partnerships reject the premise that they carry the pressure attached to the £7.8m of 2015/16 unachieved CHCP savings. This saving target was pre the establishment of the WD HSCP and did not feature in the due diligence work undertaken by the Chief Financial Officer in July 2015 or the September 2015 Due Diligence Report by PWC on behalf of the Health Board.

4.24 The application of this savings target would effectively reduce the 2017/18 budget allocation to an amount lower than the 2016/17 recurrent budget base (see table below), therefore contravening the direction of Scottish Government.

GG&CHB Allocation Letter 5th July 2016	£000
Recurring Budget – Rollover	75,839
Uplifts Applied: Pay, RT, Contracts	958
Facilities & Depreciation Budgets – Centralised	-901
Minor Adjustments	-16
	75,880
Savings Targets Applied - Month 2	-431
Savings Targets Applied - Month 3	-955
	-1,386
2016/17 Base Allocation – Health	74,494
2016/17 Social Care Fund - pass through	4,921
TOTAL 2016/17 Health Board Allocation	**79,415**
Recurring Budget Adjustments as at Month 9	1,260
Anticipated 2017/18 Recurring Budget Rollover	**80,676**

4.25 On the advice of the Chief Financial Officer, the Chief Officer responded to the Chief Executive of NHSGG&C on 31 January 2017 on this basis (Appendix 6).

4.26 A private meeting of the NHSGG&C Board was held on 21 February 2017, at which the members agreed that an offer to reduce the £7.8m 2015/16 unachieved CHCP saving be made to IJBs.

4.27 The Chief Officer received formal notification of this on 23 February 2017 (Appendix 7), detailing the amount of £3.6m, which would equate to approximately £0.274 million for WDHSCP. Regardless of the reduction the recommendation of the Chief Financial Officer is that this offer should be rejected on the basis that it would take the 2017/18 base budget allocation below the 2016/17 cash level.

4.28 Representations have been made to the Scottish Government to consider the positions of the Health Board and the six Partnerships. It is hoped that resolution will be reached to allow WDHSCP to move forward with addressing the £1.238m of notified pressures.

4.29 The Chief Officer and the SMT have explored options to meet this financial challenge, with the least disruption to services. It is recommended that a 2% turnover target be applied to salary budgets to deliver on the salary inflation and apprentice levy pressure and contracts and resource transfer uplifts are not passed on to services, with the requirement to manage within the totality of service budgets.

4.30 The 23 February 2017 letter (Appendix 7) also indicated that the prescribing uplift pressure had increased from £6.5m to £8.5m i.e. for WDHSCP from £0.502m to £0.656m. This poses the greatest challenge, as the volatility risk around this budget is well documented in periodic finance reports. This pressure is based on the available information, however the true cost will not be known until May 2017 when the full year data is collated.

4.31 There is currently a risk sharing arrangement in place with the Board and the six partnerships, which has benefitted this partnership in 2016/17, as the latest Finance Report identifies a current overspend of £0.070m. Given the considerable funding gap identified by the Board (4.30 above), the risk sharing arrangement will only continue if the HSCPs' commit to covering the £8.5m identified pressure. The Chief Officer will be instructing the HSCP's prescribing advisor to assess the current prescribing protocol for identification of potential savings. There is also a prescribing workshop scheduled for 15 March 2017 to explore further options.

4.32 The £80.676m indicative budget includes Family Health Services "cash limited" budgets £22.819 million. These are based on 2016/17 recurrent levels but will receive a separate annual uplift which will be passed onto partnerships in full.

4.33 Throughout GG&C there are a number of community health care services hosted and managed on behalf of West Dunbartonshire HSCP. The total budget resource for 2017/18 will be reported at a future Board meeting when all partnerships approve their budgets. Those services managed by this HSCP include MSK Physiotherapy Services and Retinal Screening and account for £7.1m for the £80.676m indicative budget.

4.34 There has been no updated position on the notional set aside budget from the Health Board, however it is assumed to remain at least at the 2016/17 cash level of £17.1m (3.5 above).

4.35 The reconfiguration of the set aside budget from an acute to community based setting is a key funding component in the delivery of the Strategic Plan priorities. However many partnerships have experienced frustrations around being able to access timely and relevant data that can be interrogated to help in the production of realistic commissioning intentions. The Director of Health Finance for the Scottish Government will be working with Integration Authorities and Health Boards to drive forward improvements in information available to allow partnerships to move forward with service redesign to shift the balance of care. There are also plans to provide the next meeting of the IJB with a report from the Head of Strategy, Planning and Health Improvement on the HSCP's commissioning intentions.

4.36 Alcohol and Drugs Partnerships expenditure should be maintained at 2016/17 cash levels and in support of this £53.8m is transferring to NHS baseline budgets for delegation to Integration Authorities.

4.37 Lastly, enhancing Primary Care and Mental Health provision is another key Scottish Government funding priority. There have been some briefings around increased investment in 2017/18; however the impact on the HSCP is unknown at this time.

<u>2017/18 HSCP Reserves</u>

4.38 The Reserves Policy recommends that as part of the annual budget setting process the Chief Financial Officer should review the current level of reserves, estimate the year end position and assess their adequacy in light of the medium term financial outlook.

4.39 In recognition of the size and scale of the HSCP's responsibilities and the challenging financial climate, a prudent level of general reserve was agreed at approximately 2% of net expenditure. Although not explicitly detailed in the policy, consideration should be given over the inclusion of the "cash limited" budget of Family Health Services (General Medical Services and Other).

4.40 The 2017/18 budget allocations total £141.349m (Social Care of £60.673m - 3.3 above and assumed Health Care of £80.676m 3.4 above). Or £118.53m excluding FHS budgets (4.32 above), gives a prudential target of £2.83m or £2.37m respectively.

4.41 The opening reserves position for 2016/17 was £0.492m unearmarked and £1.119m earmarked. There have been a number of drawdowns on the earmarked reserves in line with planned service expenditure (detailed below).

4.42 With regards to possible increases to reserves the elements, detailed below, are in line with the Finance Report to 31st December 2016 and will be subject to adjustment when the actual outturn position is established as part of the Annual Accounts exercise.

2017/18 General Fund Reserve - estimated position	2016/17 Opening Balance	2016/17 Projected Drawdown	2016/17 Projected Additions	2016/17 Closing Balance
	£000			
Unearmarked - General	492.2	0.0	123.0	615.2
Unearmarked - Social Care Fund	0.0	0.0	1,743.5	1,743.5
	492.2	**0.0**	**1,866.5**	**2,358.7**
Earmarked				
Integrated Care Fund	300.9	0.0	254.5	555.4
Delayed Discharge	275.3	-114.9	0.0	160.4
GIRFEC NHS	205.0	-37.0	0.0	168.0
GIRFEC Council	24.5	-7.6	0.0	16.9
MSK Physio	46.5	-46.5	0.0	0.0
Opthalmolgy	20.6	-20.6	0.0	0.0
Criminal Justice - transitional funds	47.5	-47.5	0.0	0.0
DWP Conditions Management	200.0	-20.0	0.0	180.0
Social Care Fund - Service Redesign and Transformation	0.0	0.0	1,000.0	1,000.0
	1,120.3	**-294.1**	**1,254.5**	**2,080.7**
Total Reserves	**1,612.5**	**-294.1**	**3,121.0**	**4,439.4**

4.43 The most significant additions are in relation to the HSCP's share of the 2016/17 £250m Social Care Fund. Of the £4.921m received, £1.260m was allocated to WDC to cover demographic pressure and additional costs already provided for in the 2016/17 budget. The delivery of the £8.25/hr Living Wage commitment to all adult social care workers, from 1 October 2016, accounted for £1.5m of the total allocation. However, as reported to the November Board, the part year cost of delivery, based on the offers made to providers was £0.667m, leaving a balance of £0.833m to transfer to reserves. The balance was to be utilised to fund new demographic pressures and drive forward service redesign to shift the balance of care.

4.44 Early in 2016/17, the Chief Officer, considering the climate of on-going financial austerity and the anticipated funding cuts of between 4% - 7% from our funding partners, made the decision to hold back on the application of this resource and not commit the partnership to recurring budget commitment.

4.45 This prudent approach has allowed the HCSP to cover the 2017/18 financial gap between the Council's budget allocation and the HSCP's funding requirement (4.12 & 4.13 above).

4.46 For the purposes of this report an assumption has been made to split the £2.7m of available Social Care Fund between earmarked and unearmarked reserves, based on some early costings around the new Care Home Transformation Project and additional non-recurring costs including salary preservation, equipment and transition costs for both new homes. This is subject to change and agreement with external audit on the proper accounting treatment.

4.47 In comparison to the 2% level detailed above in 4.39, the HSCP's likely closing unearmarked reserves position will be just under the 2% value and a very favourable position given the establishment of the HSCP in July 2015.

4.48 The 2017/18 budget represents year 2 of the HSCP's 3 year financial strategy, which requires being refreshed in line with the Council's medium term financial strategy which will be subject to change after 22 February 2017 Council budget decisions. At this time the future budget gap for GG&C is not yet known, however it would be prudent to assume a similar level of burden.

4.49 In lieu of the financial strategy refresh, it is the Chief Financial Officer's recommendation to maintain the reserves level at 2%.

<u>Criminal Justice Partnership</u>

4.50 The Scottish Government previously made arrangements for the delivery and planning of Community Justice through the Community Justice Authorities (CJA's). The overall objective of the function of Community Justice has been to reduce reoffending through collaborative partnership working.

4.51 West Dunbartonshire was part of the North Strathclyde Community Justice Authority (NSCJA) and the funding for the delivery of Criminal Justice Social Work (CJSW) was delivered through the distribution of the grant made by Scottish Government directly to the NSCJA.

4.52 The Scottish Government has developed a new model for Community Justice in Scotland which sees Community Planning Partnerships (CPPs) as central to these arrangements, effective from the 1 April 2017. The National body to oversee this will be Community Justice Scotland and the focus is on delivering wider community based solutions in respect of reducing re-offending and offender management. This is explored further in a separate agenda item report from the Head of Children's Health, Care and Criminal Justice.

4.53 In conjunction with the disaggregation of Community Justice Authorities the funding for local Authority CJSW services will now come into the HSCP from Central Government. This budget will continue to be ring fenced solely for the provision of criminal justice social work services.

4.54 With the new arrangements comes a new funding formula, which will be phased in over a 5 year period with the maximum loss being no more than 5% in year 1, rising 5% per year up to a maximum of 25%. This approach will also see any increases in funding phased in as funds are released.

4.55 The 2017/18 allocation letter received on 23 December 2016 informed the HSCP funding would be set at £1,864,958. However against the estimated cost to run the service there is a gap in the budget of £123,821. Plans are in place to mitigate at least 50% of this shortfall on a recurrent basis by adjustments to external payments and management costs. In addition plans are in place to explore the central support allocations which should result in a further reduction in overheads.

5. People Implications

5.1 None.

6. Financial Implications

6.1 Other than the financial budget actual/indicative allocations and associated pressures noted above, there are no further financial implications to report at this time.

7. Professional Implications

7.1 None

8. Risk Analysis

8.1 The proposed HSCP Council allocation of £60.673m for 2017/18 does not come without financial and service risk. Within Social Care Services the Chief Officer and the Senior Management Team will be required to deliver on a 4% turnover target, meet the demands of an increasing older people demographic and continue to maintain delayed discharge targets and review and manage high cost service packages for learning disabled clients and young people in secure accommodation. Service redesign in shifting the balance of care is essential given the likely scale of the financial and demographic challenges in the coming years.

8.2 In anticipation of agreement being reached, the delivery of Health Care services in 2017/18, based on an indicative budget allocation of £80.676m, with the requirement to identify savings proposals to fund a gap of £1.238m (4.20 & 4.28 above), is further challenged by the delayed implementation of the residual 2016/17 Health Care Savings Options of £0.955m.

8.3 A member's briefing note on the progress of Health Care savings, issued on 1 February 2017 (Appendix 8), assessed that approximately £0.661m (70%) would be deliverable by 1 April 2017 with the balance of £0.293 (30%) requiring further work. It is the recommendation of the Chief Financial Officer that any delay in delivering these savings should be "smoothed out" by the application of general unearmarked reserves.

8.4 There is a possibility that the prescribing risk sharing arrangement will be withdrawn in 2017/18 (4.31 above), which could result in additional pressures in 2017/18 above those already identified. An update will be provided at the next Board meeting.

8.5 The current hosted arrangements across the six partnerships are likely to be reviewed in light of the continued requirement to deliver on savings targets and to fulfil the accounting requirements for inclusion in the Annual Accounts. Work is about to commence on a mutually agreed methodology of identifying each partnership's share of the hosted budget and how it compares with the partnership's consumption of the service. Any adverse impact this may have will be reported to future HSCP Boards along with a recovery plan to address any pressure.

9. Impact Assessments

9.1 No equalities impact assessment was required for the completion of this report. .

10. Consultation

10.1 This report was prepared in conjunction with Health and Council colleagues.

11. Strategic Assessment

11.1 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 Strategic Plan.

Julie Slavin
Chief Financial Officer
1 March 2017

Person to Contact: Julie Slavin – Chief Financial Officer, Garshake Road, Dumbarton, G82 3PU, Telephone: 01389 737311
E-mail julie.slavin@ggc.scot.nhs.uk

Appendices:

Appendix 1 – Scottish Government Finance Settlement to Local Authorities – 15 December 2016

Appendix 2 – Scottish Government Finance Settlement to Health Boards – 15 December 2016

Appendix 3 – Scottish Government Draft Budget 2017-18 (LA share of £80m) – 18 January 2017

Appendix 4 – 2017/18 Financial Allocations HSCP from NHS GG&C 11 January 2017

	Appendix 5 - Scottish Government joint letter from Health Finance Director and Director of Health & Social Care Integration – 18 January 2017
	Appendix 6 – Chief Officer’s response on 31January 2017 to NHS GG&C financial allocation offer
	Appendix 7 – Revised 2017/18 Financial Allocations HSCP from NHS GG&C 23 February 2017
	Appendix 8 – Briefing Note re 2016/17 Health Care Savings Options Progress
Background Papers:	HSCP Board Reports 16 November 2016 – Financial Report to P6 (30th September 2016) & Health Care Savings Options 2016/17
	WDHSCP Integration Scheme WDHSCP Reserves Policy
	HSCP Board Report 1 March 2017 - Governance Arrangements for Community Justice Strategic Planning and Criminal Justice Services
Wards Affected:	All

Cabinet Secretary for Finance and the Constitution
Derek Mackay MSP

T: 0300 244 4000
E: scottish.ministers@gov.scot

Scottish Government
Riaghaltas na h-Alba
gov.scot

Councillor David O'Neill
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: The Leaders of all Scottish local authorities

15 December 2016

Dear David

Thank-you to you, Cllr Cook and the COSLA political leadership for participating in negotiations over recent weeks on the shape of the Local Government settlement for 2017-18. I have sought to engage with you and your team on the basis of openness and mutual respect and with the intention of building relationships around shared ambitions for people and communities.

As a result of these negotiations, I am able to set out the package of proposals below which I believe are a fair and reasonable offer that delivers on our shared ambitions. This letter, therefore, contains proposals for the local government finance settlement for 2017-18 resulting from the 2016 Budget process.

While the terms of the settlement have been negotiated through COSLA on behalf of its member councils, the same proposal is being offered to those councils who are represented by the Scottish Local Government Partnership. I believe this proposal opens the way for a new partnership between the Scottish Government and COSLA and, from that, the wider benefits of partnership working, including joint work on public service reform.

The Scottish Government and local government share the same ambitions for stronger communities, a fairer society and a thriving economy. This funding proposal delivers a fair financial settlement for local government, which will be strengthened by our joint working to improve outcomes for local people by improving educational attainment and through health and social care integration.

Following the work of the joint Settlement and Distribution Group, details of the indicative allocations to individual local authorities for 2017-18 are also being published today as set out in Local Government Finance Circular No. 9/2016.

I have carefully considered the representations made to me by COSLA and this is reflected in the detail of the settlement and the package of measures included in this letter.

My aim throughout our extensive discussions has been to reach an agreement with councils around the implementation of these commitments. I now invite local authorities to agree the terms of the settlement which are set out below.

Under the settlement we will look to all local authorities to work in partnership with the Scottish Government in pursuit of our Joint Priorities, including delivery of the Government's programme as set out in *A Plan For Scotland: The Scottish Government's Programme For Scotland 2016-17* published on 6 September and the *Draft Budget 2017-18.*

Renewing our partnership approach will enable close working on public service reform building on recent joint political and joint officer discussions.

On key priorities and following consideration of specific points you have raised I propose the following:

Public Service Reform

As an essential partner in the delivery of public services, the Cabinet sub-committee on Public Service Reform prioritised early discussion with COSLA to explore how we might work together around our shared priorities of health & social care, education attainment & governance, tackling inequalities & inclusive growth and enterprise, innovation, skills & employability. This political engagement and the productive discussions which followed at official level, including SOLACE, is an example of what we can achieve through a re-setting of partnership working at national level.

The Cabinet sub-committee anticipates further dialogue with COSLA on these emerging themes early in the New Year.

Health and Social Care

In 2017-18 an additional £107 million will be transferred from NHS Boards to Integration Authorities to protect our collective investment in social care. Of which, £100 million will support continued delivery of the Living Wage, sleepovers and sustainability in the care sector, and £7 million to disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of the new carers legislation. This is additional to the £250 million added in the 2016-17 budget, bringing the total support available from the NHS through Integration Authorities to protect social care to £357 million. NHS contributions to Integration Authorities for delegated health functions will be maintained at least at 2016-17 cash levels. The provision included for sleepovers (£10 million) will be reviewed in year to consider its adequacy, with a commitment to discuss and agree how any shortfall should be addressed. To reflect this additional support local authorities will be able to adjust their allocations to integration authorities in 2017-18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016-17 (as adjusted where agreed for any one-off items of expenditure which should not feature in the baseline). Taken together, these measures will enable Integration Authorities to ensure the collective overall level of funding for social care is maintained at £8 billion. I am sure you would agree that that would be a significant achievement and reflects the shared priorities of local government, the NHS and the Scottish Government.

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

Education (including the Attainment Fund)

I have considered the representations made on the Scottish Government proposals to adjust the local government settlement to pave the way for an additional £100 million investment per year, generated through reform of council tax, to go directly to schools to close the gap in the educational attainment of young people from Scotland's most and least deprived areas.

I can now confirm that provision for the additional funding to meet our commitments on the Attainment Fund will be met directly from the resources available to the Scottish Government at a national level, rather than from an adjustment to the local government finance settlement.

As the next step towards investing £750 million over the life of this Parliament we will go further than our manifesto commitment and will increase the additional resource to be made available directly to schools through the Attainment Scotland Fund from £100 million to £120 million in 2017-18. This will be paid as a ring fenced grant and distributed on the basis of P1 to S3 pupils known to be eligible for free school meals, as part of the local government settlement.

It is a condition of this agreement that this funding is additional to each council's individual spending on schools rather than substitutional and is to be used at the discretion of schools to close the attainment gap between children from the least and most deprived areas within their communities. This is on top of the existing £50 million Attainment Scotland funding that will continue to provide targeted support for those authorities and schools supporting children and young people in greatest need.

In addition, we will continue to require local authorities to maintain the overall pupil:teacher ratio at 2016-17 levels as reported in the Summary of School Statistics published on 13 December 2016, and secure places for all probationers who require one under the teacher induction scheme. This is supported by a continued funding package of £88 million, made up of £51 million to maintain teacher numbers and £37 million to support the teacher induction scheme.

As previously made clear, all of the additional £111 million of Council Tax income raised by the Council Tax banding reforms we have implemented will be retained by each local authority area and, as a result of these decisions, the allocation of that funding will be for councils themselves to take based on their own local needs and priorities.

Local Taxation

2016-17 was the ninth consecutive year of the Council Tax freeze. As we have made clear this will be lifted from 2017-18, when Councils will have greater flexibility and may choose to increase Council Tax by up to a maximum of 3%. This local discretion will preserve the financial accountability of local government, whilst also potentially generating up to £70 million to support services.

Our reforms of Council Tax are only the first steps, and the Scottish Government is fully committed to further engagement with COSLA as we seek to make local taxation as a whole fair and progressive. We will work with COSLA to consider your objectives for local tax reform as set out in the Local Government Funding Review.

We will also deliver our commitment for local government to retain the net incomes from the Crown Estate for the benefit of island and coastal communities. In addition we will explore with authorities other opportunities for the development of fair and equitable local taxation that supports economic growth and public services.

Overall Settlement

As a result of the measures above, the total revenue funding for 2017-18 will be £9,496.4 million, which includes non-domestic rates incomes in 2017-18 of £2,605.8 million.

Capital funding is set at £756.5 million and delivers on our agreed commitment to maintain the local government share of the overall Scottish Government capital budget. I can also reaffirm the commitment to repay £150 million of re-profiled 2016-17 capital with an additional allocation in the period 2018-20.

The total funding which the Scottish Government will provide to local government in 2017-18 through the settlement, including the £120 million of additional support for educational attainment, is £10,252.9 million.

This is a fair settlement for Local Government.

With the addition of the real spending power that comes from the opportunity to raise up to an additional £181 million from Council Tax plus an additional £107 million to support the integration of Health and Social Care, the total spending power available to local authorities from the Scottish Government, and through local taxation will be up to £10,541 million, a total of £241 million more than was available in 2016-17, an increase of around 2.3%.

The difference between the figures reported in the Draft Budget in 2016-17 and 2017-18 will be potential spending on local government services of an increase of £266.8 million, or 2.6%.

In return for this settlement and in pursuit of our Joint Priorities, individual local authorities will deliver the specific commitments set out above.

Engagement

In line with our partnership approach we will work jointly with local government to support delivery of these commitments and undertake a review to monitor progress at an agreed mid-point in the year.

The measures set out in the settlement offer must be viewed as a package to protect our shared priorities and intensify a journey of reform. In order to access all of the benefits involved, including those priorities supported by specific financial benefits, local authorities must agree to deliver all of the measures set out in the package and will not be able to select elements of the package.

Any individual authority not intending to agree the offer and accept the full package of measures and benefits should write to me by no later than **Friday 13 January 2017.** For those authorities not agreeing the offer a revised, and inevitably less favourable, offer will be made.

Local government is essential to the health, wellbeing and prosperity of every community in Scotland. The Scottish Government are committed to work together in partnership with local authorities to do all that we can to support local authorities to ensure that the full package of agreed measures is delivered.

Yours ever

Derek Mackay

DEREK MACKAY

Health Finance Directorate
Christine McLaughlin, Director

T: 0131-244 3464
E: christine.mclaughlin@gov.scot

Scottish Government
Riaghaltas na h-Alba
gov.scot

Robert Calderwood
Chief Executive
NHS Greater Glasgow and Clyde

Copy to: Chair
Director of Finance

Issued via email

Our Ref: A16253777

15 December 2016

Dear Mr Calderwood

Draft Budget 2017/18 – Indicative Allocation

Following the Scottish Government's Draft Budget for 2017/18 as set out by the Cabinet Secretary for Finance and the Constitution in Parliament today, baseline allocations for NHS Greater Glasgow and Clyde for 2017/18 total £2,123.3 million. A breakdown of the total is provided in the annex to this letter.

Letters have also been sent to Local Authorities and Integration Authorities (copies attached) covering the Scottish Government's expectations of those organisations in relation to the budget; therefore please take this and the other two letters into account to ensure a full understanding of the financial position and its implications for your responsibilities for the coming year.

In addition to this investment within NHS Greater Glasgow and Clyde we will be investing a further £128 million across NHSScotland in reform of our services. This includes investment in primary care and mental health care, which are delegated to Integration Authorities, and cancer services. This is a significant investment in our NHS, taking our total resource spend to £10.7 billion.

The Board's Local Delivery Plan (LDP) for 2017/18 should set out your plans to deliver the priorities contained in the Draft Budget. Full LDP guidance will follow shortly and this will incorporate guidance on a Regional planning and delivery approach.

Integrated Services
Unscheduled hospital care, primary and community healthcare and social care are delegated to Integration Authorities, as covered in the attached letter. In relation to specific aspects of these services (Supporting Social Care; Enhancing Primary Care and Mental Health Provision; Prevention and Early Intervention; and Alcohol and Drugs Partnerships), you will wish to note:

<u>Supporting Social Care</u>
£107 million will be transferred from NHS Boards to Integration Authorities to support continued delivery of the Living Wage, sustainability in the care sector, disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of

the new carers' legislation. This is additional to the £250 million added in the 2016/17 budget, bringing the total support available for social care from the NHS to £357 million. NHS contributions to Integration Authorities for delegated health functions **will be maintained at least at 2016/17 cash levels**. The £10 million included for sleepovers will be reviewed in-year to consider its adequacy with a commitment to discuss and agree how any shortfall should be addressed. To reflect this additional support provided through the NHS, local authorities will be able to adjust their allocations to integration authorities in 2017/18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016/17 (as adjusted where agreed for any one-off items of expenditure which should not feature in the baseline). Financial flows to Integration Authorities should be provided in time to allow budgets to be developed by March 2017. We will be working with Integration Authorities and Health Boards over the next few months to better understand the effectiveness of current arrangements with respect to hospital budget delegation to Integration Authorities, including "set aside" budgets.

Enhancing Primary Care and Mental Health Provision
Expenditure in Primary Care and Mental Health should be maintained at 2016/17 levels of expenditure, with any investment provided in-year to be additional to this expenditure. For Primary Care, particular focus should be given to developing and expanding multi-disciplinary teams; sustainability of provision; development of GP clusters; and responsiveness to a new GP contract. For Mental Health, particular focus should be given to 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. This is part of our commitment to shift the balance of care, so that by 2021/22 more than half of the NHS frontline spending will be in our Community Health Service.

Prevention and Early Intervention
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.

Alcohol and Drugs Partnerships
Support delivery of agreed service levels for Alcohol and Drugs Partnerships' work, in support of which £53.8 million is transferring to NHS Board baselines for delegation to Integration Authorities.

Sustainability & Value
In achieving greater sustainability & value from our NHS, the Board should produce detailed plans to minimise waste, reduce variation, to standardise and to share including:

- Implementation of the Effective Prescribing programme;
- A quality and cost assessed improvement plan to respond to Productive Opportunities identified from benchmarked performance;
- Reducing medical and nursing agency and locum expenditure as part of a national drive to reduce this spend by at least 25% in-year; and
- Implementation of opportunities identified by the national Shared Services Programme.

Your plan should be supported by a Financial Strategy for the next three years, setting out plans for investment, sustainability and reform, to ensure best use of available resources.

Christine McLaughlin

CHRISTINE MCLAUGHLIN
Director of Health Finance
Scottish Government

Health and Social Care Integration Directorate
Geoff Huggins, Director

Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131-244 3210
E: geoff.huggins@gov.scot

Chief Executives, Local Authorities

Copied to:
Chief Officers, Integration Authorities
Directors of Finance, Local Authorities
Chief Finance Officers, Integration Authorities
NHS Board Directors of Finance

18 January 2017

Dear Colleagues

Draft Budget 2017-18

As you know, as part of the 2017-18 draft budget additional provision of £107 million will be transferred from NHS Boards to Integration Authorities to support social care.

To reflect this additional support from Health Boards to Integration Authorities, Local Authorities will be able to adjust their allocations to Integration Authorities in 2017-18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016-17 (as adjusted where agreed for any one-off items of expenditure which should not feature in the baseline). This approach provides each Local Authority with flexibility on how best to use their resources, with no presumption on how this flexibility will be exercised locally - the decision will be a matter for local determination based on local needs and requirements.

Annex A provides the share of this £80 million per Local Authority area. Shares have been calculated on the basis of GAE/NRAC, as they also have for shares of the £107 million due from Health Boards to Integration Authorities.

Yours faithfully

Geoff Huggins

GEOFF HUGGINS

Share of up to £80 million available to local authorities to offset their allocations to Integration Authorities.

Local Authority	Composite Shares	Share of up to £80m
Aberdeen City	3.9%	3.09
Aberdeenshire	3.9%	3.10
Angus	2.1%	1.70
Argyll & Bute	1.8%	1.45
Clackmannanshire	1.0%	0.77
Dumfries & Galloway	3.0%	2.42
Dundee City	3.0%	2.44
East Ayrshire	2.5%	1.97
East Dunbartonshire	1.7%	1.37
East Lothian	1.8%	1.41
East Renfrewshire	1.4%	1.15
Edinburgh City	8.1%	6.52
Eilean Siar (Western Isles)	0.7%	0.52
Falkirk	2.8%	2.27
Fife	6.7%	5.34
Glasgow City	13.2%	10.59
Highland	4.3%	3.48
Inverclyde	1.8%	1.41
Midlothian	1.5%	1.16
Moray	1.6%	1.30
North Ayrshire	2.9%	2.34
North Lanarkshire	6.5%	5.21
Orkney Islands	0.4%	0.35
Perth & Kinross	2.6%	2.09
Renfrewshire	3.5%	2.78
Scottish Borders	2.1%	1.69
Shetland Islands	0.4%	0.34
South Ayrshire	2.3%	1.85
South Lanarkshire	6.0%	4.83
Stirling	1.5%	1.23
West Dunbartonshire	1.9%	1.56
West Lothian	2.9%	2.29
Total	**100.0%**	**80.00**

Appendix 4

Greater Glasgow and Clyde NHS Board

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

Keith Redpath
Chief Officer
West Dunbartonshire Health and Social Care Partnership
Garshake Road
Dumbarton
G82 3PU

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

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

Dear Keith

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 that £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%.

Appendix 5

Health Finance Directorate
Christine McLaughlin, Director
T: 0131-244 3464
E: christine.mclaughlin@gov.scot

Scottish Government
Riaghaltas na h-Alba
gov.scot

Health and Social Care Integration Directorate
Geoff Huggins, Director
T: 0131-244 3210
E: geoff.huggins@gov.scot

To: NHS Board Directors of Finance

CC: Chief Officers, Integration Authorities
Chief Finance Officers, Integration Authorities
Chief Executives, Local Authorities
Directors of Finance, Local Authorities

18 January 2017

Dear Colleagues

Following discussion at the recent NHS Directors of Finance meeting and Chief Finance Officer network, this letter provides some further detail in relation to budgets for health and social care for 2017-18.

The allocation letter of 15 December (copy attached) stated that 'NHS contributions to Integration Authorities for delegated health functions '**will be maintained at least at 2016-17 cash levels'**. In simple terms, this means that budgets for allocation from NHS Boards to Integration Authorities for 2017-18 must be at least equal to the recurrent budgeted allocations in 2016-17. The allocation should include the total of the sum set aside for hospital services.

The £107 million funding from health budgets for supporting social care is to be be treated as an additional allocation to this minimum budget. The individual shares of the additional £107 million for each partnership are set out in the attached annex.

As stated in the Draft Budget, £100 million of the £107 million is provided for in NHS Boards baseline allocation. The £7 million relating to war pensions and pre-implementation work for the Carers Act, will be allocated separately.

A separate letter (attached) has been sent to Local Authorities, setting out their shares of up to £80 million potential flexibility for Local Authority allocations to Integration Authorities.

Yours sincerely

GEOFF HUGGINS
Director for Health & Social Care Integration

CHRISTINE MCLAUGHLIN
Director of Health Finance

ANNEX A

	GAE/NRAC share		Baseline Share £m		Additional allocaton (Veterans/Carers) £m
East Ayrshire	2.46%		2.46		0.17
North Ayrshire	2.92%		2.92		0.21
South Ayrshire	2.31%		2.31		0.16
Ayrshire & Arran	**7.70%**		**7.70**		**0.54**
Borders	**2.11%**		**2.11**		**0.15**
Dumfries & Galloway	**3.02%**		**3.02**		**0.21**
Fife	**6.68%**		**6.68**		**0.47**
Clackmannanshire/Stirling	2.49%		2.49		0.18
Falkirk	2.84%		2.84		0.20
Forth Valley	**5.33%**		**5.33**		**0.38**
East Dunbartonshire	1.72%		1.72		0.12
East Renfrewshire	1.44%		1.44		0.10
Glasgow City	13.24%		13.24		0.93
Inverclyde	1.76%		1.76		0.12
Renfrewshire	3.48%		3.48		0.24
West Dunbartonshire	1.95%		1.95		0.14
GG&C	**23.58%**		**23.58**		**1.65**
Aberdeen City	3.86%		3.86		0.27
Aberdeenshire	3.88%		3.88		0.27
Moray	1.63%		1.63		0.11
Grampian	**9.37%**		**9.37**		**0.65**
Argyll & Bute	1.82%		1.82		0.13
Highland	4.34%		4.34		0.30
Highland	**6.16%**		**6.16**		**0.43**
North Lanarkshire	6.51%		6.51		0.46
South Lanarkshire	6.03%		6.03		0.42
Lanarkshire	**12.54%**		**12.54**		**0.88**
East Lothian	1.76%		1.76		0.12
Edinburgh City	8.15%		8.15		0.57
Midlothian	1.45%		1.45		0.10
West Lothian	2.86%		2.86		0.20
Lothian	**14.22%**		**14.22**		**0.99**
Orkney	**0.43%**		**0.43**		**0.03**
Shetland	**0.42%**		**0.42**		**0.03**
Angus	2.13%		2.13		0.15
Dundee City	3.04%		3.04		0.21
Perth & Kinross	2.62%		2.62		0.18
Tayside	**7.79%**		**7.79**		**0.54**
Western Isles	**0.65%**		**0.65**		**0.05**
Total	**100.00%**		**100.00**		**7.00**

Robert Calderwood
Chief Executive
NHS Greater Glasgow & Clyde
JB Russell House
Gartnavel Royal Infirmary
1055 Great Western Road
Glasgow
G12 0XH

Council Offices
Garshake Road
Dumbarton
G82 3PU

Date: 31 January 2017
Direct Line: 01389 737599
E-Mail: keith.redpath@ggc.scot.nhs.uk

Dear Robert

Re: 17/18 Financial Allocation to HSCPs

Thank you for your letter of 11 January 2017 in regard to the above.

I realise that the detail in these initial allocations is still subject to some development and discussion but I wanted to reply on some of the specific elements contained within your letter.

Whilst I note that £23.7m of the Board's £31.1m estimated uplift will pass directly through to HSCPs, I regret that I cannot agree that any of this will be available to offset cost pressures within NHS budgets as you suggest within your letter. It is specifically to be used for social care pressures and costs.

I note that you advise that the letter to you as Accountable Officer from Christine McLaughlin, Director of Health Finance at Scottish Government confirms that the 2017/18 allocations to HSCPs will remain at the value of 2016/17 cash levels, supplemented by any specific 2017/18 non recurring allocations from Scottish Government. However, the letter from Christine McLaughlin and the subsequent letters dated 18th January from Christine and Geoff Huggins do not provide an opportunity for the Board, as you propose, to amend its allocations based on factors that were not detailed in the 2016/17 allocations.

There was no mention in our financial allocation letter for 2016/17 or indeed due diligence processes prior to that that any of this funding was of a non-recurrent nature.

Your letter to me of 5 July 2016 advised that our 2016/17 allocation was to be £79.415m. This has been amended by agreement during the year and now stands at £80.676m.

I believe that the figure of £80.676m is the basis for our 2017/18 allocation.

Lastly, in the table you attach to your letter, you ascribe a proposal to allocate a cost pressure in respect of previous pensions and, before accepting same, we would need to see the detail of how that has been established and its relationship to the operations of the HSCP.

Hopefully this provides a basis for further discussion in the near future.

Yours sincerely

R Keith Redpath
Chief Officer

Greater Glasgow and Clyde NHS Board

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

Date: 23rd February 2017
Our Ref: RC/LL014

Chief Officers

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

Dear Colleagues

2017/18 Financial Allocation to HSCPs

Further to my letter of 11th January 2017, subsequent correspondence and meetings with Chief Officers, and the discussion at the Board meeting on 21 February 2017, I am writing with an updated budget proposal for 2017/18. This includes some updated financial planning assumptions and reflects the agreement we reached on a number of matters at my meeting with Chief Officers on 17th February 2017. Subject to any final clarification this should allow you to prepare your financial plans for next year.

In responses to my letter of 11th January 2017 Chief Officers raised specific points in relation to;

- Unallocated and unachieved historic savings of £7.8m;
- The treatment of the annual charge resulting from the release of the pensions accrual in 2016/17;
- The Board's proposed approach to managing prescribing budgets for 2017/18; and
- Funding of rates pressures.

Each of these areas were discussed at our recent meetings. With the exception of the rates funding, which we agreed, each are outlined below.

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

<u>General Uplift/IJB Allocations</u>

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. The balance of the uplift is likely to be fully consumed by the proposed 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 whether in HSCPs or the Board's Acute and Corporate Directorates.

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 budget supplemented by any specific 2017/18 non recurring allocations from Scottish Government.

GP Prescribing

Included in the budgets that roll forward to 2017/18 is a budget allocation for GP prescribing which contains £3.6m of non recurring support from the Board to supplement the prescribing budgets set for HSCPs in 2016/17. This will be removed at the year end and replaced by a recurring allocation to bring each HSCP's budget into balance so the HSCP's starting allocations for 2017/18 for prescribing will exactly equal the cash expenditure in 2016/17. However the value of this adjustment cannot be confirmed until the final out-turn for the current year is known in May 2017.

At my meeting with Chief Officers on 17th February 2017 we discussed how prescribing budgets should be managed now that HSCPs have become established. It was agreed that the current arrangements would continue in 2017/18 where the Board continues to manage the budget collectively on behalf of all partnerships. However, the Board has no requirement or capacity to provide funding to uplift the budget for net growth. This is currently estimated at £8.5m for 2017/18 but may change and as the Board cannot reduce the budget allocation to HSCPs to recover this cost each HSCP will require to generate savings plans to meet its share of the required budget uplift. The Board's Prescribing Management Group will continue to provide advice to HSCPs to assist them to set the budget at an appropriate level for 2017/18.

Family Health Services

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.

Annual Pension Cost Adjustment and Historical Savings

The annual pension cost adjustment will be recharged to service areas because the one off benefit from reversing the original provision has been used in 2016/17 as a source of funds to enable the Board and HSCPs to reach a balanced position and the Board therefore considers it is reasonable to recover it from those areas that have benefited. Chief Officers have subsequently accepted this adjustment.

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 HSCP reserves carried forward from prior years.

In 2016/17 the Board has also provided non recurring relief of £7.8m for unachieved savings from 2015/16. The treatment of how this shortfall should be allocated has been discussed with Chief Officers and was debated by the Board at its meeting on 21st February 2017. The Board has mandated the Chief Executive to deduct a proportional amount of £3.6m from HSCP allocations and you will be advised of the relevant amounts for each HSCP by the Director of Finance. The Board will confirm with Scottish Government that it is appropriate to make this adjustment and should that be confirmed we will work with you to identify how it can be managed in a way that does not put further pressure on service budgets.

Unscheduled Care

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 costs.

I hope this enables you to further 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
Uplift from Other Boards	2.4
Additional Funding	(1.2)
Inflation, Pressures & Investments	**HSCPs**
Salaries inc Discretionary Points & ACT Offset	(4.3)
Supplies exc PPP & Contracts	(0.7)
PPP & Contracts	(0.2)
Drugs Uplift	(8.5)
Resource Transfer	(1.8)
Apprenticeships Levy	(1.8)
Share of Unachieved CH(C)P Savings b/f from 2015/16	(3.5)
Pensions Cost - RRL Cost from AME Provision	(1.3)
Inflation, Pressures & Investments	(22.1)
add Specific HSCP Funding	23.7
Net Uplift / (Reduction)	1.6
Net Uplift / (Reduction)	0.2%
Note	
HSCPs are expected to deliver £3.6m of recurring savings to contribute towards £7.8m of 2015/16 CH(C)P unachieved recurring savings.	

Possible Pay Uplift

Based on 2016/17 pay policy (1% general uplift with £400 for those earning less that £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 £8.5m 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%.

West Dunbartonshire
Health & Social Care Partnership

Briefing Note

To:	**Members of WDHSCP**
Person to Contact:	Julie Slavin, Chief Financial Officer
Date:	1st February 2017
Telephone:	01389 737311
Subject:	2016/17 Health Care Savings Options

1. **Background**

Following submission of the above report to the Partnership Board it was agreed that the Chief Financial Officer would provide more detailed information on implementation of the savings options.

2. **Main Issues**

The Health Board's formal offer (July 2016) of budget for 2016/17 incorporated a savings target for this HSCP of £1.386m. Collective Partnership savings programmes delivered savings of £0.431m, leaving a savings gap of £0.955m.

Savings options were presented to the November Partnership Board, of which the full year effect could be used to close the savings gap and bring the budget back into recurring balance.

Given the basis of the majority of the options was around changes to current staffing structures, and would require time to be consulted on, the Health Board agreed to cover the savings challenge of £0.909m on a non-recurrent basis for 2016/17.

Significant work has been undertaken in the last few months and will continue, until all savings have been secured. The table below provides an update on the progress of each option and any further action required.

WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP				
HEALTH CARE SAVINGS OPTIONS 2016/17				
Ref	**Option**	**Full Year Effect value (£)**	**Achievable by 01/04/17 (£)**	**Update from Budget Holders 25/01/17**
HSCP HC001 - Addictions	Addictions Services is an integrated team and as such any savings taken impact on the whole service. In order to deliver further savings would require a significant reduction in the level of service at a time when there is a significant increase in the demand. This proposal suggests a 6% saving of £ 63K The proposal would see a review of staffing with a focus on Band 7 posts . This is very challenging given GG&C has a no redundancy policy.	63,000	30,000	Specific Plans being worked on - however 16/17 probable of £50k underspend suggests there may be some scope to achieve part of the £63k from existing budget minimising impact.
HSCP HC002 - MH	Review posts, skill mix and service delivery across the CMHT , PCMHT , OACMHT Crisis Team and Older Peoples Inpatient Service. Focus on a review Band 7 Posts across all service areas particularly band 7 posts managing small teams Review the skill mix required across all areas including inpatient areas Reduce on costs for Admin through reduction in skill mix and co location of teams	246,178	100,000	Review of service is underway. Full implementation will not be achieveable by 1st April 2017 as could require a number of redeployments. Monitoring of delivery will be through the regular Finance Report to the IJB
HSCP HC003 - C&F	School Nursing Redesign	113,990	0	The Board wide Review Group met on 17th January 2017 to agree Terms of Reference, scope out current service provision and agree next steps. It is acknowledged that the review will not be fully implemented by the start of the 2017/18 financial year and that any shortfall in savings target will have to be met from other non-recurrent sources. Further updates will be provided through the regular Finance Report to the IJB.
HSCP HC004 - Adult Community	Delete Change Fund Manager post.	55,000	55,000	Achievable from 01/04/17.
HSCP HC005 - Adult Community	Reduce Accommodation Costs – Supplies and HLP.	2,000	2,000	Achievable from 01/04/17.
HSCP HC006 - Adult Community	Reduction in OOH nursing cover with redesign of cover arrangements	30,000	30,000	Achievable from 01/04/17 through service redesign and skill mix.
HSCP HC007 - Adult Community	Reduce on costs for Admin (night filer) costs through retirements and recruitment	34,000	34,000	Achievable from 01/04/17 - post-holder retired and service redesign/skill mix achieved.
HSCP HC008 - Adult Community	Redesign staffing model in Diabetic Retinal Screening Service - achieved through turnover of staff	31,000	31,000	Achievable from 01/04/17.
HSCP HC009 - Adult Community	Interim care beds	35,000	35,000	Achievable from 01/04/17, however demand pressures continue to be managed.
HSCP HC010 - Adult Community	Review of project based funding	47,162	47,162	Achievable from 01/04/17.
HSCP HC011 - MSK Physio (Hosted)	Reduction in clinical physiotherapy staff along with the option to restrict access to the service and withdrawal of service provision for around 14,500 patients. In order to deliver the required local savings target of £281,000 in 16/17 (this figure also includes the local workforce savings target of £61K), 8.3wte Physiotherapists (Bands 5 & 6) would be lost. This would have a significant impact on the quality of service provision and without further action, would increase waiting times. As any further increase in waiting times is not likely to be an acceptable or palatable option it is likely that the service would look for a Board decision on two main options for future service delivery. Option 1. Implement savings and continue with current service and planned efficiencies whilst accepting waiting times will continue to rise. Option 2. Implement savings and introduce specific exclusion criteria to exclude patients considered “least likely to benefit” and those with symptoms of less than 2 weeks duration.	220,123	220,123	Achievable from 01/04/17.
HSCP HC012 -PHI	Delete one currently vacant part-time (0.5WTE) Band 5 post (£18k FYE) and 50% reduction in non-pays budget (£13k),	30,942	30,942	Achievable from 01/04/17.
HSCP HC013 - HQ & Others	Budget Reduction in relation to HQ Discretionary funding.	46,204	46,204	Achieved in 16/17
	TOTAL VALUE	**954,599**	**661,431**	

3. **Conclusions**

The progress detailed above, anticipates approximately 70% of the approved savings to be in place by the 1st April 2017.

	Achievable by 01/04/17	Balance to be achieved through 2017/18
LD/MH/Addictions	130,000	179,178
C&F	-	113,990
Community Adult services	234,162	-
MSK Physio (Hosted)	220,123	-
PHI	30,942	-
Others	46,204	-
TOTAL	661,431	293,168

Regular Finance Reports to the Partnership Board will track the successful implementation of savings options and recommendations will be presented on action required to cover any savings gap non-recurrently in 2017/18.