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**To: Renfrewshire Integration Joint Board**

**On: 18 March 2016**

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**Report by: Chief Finance Officer**

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**Heading: Financial Due Diligence Update**

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## **1. Summary**

- 1.1.** The Scottish Government established the Integrated Resources Advisory Group (IRAG) to consider the financial implications of integrating health and adult social care and to develop professional guidance. The IRAG's 'Professional Guidance, Advice and Recommendations for Shadow Integration Arrangements' (first draft, version 2) recommends that a due diligence process is undertaken to consider the sufficiency of the revenue budget for an Integration Joint Board (IJB) to carry out its delegated functions, and to meet anticipated levels of demand to allow its Health and Social Care Partnership to proceed on a sound financial basis.
- 1.2.** The due diligence process ensures a consistency in approach for Chief Officers and Chief Finance Officers, providing a transparent evidence based methodology to identify continuing pressures, demands and associated risks in relation to the delegated functions. This allows the identification of any relevant and necessary management action to be taken, including any potential baseline funding adjustments.
- 1.3.** In line with Scottish Government guidance, the Chief Finance Officer has been working with the Chief Officer, the Council's Director of Finance and Resources and the Health Board's Director of Finance over the course of 2015/16 to seek assurance that the budgets for 2016/17 being transferred to the IJB on 1 April 2016 are adequate, and that the makeup of the budgets and any underlying risks and assumptions are mutually understood.
- 1.4.** This report provides the Chief Finance Officer's update to the IJB on the outcome and findings of this due diligence process, as summarised below -
- 1.4.1.** A comprehensive financial due diligence process has been completed for the adult social care budget to be delegated by the Council from 1 April 2016, which concludes that the 2016/17

budget is sufficient to deliver on the outcomes highlighted within the Strategic Plan, subject to effective risk mitigation and the successful delivery of efficiency initiatives detailed within the report.

1.4.2. At this stage, the NHS GGC budget for 2016/17 has not yet been formally set and the plans to meet the identified financial pressures are still being developed. Until a budget is set by NHS GGC, the Chief Finance Officer cannot complete her financial due diligence on the proposed NHS budget transfer.

1.4.3. The Chief Finance Officer sets out recommendations and advice to the IJB going into 2016/17 in light of the financial uncertainty, and the key areas of risk this represents for the IJB.

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## **2. Recommendation**

That the Integration Joint Board (IJB) members:

**2.1.** Note the financial due diligence work which has been completed by the Chief Finance Officer in relation to the social care budget being delegated from the Council to the IJB from 1 April 2016.

**2.2.** Note the Chief Finance Officer assurances in relation to the sufficiency of the social care budget to be delegated, subject to effective risk mitigation and the successful delivery of efficiency initiatives detailed within the report.

**2.3.** Note the current incomplete position with regards to the financial due diligence work which has been undertaken by the Chief Finance Officer in relation to the health budget to be delegated from NHS GGC to the IJB from 1 April 2016.

**2.4.** Note the terms of the letter from the Scottish Government dated 14 March 2016 in relation to financial resources for Integration Authorities, forming Appendix 1 of this report.

**2.5.** Note the contents of the letter from the NHS GGC Chief Executive which outlines its 2016/17 financial planning and budget setting process, forming Appendix 2 of the report.

**2.6.** Approve the Chief Finance Officer advice:

2.6.1. Pending the final health budget being agreed by NHS GGC, the IJB should assume that the NHS GGC Board will fund the full cost of delegated health functions from 1 April 2016 net of any agreed viable cost reductions. This should be treated as an interim

position pending the NHS GGC Board finalising its budget for 2016/17.

- 2.6.2. The IJB Chairman should seek written confirmation from NHS GGC, on behalf of Renfrewshire IJB, that they will fund this interim position based on the assumptions outlined in 6.7.
- 2.6.3. Pending approval of the final 2016/17 health budget to be delegated by NHS GGC, the IJB should provide formal assurance to Renfrewshire Council that resources being transferred for delegated adult social care functions will not be utilised to offset any resource shortfall or unacceptable risk position identified through the due diligence process for the provision of delegated health services. This assurance will not preclude the IJB making any future service or resource changes where such decisions are in line with the direction of travel as set out in the IJB's Strategic Plan.
- 2.6.4. Interim Directions should be issued by the Chief Officer, on delegated authority from the IJB, to the NHS GGC Chief Executive, consistent with the assumed health service's position set out in 6.7.
- 2.6.5. Interim Directions should be issued by the Chief Officer, on delegated authority from the IJB, to Renfrewshire Council's Chief Executive, consistent with the Council's position set out in 6.3.
- 2.6.6. The Chief Officer will continue to work with the Health Board Corporate Management Team and others, to identify savings schemes and changes on a NHS GGC whole system basis that reflect viable cost reductions to support the Health Board achieve their budget position for 2016/17.
- 2.6.7. The Chief Officer will advise the IJB of the operational implications of any viable and agreed savings, and the impact to current service delivery and performance levels.
- 2.6.8. Agree the Chief Finance Officer will bring a further report completing the financial due diligence process noting any risks and caveats identified and appropriate mitigation required, and the final 2016/17 IJB Financial Plan once NHS GGC agree the final 2016/17 health budget to be delegated to the IJB.

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### **3. Background**

- 3.1.** The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland.
- 3.2.** Integration Joint Boards (IJBs) are a legal entity in their own right, created by Parliamentary Order, following Ministerial approval of the Integration Scheme. NHS Greater Glasgow and Clyde (NHS GGC) and Renfrewshire Council are delegating their health and adult social care functions to the IJB, which will have the responsibility for strategic planning, resourcing and ensuring delivery of all integrated services from 1 April 2016.
- 3.3.** The IJB will also have delegated responsibility for the strategic planning and commissioning of a range of in scope hospital based services for unscheduled care.
- 3.4.** On 1 April 2016 all prescribed health and adult social functions, and their associated budgets, will be delegated from the parent organisations to the IJB. The IJB's Strategic Plan will set out how these health and adult social care services will be delivered in Renfrewshire over the next 3 years, to improve outcomes and meet changing local demands. The resources transferred to the IJB should be allocated in line with this Plan.
- 3.5.** The Chief Officer and Chief Finance Officer are responsible for developing a financial plan for the agreed integrated budget based upon the Strategic Plan, and to present this for consideration and agreement as part of the budget setting processes within Renfrewshire Council and NHS GGC. They must ensure that the Strategic Plan meets the requirement for economy, efficiency and effectiveness in the use of IJB resources.
- 3.6.** On delegated authority from the IJB, the Chief Officer must issue Directions to the Council and NHS GGC for their respective delegated functions from 1 April 2016, as set out in Renfrewshire's Integration Scheme. The Directions are the mechanism by which the IJB instruct the constituent authority to carry out the delegated functions. These are documents which set out how the IJB expect the constituent bodies to deliver each function, and spend IJB resources, in line with the Strategic and Financial Plans.

### **4. Context for setting IJB budgets**

#### ***Audit Scotland report: 'Health and Social Care Integration' (December 2015)***

- 4.1.** It is recognised that setting the IJB budget, as with any large scale, complex public sector organisation, will never be free of risk and will always require continued, careful, diligent and pro-active management throughout the

financial year to manage risk and planned and unplanned demand and pressures.

- 4.2. A recent Audit Scotland report: 'Health and Social Care Integration' (December 2015) recognised the difficulties facing Councils and Health Boards agreeing budgets for IJBs.
- 4.3. The report states that Health Boards and Councils have faced several years of financial constraints and this is unlikely to change in the future. The report also states the risk that if the parent organisations seek to protect services that remain fully under their control, IJBs may face a disproportionate reduction in their funding, despite the focus on outcomes that all partners should have. Audit Scotland has previously reported on the increasing pressures on health and care budgets, and the significant risk of overspends for IJBs
- 4.4. The report also states there may be challenges agreeing set aside budgets, despite the Scottish Government issuing specific guidance. The main issues noted in their report are around the determination of the split of integrated and non-integrated costs for hospitals, and how to allocate a fair share to each IJB within the Health Board areas. The report highlights a fundamental risk that Health Boards may regard this funding as continuing to be under their control, making it difficult for IJBs to access the resources to shift from acute hospital care to community-based and preventative services.
- 4.5. In addition, the report notes that Health Boards and Councils agree budgets at different times and NHS budgets and allocations can change during the financial year. This could bring further challenges for IJBs. Similar budget-setting cycles exist across Scotland. If Councils and Health Boards continue with these cycles, then IJBs will be involved in protracted negotiations for budgets and ultimately cannot expect partners to approve their plans until just before the start of each financial year.

#### ***2016/17 Scottish Government Budget***

- 4.6. The Scottish Government 2016/17 grant settlement for local authorities and Health Boards has had implications on the budget setting processes for both Renfrewshire Council and NHS GGC.
- 4.7. The 2016/17 Settlement includes a £250 million Integration Fund being provided through health budgets for IJBs to support adult social care. For Renfrewshire this equates to £8.779 million.
- 4.8. Renfrewshire Council's Director of Finance and Resources 'Revenue Budget and Council Tax 2016/17' report to Council on 3 March 2016 provided an overview of the 2016/17 revenue budget position, in which he details the impact of the 2016/17 Settlement and confirms a balanced budget for the

Council for 2016/17. He also highlights that this budgetary position is temporary in nature, with the Council likely to face a budget deficit in the medium term. His medium term forecast takes account of the pressures facing adult social care in Renfrewshire and expectations of the scale of mitigation that is achievable. He also recognises in the report that there will remain a risk that these pressures grow in their impact and that the ability of the Council to mitigate and dampen them over the medium term will have a direct impact on the Council's medium term financial position.

- 4.9.** NHS GGC's budget setting process for 2016/17 is not yet finalised, and will not be concluded by 1 April 2016. Directors and Management are working to identify and design savings schemes to address the financial gap identified which will be presented to the NHS GGC Board for approval. The 2016/17 IJB opening budget cannot be finalised until NHS GGC has confirmed Renfrewshire's 2016/17 budget allocation for delegated health functions.
- 4.10.** NHS GGC's Director Finance's '2016/17 – Financial Projections and Financial Planning Process' report to the NHS GGC Board on 16 February 2016 sets out the significant financial challenge facing NHS GGC in 2016/17 to deliver cash releasing savings of circa £69million in-year to break-even. He highlights the key risks facing NHS GGC including its responsibility for allocations to the new Health and Social Care Partnerships. In approving Integration Schemes the NHS GGC agreed in principle to allocations which reflected Partnerships financial and savings plans for 2016/17 with the likelihood of enabling financial balance to be achieved in 2016/17 and the IJBs to be established on a financially viable basis. A number of the savings plans may be non recurrent posing real challenges for the IJBs to deliver recurrent balance in 2016/17. He also recognised the substantial pressures on social care budgets which will flow through from Council allocations to IJBs from 2016/17 onwards.
- 4.11.** His report also makes reference to the £250 million Integration Fund, noting NHS GGC's requirement to transfer £59.1million to their six Partnerships for social care and that this may have limited impact on demand for acute services.

***IJB budget setting post 2016/17***

- 4.12.** The 2016/17 Settlement did not provide material details of budget plans beyond 2016/17 and is likely to be subject to review by the incoming Government following the May 2016 Scottish Parliamentary elections. In the absence of any additional resources being provided to the Scottish budget, along with uncertain global economic conditions and ongoing discussions between the Scottish and UK governments on the fiscal framework in relation to further devolution of powers to the Scottish Parliament, the resources made available to local government as part of future Scottish Government budgets are likely to mean actual cash reductions over the



medium term. There is an expectation of a significant budget gap for both parent organisations e.g. impact of future pay settlements, demographic and socioeconomic pressures and the impact of the living wage policy. The existing government have committed to protect in real terms NHS budgets over the course of the next parliament however this will be dependent on the outcome of the Scottish Parliament Election in May 2016.

## **5. Financial Due Diligence Process**

- 5.1.** The Scottish Government established the Integrated Resources Advisory Group (IRAG) to consider the financial implications of integrating health and adult social care services and to develop professional guidance. The guidance recommends that a due diligence process is undertaken to consider the sufficiency of the revenue budget for an IJB to carry out its delegated functions, and to meet anticipated levels of demand to allow the Partnerships to proceed on a sound financial basis.
- 5.2.** The due diligence process ensures a consistency in approach for Chief Officers and Chief Finance Officers, providing a transparent evidence based methodology to identify continuing pressures, demands and associated risks in relation to the delegated functions. This allows the identification of any relevant and necessary management action to be taken, including any potential baseline funding adjustments.
- 5.3.** In Renfrewshire, the due diligence process has been informed by a comprehensive review of actual expenditure reported in the audited accounts for the most recent three years, for both Council and Health aspects. A comparison of 2015/16 budget / projected expenditure to the adult social care 2016/17 budget has been carried out however, until the 2016/17 budget is finalised for delegated health functions, this comparison remains outstanding.
- 5.4.** As part of this process, the 2016/17 adult social care budget has been assessed against criteria based on IRAG guidance, which is set out in Table 1: Due Diligence Assessment Criteria. Once the 2016/17 budget for delegated health functions is finalised by NHS GGC, the same assessment criteria should be applied.

**Table 1: Due Diligence Assessment Criteria**

1.	the identification of the former Community Health Partnership budget to be delegated is clear, including hosted services
2.	the identification of the NHS GGC's budget relating to the delegated set aside (Acute Services) budget is clear
3.	the identification of the part of the Council's former Social Work and Development and Housing budgets relating to the delegated services is clear
4.	the treatment of corporate support services is clear
5.	the prior year figures can be reconciled back to Council and NHS GGC budget papers and final management accounts, or equivalent.
6.	the review of prior years and into 2015/16 show adequate budget provision for the delegated functions.
7.	the assumptions used in rolling forward the budget from 2014/15 to 2015/16 plans and the associated risks are fully transparent.
8.	material non-recurrent funding and expenditure budgets for the delegated services and related risks are transparent.
9.	the medium term financial forecast for the delegated services and associated assumptions and risks is reviewed
10.	savings and efficiency targets and any schemes identified are clearly identified and the assumptions and risks are understood by all partners
11.	corporate efficiency targets are clear from parent organisation Board papers
12.	demand management activity in relation to health and adult social care services is transparent
13.	the amount set aside for the IJB consumption of large hospital services is consistent with the methods recommended in the IRAG guidance on the set aside resource and that the assumptions and risks are assessed
14.	the budget has been set taking into account**: <ul style="list-style-type: none"> <li>• Cost inflation</li> <li>• Activity change such as demographic pressure</li> <li>• Cost impact of any legislative changes</li> <li>• Efficiencies</li> </ul>

**6. IJB 2016/17 budget**

**6.1.** The Scottish Government issued guidance on financial resources for integration authorities in a letter on 14 March 2016 (see Appendix 1). This highlights Health Board responsibilities in relation to confirming their final budget allocation to IJBs for 2016/17:

*“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.”*

- 6.2. The total delegated budget available to the IJB for 2016/17 cannot be provided at this stage as it is still subject to NHS GGC agreeing the final health budget to be delegated. The Chief Finance Officer is planning to bring the final IJB 2016/17 budget, including the approved NHS GGC funding allocation, to the next meeting of the IJB. A final supporting Due Diligence Report will also be brought to this meeting setting out the Chief Finance Officer’s view on the sufficiency of the final budget.

#### **Council Budget**

- 6.3. The adult social care budget of £60.2 million was agreed by Council on 3 March 2016, subject to final adjustments.

#### **NHS GGC Budget**

- 6.4. On 14 March 2016 the Chief Executive NHS GGC issued a letter (see Appendix 2) to the six NHS GGC Health and Social Care Partnership Chief Officers which outlines its 2016/17 financial planning and budget setting process and provides an indicative allocation of uplift and cost pressures for each IJB. No supporting financial framework has been made available at this stage.
- 6.5. The letter also highlights a funding gap for each IJB, and that NHS GGC continues to identify saving schemes and changes on a whole system basis that reflect viable cost reductions. This is currently being progressed by the NHS GGC Corporate Management Team and HSCP Chief Officers with regular reporting to the NHS GGC Board and dialogue with the Scottish Government
- 6.6. In the absence of a supporting financial framework for the Renfrewshire IJB allocation, the Chief Finance Officer cannot provide assurance regarding the NHS element of budget for 2016/17.
- 6.7. It is assumed that the NHS GGC Board will therefore fund the full cost of delegated health functions from 1 April 2016 net of any currently agreed viable cost reductions. This should be treated as an interim position pending the NHS GGC Board finalising its budget for 2016/17. It is also assumed that the Chief Officer will continue to work with the NHS GGC Corporate Management Team and others to identify savings schemes and changes on a whole system basis that reflect viable cost reductions as outlined above.

## **7. 2016/17 Council delegated budgets**

- 7.1.** On 27 June 2015, Renfrewshire's Integration Scheme was approved by Scottish Ministers. As part of this agreement, Renfrewshire Council agreed to delegate all adult social care functions to the IJB from 1 April 2016, the minimum requirement set out in the Public Bodies (Joint Working) (Scotland) Act 2014. Under the Act, this included a number of services which did not sit within the Adult Social Work Services in Renfrewshire Council i.e. services relating to Addictions and Domestic Abuse sat within Children's Social Work Services, and Aids and Adaptations sat within Development and Housing Services.
- 7.2.** On 18 February 2015 the Council's Leadership Board approved a report by the Chief Executive which set out a number of changes to the Council's management structures:
- 7.2.1. In line with legislation, the Chief Officer of the Health and Social Care Partnership (HSCP) would be delegated full accountability for the delivery of all agreed adult social care services from 1 April 2016, along with the health services formally delivered by the Renfrewshire Community Health Partnership;
  - 7.2.2. All former Children's and Criminal Justice Social Work services, with the exception of Addictions and Domestic Abuse, would transfer to a new Children's Services Directorate; and
  - 7.2.3. A Corporate Support Model would be created, centralising all finance, policy and performance and other support functions under the Director of Finance and Resources.
- 7.3.** The 2016/17 budget allocation for the adult social care functions to be delegated to the IJB was agreed by Council on 3 March 2016.
- 7.4.** As part of the due diligence process, the Chief Finance Officer has carried out a detailed review of previous Social Work budgets to ensure the appropriate disaggregation and allocation of resources between Children's Services, the IJB and Finance and Resources respectively, from 1 April 2016, and ensure the sufficiency of the 2016/17 budget allocation.
- 7.5.** The Chief Finance Officer has carried out a similar review with Development and Housing Services in relation to the 2016/17 budget allocation for the delegation of Housing Adaptations and Gardening Assistance from the Council's Development and Housing Services to the IJB.

## **8. Adult Social Care Pressures**

- 8.1. This section provides a strategic overview of the key pressures on adult social care resources.

### ***Demographics Pressures***

- 8.2. The demographic pressures facing Renfrewshire, and Scotland, as a result of an ageing population are well documented. In May 2014, the Social Work, Health and Wellbeing Board approved Renfrewshire's 10 Year Joint Commissioning Plan for Older People. This highlighted a number of demographic pressures including: considerable growth in the older adult (65+) population and the consequent rise in people with complex health and social care needs resulting from increased life expectancy and improved treatments which enable people to live into very old age. Health inequalities also continue to pose a challenge for services, with large differences in life expectancy between affluent and more deprived areas, and higher than average rates of hospitalisation for a number of chronic conditions, particularly those linked to unhealthy lifestyles such as smoking, excessive alcohol consumption and drug misuse.

### ***Care at Home Services***

- 8.3. Care at Home services have grown considerably in recent years with almost 1800 people aged 65 and over currently receiving a service, an increase of around 17% from 2013/14. The adoption of a reablement approach requires the delivery of intensive packages of care for short periods of time, which has proved to be successful in reducing demand for long-term care at home.
- 8.4. In addition, pressures associated with delayed discharge targets (the current target is to discharge patients within 72 hours after being declared fit for discharge), are having a significant impact on the service as prompt discharge often requires a package of community-based care and support to be available. Any increase to the current target of 72 hours would have a significant impact on adult social budgets. Renfrewshire's local success in shifting the balance of care, with one of the lowest discharge figures in Scotland, has not been realised in transfer of budget from acute to community services.
- 8.5. Recruitment and retention of staff is also an issue for Care at Home services, not just in Renfrewshire but more widely as the tasks are demanding, the workforce is older, and the remuneration is relatively low or similar compared to other job opportunities in the community.

### ***Care Home Sector***

- 8.6. For a number of years, there has been over capacity in the local care home market. This has been mitigated to some extent by the recent closure of homes deemed by the Care Inspectorate to be poor performers and also due

to reducing demand. National and local policy is focused on supporting people to remain in their own home as long as possible. Most people requiring full-time bed-based care now tend to have needs significant enough to require nursing care. This has led to periodic vacancies in local authority residential units along with vacancies in the local nursing care sector where there has historically been and continues to be an oversupply of external nursing care places in this area. There are also growing numbers of people requiring specialist dementia care for which there is a low level of provision available in the local market.

### ***Learning Disability Services***

- 8.7. Renfrewshire Learning Disability Service (RLDS) faces growing demand for day opportunities and for specialist accommodation to support people to live more independently. Due to the number of young people transitioning from Children's Services to Adult Services in the next few years, demand is predicted to further increase with the complex nature of those transitioning requiring intensive support.

### ***Adults with Incapacity***

- 8.8. Renfrewshire has made real progress in reducing hospital bed days lost due to delayed discharges and is among the best performing areas in Scotland in this regard. However, there is limited scope for further improvement as the majority of delays are now in relation to individuals subject to Adults with Incapacity legislation, meaning they cannot legally be moved until guardianships are established by the courts.
- 8.9. There are also increasing numbers of people supported in the community who are subject to the same legislation. Where there is no appropriate person to act as guardian, the Local Authority can apply to the courts for the Chief Social Work Officer to be appointed as guardian. There has been a 91% increase in Welfare Guardianships in Renfrewshire since 2002.
- 8.10. This area of work is subject to complex and lengthy legal processes which impact on workloads. It is highly specialised work that requires a mental health officer to undertake.

### ***Locality teams***

- 8.11. Locality teams are experiencing significant growth in Adult Social Care needs. Contacts to these teams have been increasing over a number of years, and these pressures are being managed without any increase in staffing. Occupational Therapy is an area of particular pressure, with some localities experiencing pressure in relation to waiting times.

### ***Living Wage***

- 8.12. Scottish Government and Renfrewshire Council are committed to paying the Living Wage. Included within the 2016/17 Scottish Government's Local Government Finance Settlement there is provision for the funding of the living wage at £8.25 per hour for all adult social care staff. Early estimation work carried out by the Chief Finance Officer, in liaison with the Council's Corporate Procurement officers, on the costs to achieve this indicates that the majority of this allocation will be required to fund this commitment on a full year basis, although clarity on this will not emerge until negotiations with providers is completed.

### ***Impact of carer's legislation***

- 8.13. The Scottish Government is currently progressing legislation which gives local authorities new duties in relation to carer support. The legislation has a significant financial impact, as it requires additional resources for assessment and care planning, and removes the discretion of local authorities to charge for services which provide support to a carer. Support to carers is provided through a financial commitment to the Carers Centre and through the direct provision of services.

### ***Medium- to long-term impact of self-directed support***

- 8.14. The Social Care (Self-Directed Support) Act 2014 provides service users more choice and control over their packages of care. To date, over half of service users (420) who have completed this process have requested that the Council choose and arrange their care for them. However, this may change in the future as service users make different types of choices e.g. they may no longer wish to have services provided by the Council or their framework providers which may have an impact on the financial viability of council provided services, particularly those which are building based.

### ***Supported Living Framework***

- 8.15. Pressures are emerging within the Supported Living Framework. Following the ruling of the Employment Appeal Tribunal in the case of Whittlestone v BJP Home Support Limited (UKEAT/0128/13/BA), a number of providers have contacted Renfrewshire Council advising that they believe that in order to comply with the law, they require to treat all sleepover shifts as working hours for the purpose of national minimum wage calculation. A number of providers have written to the HSCP requesting rate increases on the basis of this ruling.
- 8.16. The HSCP has responded to each provider, asking that they work with the HSCP Performance and Review Team to carry out assessments of individuals receiving sleepover with a view to considering whether other options (such as shared sleepover, or assistive technologies) may be viable. This work is ongoing however it is unlikely that the additional costs will be able to be absorbed by all providers, despite proposed changes to existing

care packages. This will therefore create additional pressure on HSCP social care budgets in 2016/17 and thereafter.

### ***Housing Adaptations***

- 8.17. As more people are living for longer there is increased demand for equipment and adaptations in order to support independent living. It is acknowledged that there are demand pressures in relation to the housing adaptations budget, and this has been reflected in the Council's increase budget for this service from 1 April 2016/17.
- 8.18. The HSCP will also undertake more detailed review work during 2016/17 to review current service delivery models and pathways and consider service improvements that need to be progressed to better manage demand and response times.

### ***Gardening Assistance Budget***

- 8.19. Members will note a significant budget reduction in 2016/17 for the provision of Gardening Assistance. A budget reduction of £100,000 will be applied, with the assumption that this will not have a detrimental effect on the customers and service delivery. This reduction is due to a cleansing exercise and review of the garden maintenance database to more accurately reflect demand going forward. The Chief Finance Officer has reviewed the current client list and is satisfied that the reduced budget will meet the assumed levels of demand. This will however require to remain under review to ensure this is sufficient to meet demand going forward. In the event that demand exceeds this budget, it would be the intention of the Chief Finance Officer to request additional in year resources to fund any likely shortfall.

## **9. Action to address adult social care pressures**

- 9.1. Current service provision will not be sufficient to meet the future health and social care needs of the population, with the predicted rise in long term conditions and health problems associated with an ageing population. We must therefore, further develop ways of working which divert direct resources from expensive bed based models of care into community based services. We need to continually critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our clients.
- 9.2. Over recent years, the Council's Social Work services has managed a number of demographic and financial pressures through a range of demand and cost mitigation measures in order to minimise the level of additional investment by the Council. Going forward the HSCP will adopt this strategy, building on ongoing proactive work within the partnership with a focus on shifting the balance of care to community based settings to achieve better outcomes for clients and their families. As referenced previously, the



Council's medium term forecasts take account of these pressures and expectations of the scale of mitigation that is achievable.

**9.3.** The Chief Officer and Chief Finance Officer have worked closely with Renfrewshire Council's Director of Finance and Resources to develop a robust budget strategy for 2016/17 and financial planning for 2017/18 which they believe

9.3.1. Provides assurance that the Local Government Finance Settlement Integration Fund will be appropriately distributed and allocated from the Health budget to the IJB in 2016-17 in order to purchase social care services, as detailed in the Council's budget for 2016/17 presented to Council on 3 March 2016.

9.3.2. Identifies saving and demand mitigation options for all adult social care functions, in anticipation of these Council budgets being delegated on 1 April 2016, including:

- Linking with the 'Better Council efficiency programme', developing more efficient methods of service delivery focusing on outcomes and needs of patients and service users;
- Developing innovative new models of service to support people to live longer in their own homes and communities, with less reliance on hospital and residential care;
- Continue our successful programme of reducing delayed discharges; and
- Developing service models which are focussed on prevention and early intervention promoting community based support over residential settings.

**9.4.** A number of social care service reviews are also prioritised for the next two years, these reflect the national policy direction to shift the balance of care and promote independent living and person centred care. This will ensure that service users can live as independently as possible in their own homes and communities for as long as possible. Key areas proposed include reviewing:

- The approach to the way we deliver and commission care at home services to ensure that services provided are modern, flexible and efficient;
- Care home provision - in light of the changing needs of current residents and the local population with increased demand for specialist nursing and dementia placements;
- OT services and provision of equipment and adaptations;
- Self Directed Support;
- Embedding the requirements of the new Carer's legislation.

## **10. 2016/17 Health delegated budgets**

**10.1.** All NHS GGC primary care, community care services and its hosted services will be delegated across the six IJBs by 1 April 2016.

**10.2.** For Renfrewshire IJB, under the Public Bodies (Joint Working) (Scotland) Act 2014, all former Community Health Partnership (CHP) functions and their hosted services will transfer to the new integrated authority.

**10.3.** As part of the due diligence process, the Chief Finance Officer carried out a detailed review of previous Community Health Partnership budgets to ensure the appropriate disaggregation and allocation of resources to Renfrewshire, from 1 April 2016, to identify what would represent a sufficient budget allocation for 2016/17 based on historical data.

***Renfrewshire Acute unscheduled care budget allocation***

**10.4.** Under the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB will also have delegated responsibility for the strategic planning and commissioning of a range of in scope hospital based services for unscheduled care.

**10.5.** The following services are deemed within scope, and must be included in the Set Aside budgets for the Health & Social Care Partnership:

- Accident and emergency provided in a hospital
- Inpatient hospital services relating to the following specialities
  - general medicine;
  - geriatric medicine;
  - rehabilitation medicine;
  - respiratory medicine;
  - psychiatry of learning disabilities;
  - psychiatry for older people;
  - accident and emergency services provided in a hospital;
  - inpatient hospital services relating to the following specialties:
- palliative care services provided in a hospital;
- inpatient hospital services provided by general medical practitioners (N/A in NHS GGC);
- services provided in a hospital in relation to an addiction or dependence on any substance; and
- mental health services and services provided by GPs provided in a hospital except secure forensic mental health services.

**10.6.** The Director of Finance for NHS GGC has been working with the six Partnerships to develop a methodology to apportion the in-scope hospital based services for the unscheduled care budget based on IJB's anticipated consumption.

**10.7.** The notional budget allocations for 2016/17 will be calculated applying the same methodology used to set the 2015/16 allocation, which for Renfrewshire was £36.7 million.

- 10.8.** The applied methodology involved using 2013/14 activity data and cost information for:
- number of admissions;
  - length of stay;
  - pharmaceutical costs;
  - Cost of specialist items e.g orthopaedic implants.
- 10.9.** The total consumption of acute unscheduled care services by the Partnership was identified. Then using data from the cost book (all direct costs such as nursing; theatre time; labourites costs; medical; dental etc) the total cost of provision was calculated. It should be noted that the 2015/16 allocation did not reflect current usage or current service configurations and may impact on 2016/17 figures.
- 10.10.** The Chief Finance Officer has made the assumption that the 2016/17 budget will not materially change from the 2015/16 position. Once finalised, a report will be brought to the IJB setting out the agreed position and highlight where any variation presents additional risk to the IJB.

## **11. Health pressures**

- 11.1.** This section provides a strategic overview of the key pressures on health resources:

### ***Shifting the balance of care***

- 11.2.** NHS GGC is reporting significant financial challenges, particularly in relation to acute hospital services along with further cost pressures from demand led growth, pension and pay pressures similar to the Council. The requirement to support the achievement of key performance standards such as the 4 hour waiting target in A&E and other nationally set access targets and guarantees, will continue to present significant financial challenges for the Health Boards which may potentially have implications for the IJB budgets. The Audit Scotland Report highlights financial risks being faced by the NHS in Scotland and the consequential need for the Scottish Government and the NHS to accelerate the delivery of change and modernisation as a key response to mitigating the impact brought about by cost pressures.

- 11.3.** To date, increasing demand (scheduled and unscheduled) and costs of acute services, means that minimal progress has been made shifting resources to substantially develop primary care and community services.

### ***Workforce***

- 11.4.** Staff represent a major cost to the NHS, with pay costing circa £43 million for health staff within Renfrewshire HSCP. There are however significant limitations to how far the HSCP can make efficiencies in this area due to existing Scottish Government led directives –

11.4.1. The NHS works to a policy on staff terms and conditions which limits changes to numbers of staff and staff pay costs; and

11.4.2. Whilst Councils operate a policy of “paying the going rate for the job” with little or no protection given to staff affected by service change, Health have a formal policy of lifetime protection of earnings.

11.5. There are also issues in some key services with the filling of vacancies, critical to service delivery e.g. psychologists; physiotherapists etc. Currently these vacancies are being filled by agency and locum staff at a premium.

### ***Alcohol and Drug Partnership (ADP)***

11.6. The Scottish Government has confirmed that direct funding to Alcohol and Drug Partnerships (ADPs) will be reduced by circa 20% in 2016/17. In a recent letter, the Health Secretary Shona Robison noted that the Scottish Government expects Health Boards to supplement this resource where necessary, to ensure the overall alcohol and drugs services and resources for ADPs are maintained at existing levels. The funding of this shortfall has not yet been resolved, with no commitment from NHS GGC to fund this shortfall locally.

11.7. The current assumption is that the ADP funding deficit associated with Renfrewshire would impact directly on front line service provision. In Renfrewshire, all ADP posts and projects are 100% funded from Scottish Government’s ADP allocations.

<b>Scottish Government Renfrewshire ADP funding</b>	<b>2015/16 allocation</b>	<b>2016/17 allocation</b>
Renfrewshire Council	£573,000	£458,400
NHS GGC	£1,437,086	£1,149,669
<b>Renfrewshire total</b>	<b>£2,010,086</b>	<b>£1,608,069</b>

11.8. The impact on this reduction could potentially lead to increased adult protection risks for vulnerable client groups for example increased admissions to both acute and A&E, increased attendance at GPs, and increased demand on Mental Health and Addiction resources. Current ADP recurring monies fund the Integrated Alcohol Team (IAT), posts within Renfrewshire Drugs Service (RDS) and also Children’s Services.

### ***Special Observations***

11.9. Within Mental Health Services there are significant costs associated with the increasing numbers of patients requiring enhanced levels of observation across all ward based services. Staffing for enhanced observations is unfunded, and as a result reliance is on the nurse bank to provide safe staffing levels to meet level of demand and activity. In addition, there are

emerging pressures in relation to maintaining the recommended safe staffing and skill mix for registered nurse to bed ratios.

### ***Changes to GP contract***

- 11.10.** The Scottish Government has highlighted that changes to the GP contract may require additional local funding outwith the core General Medical Services (GMS) contract and their expectation is that any additional funding would come from funds delegated to IJBs. The impact of this has yet to be quantified by the Scottish Government.

### ***Prescribing budget***

- 11.11.** Overall, the NHS GGC board wide prescribing budget is currently showing a significant overspend in 2015/16, and it is unlikely that a year end break-even position will be achievable despite the application of non-recurring funding which is being used to partially offset the current overspend. For HSCP's the forecast for 2015/16 remains a breakeven as NHS GGC's has a commitment to a risk sharing arrangement. However, this is being kept under review in light of the Health Board's financial position.
- 11.12.** As part of the 2016/17 budget strategy, a prescribing efficiency programme is being developed which will focus on cost efficiencies and prescribing support initiatives.

### ***Set Aside (Hospital)***

- 11.13.** IJBs also have a central role in working with the Health Boards on the planning and financing of acute services. As detailed in section 4, in the current year and going forward, there are significant challenges to meet the costs of the current configuration of services and to deliver the required national targets.

## **12. Action to address health financial pressures**

- 12.1.** At this stage, the NHS GGC budget for 2016/17 has not yet been formally set and the plans to meet the identified financial pressures are still being developed.
- 12.2.** In anticipation of these budgets being delegated on 1 April 2016, the Chief Officer and Chief Finance Officer have been working closely with the Director of Finance, NHS GGC and the Chief Officers and Chief Finance Officers from the other five Partnerships within the NHS GGC Board area, to develop a robust budget strategy for 2016/17 and 2017/18.
- 12.3.** NHS GGC is in the process of developing its Local Delivery Plan for 2016/17 which will be submitted to the Scottish Government. This Plan will set its service and financial plans for the year ahead, based on five key strategic priorities:

- Early intervention and preventing ill-health
- Shifting the balance of care
- Reshaping care for older people
- Improving quality, efficiency and effectiveness
- Tackling inequalities

### **13. Ongoing monitoring and review**

- 13.1.** The projected outturn for the HSCP against the annual budget will be subject to ongoing monitoring and review and will be reported to the IJB at regular intervals over the course of the financial year. This is a key component of financial governance as it ensures that the impact on resources in respect of increased demand (e.g. demographic pressures and increased prevalence of long term conditions) and other planned and unplanned activity changes are monitored and reviewed on an ongoing basis. The requirement for ongoing monitoring of and reporting of progress against approved efficiency savings is a further key component of sound financial management.
- 13.2.** Given the needs led nature of health and adult social care services, it is possible that there will be deviations from original plans over the course of the financial year. Robust budgetary control, monitoring and reporting procedures are in place and any budget variances arising during the financial year and remedial proposals will be reported to the IJB at the earliest opportunity.
- 13.3.** In addition to formal IJB meeting updates, the Chief Officer and Chief Finance Officer will have regular briefings with the voting members of the IJB and parent organisation Directors of Finance regarding the financial position.

### **14. Conclusion**

- 14.1.** The Chief Finance Officer is satisfied that her comprehensive financial due diligence process has been completed for the social care budget to be delegated from the Council from 1 April 2016, and that the 2016/17 budget is sufficient to deliver on the outcomes highlighted within the Strategic Plan, subject to effective risk mitigation and the successful delivery of efficiency initiatives as detailed in this report.
- 14.2.** Whilst financial due diligence work has been commenced in relation to the health budget to be delegated from NHS GGC, this process cannot be completed until NHS GGC confirm the final 2016/17 budget to be delegated to the IJB.
- 14.3.** The Chief Finance Officer will bring a final report concluding the financial due diligence process once NHS GGC agree the final health budget to be delegated to the IJB. This report will:



- 14.3.1. Confirm the final 2016/17 IJB budget to deliver the proposed Strategic Plan;
- 14.3.2. Note any risks and caveats identified and appropriate mitigation required; and
- 14.3.3. Set out the final 2016/17 IJB Financial Plan

**14.4.** The Chief Finance Officer advises:

- 14.4.1. Pending the final health budget being agreed by NHS GGC, the IJB should assume that the NHS GGC Board will fund the full cost of delegated health functions from 1 April 2016 net of any agreed viable cost reductions. This should be treated as an interim position pending the NHS GGC Board finalising its budget for 2016/17.
- 14.4.2. The IJB Chairman should seek written confirmation from NHS GGC, on behalf of Renfrewshire IJB, to fund this interim position based on the assumptions outlined in 6.7.
- 14.4.3. Pending approval of the final 2016/17 health budget to be delegated by NHS GGC, the IJB should provide formal assurance to Renfrewshire Council that resources being transferred for delegated adult social care functions will not be utilised to offset any resource shortfall or unacceptable risk position identified through the due diligence process for the provision of delegated health services. This assurance will not preclude the IJB making any future service or resource changes where such decisions are in line with the direction of travel as set out in the IJB's Strategic Plan.
- 14.4.4. Interim Directions should be issued by the Chief Officer, on delegated authority from the IJB, to the NHS GGC Chief Executive, consistent with the assumed health service's position set out in 6.7.
- 14.4.5. Interim Directions should be issued by the Chief Officer, on delegated authority from the IJB, to Renfrewshire Council's Chief Executive, consistent with the Council's position set out in 6.3.
- 14.4.6. The Chief Officer will continue to work with the Health Board Corporate Management Team and others to identify savings schemes and changes on a NHS GGC whole system basis that reflect viable cost reductions to support the Health Board achieve their budget position for 2016/17.
- 14.4.7. The Chief Officer will advise the IJB of the operational implications of any viable and agreed savings and the impact to current service delivery and performance levels.

14.4.8. Agree the Chief Finance Officer will bring a further report completing the financial due diligence process noting any risks and caveats identified and appropriate mitigation required, and the final 2016/17 IJB Financial Plan once NHS GGC agree the final 2016/17 health budget to be delegated to the IJB.

## Implications of the Report

1. **Financial** – the due diligence process supports the sound financial governance arrangements which are being put in place to support the work of the Partnership and highlight the risks associated with the budget position for 2016/17.
2. **HR & Organisational Development** – n/a
3. **Community Planning** - n/a
4. **Legal** – in line with the implementation of the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
5. **Property/Assets** – property remains in the ownership of the parent bodies.
6. **Information Technology** – n/a
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – n/a
9. **Procurement** – procurement activity will remain within the operational arrangements of the parent bodies.
10. **Risk** – highlight the risk associated with the budget position for 2016/17
11. **Privacy Impact** – n/a.

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## List of Background Papers – none

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**Author:** Sarah Lavers, Chief Finance Officer, Health and Social Care Partnership





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

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### Addresses

#### For action

Chief Executives, NHS  
Territorial Boards

#### For information

NHS Territorial Board  
Directors of Finance,  
Local Authority  
Directors of Finance,  
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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

Christine McLaughlin  
**Director of Health Finance**



### Greater Glasgow and Clyde NHS Board

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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>32.91</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**

Acute £m	Corporate £m	Partnership £m	Total £m
<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

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