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**To: Renfrewshire Integration Joint Board**

**On: 23 June 2017**

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**Report by: Chief Finance Officer**

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**Heading: Financial Report 1 April to 31 May 2017**

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**1. Purpose**

- 1.1. The purpose of this report is to advise the Integration Joint Board (IJB) of the Revenue Budget current year position as at 26 May (Social Work) and 31 May 2017 (Health).
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**2. Recommendation**

It is recommended that the IJB:

- Note the contents of the paper.
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**3. Introduction**

- 3.1 Members are reminded of the current position as regards the delegated health budget allocation for 2017/18 which was presented to the IJB on 10 March 2017.

- 3.2 In summary, on 18 January 2017, the Director of Health and Social Care Integration, and Director of Health Finance, Scottish Government, wrote to NHS Board Chief Executives setting out the draft budget and providing direction to NHS Boards, which included the following statement:

- NHS Boards contributions to IJBs “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”.

- 3.3 Based on the Chief Finance Officer’s recommendation the IJB did not accept the 2017/18 delegated Health Budget offer on the basis of:

- the level of budget did not match the cost of delegated services;
- the level of budget to be allocated falls below the 2016/17 cash level; and
- the historic Community Health Partnership (CHP) undelivered savings, and NHS pension costs should not have been allocated as a charge to the IJB as these predate the establishment of the IJB and did not feature in the due diligence work undertaken by the Chief Finance Officer during 2015/16 or the September 2015 due diligence report by PWC on behalf of NHSGGC.

- 3.4 Included within the letter of 18 January 2017 (from the Director of Health and Social Care Integration, and Director of Health Finance, Scottish Government) were directions that the NHS allocation for 2017/18 should include the total

sum set aside for hospital services. The acute set aside budget is a key component of the Scottish Government's model for integrated health and social care services. No set aside resource has yet been identified as part of NHS GGC's budget allocation to HSCP's for 2017/18. The notional allocation to Renfrewshire HSCP for 2016/17 was £29.582m.

- 3.5 At the meeting of the IJB on 10 March 2017 it was agreed that the Chair of the IJB would write to NHS GGC to formally reject their offer on the basis of the Chief Finance Officer's recommendations a copy of the letter, dated 16 March 2017, is attached at Appendix 6.
- 3.6 To date there has been no formal response to that letter. On 29 March 2017, the former Chief Executive of the Health Board wrote out to all six IJBs on this issue. A copy of this letter is attached at Appendix 7.
- 3.7 Members should note that for 2017/18 there are a number of continuing risks related to both Adult Social Care and Health delegated services. This includes service areas which will be impacted by demographic changes, as well as external factors such as the increasing cost of medicines. The requirement to deliver cash releasing efficiency savings on the delegated health budget represents a significant financial risk which is heightened due to the impact of the exclusion of elements of Primary Care budgets from efficiency savings. Savings of up to £2.464m (including the outstanding savings target from 2016/17) in 2017/18 are assumed subject to agreement with NHS GGC on the 2017/18 allocation to Renfrewshire HSCP.

***Current Financial position at 31 May 2017***

- 3.8 The overall revenue position for the HSCP at 31 May 2017 is an overspend of £167k, as detailed in the table below. The achievement of a year-end breakeven position is dependent on: the application of reserves carried forward from 2016/17 for both the Adult Social Care budget, and the Health Services budget; and, delivery of the delegated Health budget savings plans which are detailed in a separate report to this IJB, ("Health Board Contribution to the IJB for 2016/17 and 2017/18"). In addition, Members should be aware that this position may be adversely affected depending on the outcome of the NHS GGC financial planning process for 2017/18.

Division	Current Reported Position	Previously Reported Position
Social Work – Adult Services	Breakeven	n/a
Renfrewshire Health Services	£167k Overspend	n/a
<b>Total Renfrewshire HSCP</b>	<b>£167k Overspend</b>	<b>n/a</b>

- 3.9 The key pressures are highlighted in section 4 and 5.
- 3.10 Appendix 3 and 4 provide a reconciliation of the main budget adjustments applied this current financial year to bring us to the net budget as reported.

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**4. Social Work – Adult Services**

**Current Position:** breakeven  
**Previously Reported:** n/a

**4.1. Older People**

**Current Position:** Net underspend of 4k  
**Previously Reported:** n/a

As reported throughout 2016/17, demand pressures continue to be experienced on the Care at Home Service. These pressures have been partially offset by vacancies within HSCP managed, Local Authority owned Care Homes, which have been recruited to, and, through the application of reserves carried forward from the Council's 2016/17 budget allocation. The overall position within Older People's services was a net underspend after the application of these resources.

#### 4.2. **Learning Disabilities**

Current Position:	Net overspend of £75k
Previously Reported:	n/a

As reported throughout 2016/17, this overspend is due to ongoing pressures within the Adult Placement budget.

#### 4.3 **Budget Realignment**

As part of the 2017/18 financial planning exercise a review of all budget lines within Adult Social Care has been carried out to take into account the full year impact of:

- Living Wage on all external care packages
- Increasing demand levels and changes in provider rates
- SDS
- Impact of 2016/17 council budget decisions on charging budgets

Where possible, budgets (using the additional resources allocated by the Scottish Government and Renfrewshire Council in 2016/17 and a proportion of the 2017/18 allocation) have been aligned to reflect client group spend profiles and demand pressures throughout the service. Members, should however note that work will continue throughout 17/18 to further refine the budget alignment as the impact of the living wage and other contractual pressures on specific budgets emerge throughout 17/18.

### 5. **Renfrewshire Health Services**

Current Position:	Net overspend £167k
Previously Reported:	n/a

#### 5.1. ***Adult Community Services (District and Out of Hours Nursing; Rehabilitation Services, Equipu and Hospices)***

Current Position:	Net underspend of £70k
Previously Reported:	n/a

The net underspend within Adult Community Services is mainly due to vacancies within the rehabilitation service, and an underspend in relation to external charges for Adults with Incapacity (AWI) bed usage. As these placements are subject to variations through the year the current reported underspend may change.

5.2. **Hosted Services** (*support to GP's for areas such as breast screening, bowel screening and also board wide podiatry service*)

Current Position: Net underspend of £41k

Previously Reported: n/a

This underspend reflects turnover within the service due to vacant administrative posts within the screening services. In addition, there continues to be an underspend within podiatry, due to a combination of service redesign, staff turnover and maternity / unpaid leave, some of which are covered by bank staff.

5.3. **Mental Health**

Current Position: Net overspend of £288k

Previously Reported: n/a

Overall, Mental Health services are reporting an over spend of £288k. This overspend is due to a number of contributing factors within both adult and elderly in-patient services.

As reported throughout 2016/17, the main overspends within in-patient services continue to relate to significant costs (overtime, agency and bank costs) associated with patients requiring enhanced levels of observation across all ward areas. In addition, pressures continue in relation to maintaining the recommended safe staffing and skill mix for registered nurse to bed ratios.

5.4. **Prescribing**

Current Position: Breakeven

Previously Reported: n/a

The year-end reported position to the IJB was based on the actual position for the year to 28 February 2017, with an overall position across all partnerships of (£1.502m) with Renfrewshire HSCP reporting a £0.181m underspend. Under the risk sharing arrangement across NHSGGC this was adjusted to report a cost neutral position.

The final 2016/17 prescribing outturn is due in mid-June 2017. Until this information is available the 2017/18 budget allocation cannot be confirmed. The current overall prescribing pressure (for the 6 NHSGGC's HSCP's) for 2017/18, before the application of £8m of cost containment/savings and efficiency plans is estimated to be a £16.5m budget shortfall. This leaves a further £8.5m pressure attributable to HSCPs.

A number of plans on how to address this pressure in 2017/18 are being considered by a newly formed 'Prescribing Efficiency Group', consisting of cross party representation across HSCPs, GP practices and the NHS Board's Lead Pharmacists. This group held its first workshop on 26<sup>th</sup> April 2017 with a follow up on 8<sup>th</sup> June 2017. The overarching theme being to drive down volumes and costs and influence current prescribing practice across both Acute and Community through tightened application of ScriptSwitch, and refreshed approaches to polypharmacy reviews, repeat prescribing, serial dispensing and care home patient reviews.

The 2017/18 budget allocations for prescribing are still to be finalised, along with a new prescribing risk sharing arrangement between the six HSCPs and NHSGGC.

Given the level of financial risk to the IJB, the CFO has recommended that an earmarked reserve (as set out in the IJB 'Financial Report 1 April 2016 to 31 March 2017') is held to assist with mitigating this risk until a more definitive position is agreed and plans put in place to deliver any remaining shortfall on a recurring basis.

## 6 Set Aside Budget

6.1 As highlighted earlier in this report (para 3.4) no set aside budget has yet been identified as part of NHSGGC's budget allocation to HSCP's for 2017/18. It is expected that the NHS Board will receive a report soon on improvements in unscheduled care which should fully reflect the 6 HSCP Unscheduled Care Commissioning Intentions for 2017/18.

6.2 For 2016/17 the HSCP was allocated a notional set aside budget of £29.582m. This allocation is included in the 2016/17 IJB accounts along with a note to confirm that this is a notional figure based on historical data and costs, and for the purpose of the accounts it is assumed that activity levels match the notional budget allocated.

## 7. Garden Assistance Scheme and Housing Adaptations

Description	Full Year Budget	Year to date Budget	Spend to Date	Year-end Projection
Garden Assistance Scheme	£369k	£57k	£57k	£369k
Housing Adaptations	£905k	£143k	£175k	£905k
<b>Total</b>	<b>£1,274k</b>	<b>£200k</b>	<b>£232k</b>	<b>£1,274k</b>

7.1. The summary position for the period to 26 May 2017 is reported in the table above, and reports an overall spend of £232k with an anticipated breakeven at the year end.

7.2 Members should note that Renfrewshire Council has increased the budget for Garden Assistance by £73k for 2017/18. This increase reflects current demand for the service following a review of users which confirmed the current cost of service provision.

## 8 Living Wage Update

### 8.1. *Living Wage commitment 2016/17*

Renfrewshire Council on behalf of Renfrewshire HSCP led negotiations with providers of homecare services, supported living services and housing support services to agree a fair settlement which would enable providers to pay their care staff the Living Wage of £8.25 per hour from 1<sup>st</sup> October 2016 – 30 April 2017.

Negotiations were conducted across two work streams:

- Contracted care providers delivering services under the terms of established contractual agreements;
- Out of area placements established either under host local authority agreements, or by mutual agreement under the providers terms.

Negotiations with our own contracted providers were concluded by December 2016, negotiations with Out of Area providers have now concluded, with settlements for all providers backdated to 1<sup>st</sup> October 2016.

The process of negotiation was complicated by the requirement set by Scottish Government for providers to make a contribution to the payment of the Living Wage to staff as the funding settlement provided only covered 75% of the total cost. When negotiating with providers, Renfrewshire HSCP contributed a sum to cover the cost of salary / grade differentials and statutory on-costs and providers were asked to contribute 25% of the net difference.

Renfrewshire HSCP provided feedback to the Scottish Government confirming that this approach placed a strain on providers and that any future settlements could not be predicated on a provider contribution.

## 8.2. ***Living Wage commitment 2017/18***

As Part of the 2017/18 budget settlement the Scottish Government provided funding for the uplift in the Living Wage from £8.25 per hour to £8.45 per hour to take effect from 1<sup>st</sup> May 2017.

This uplift should take account of the cost of increase, including an allowance for on-costs and differentials, no provider contribution will be required.

Renfrewshire HSCP have calculated a settlement based on the 20 pence difference plus an additional percentage to cover statutory on-costs. All contracted providers have received an offer, progress is as follows:

- **Care At Home**: new rate offered to the 7 Framework providers. All 7 have agreed to the rate uplift and to the conditions attached and staff will receive the uplifted rates from 1<sup>st</sup> May 2017.
- **Supported Living**: new hourly rates offered to all of the (11) current Supported Living framework providers who provide services to Renfrewshire Council. The offered uplift includes an increase in the allowance for sleepover. This will allow providers to pay £8.45 per hour for all contracted hours worked.  
To date 6 providers have accepted the offered uplift and agreed to the terms; 3 have noted that as they work across multiple authorities, they cannot agree to implement the new pay scales until all of the councils they work with have concluded negotiations; one provider has asked for more time to allow them to discuss the offer with their board, and one has yet to respond.
- **Out of Area**: uplifts will be offered to providers either based on host local authority agreement or a percentage uplift calculated based on increase plus on-costs.
- **National Care Home Contract**: the terms of this contract are negotiated annually by COSLA and Scottish Government with Scottish Care and the Coalition of Care and Support Providers in Scotland (CCPS). This year an offer of 2.8% increase was made, this includes an allowance to support delivery of £8.45 per hour to all care staff.

Minutes of Variation have been issued to all our providers however not all have agreed to the settlement. Discussions with providers are ongoing and a further update will be provided at the next meeting.

## **9. 2017/18 Delegated Health budget update: Financial Recovery Plan**

- 9.1 IJB's have responsibility for developing recovery plans for services which are overspending. Due to delays in the approval of the delegated Health budget savings from 2016/17 to be delivered fully recurring from April 2017, on 10 March 2017 members approved the CFO's recommendation for the Chief Officer to effect the necessary management action to implement a financial recovery plan from 1 April 2017 in order to mitigate the shortfall in funding in 2017/18.
- 9.2 The Chief Officer, immediately following the meeting of 10 March 2017, and working with the Chief Finance Officer and the Senior Management Team, put in place a number of management actions to manage the budget shortfall. These actions included:
- All discretionary spend decisions to be agreed by the Chief Officer in partnership with the relevant Head of Service;
  - Suspension of new development initiatives and programmes which would have been funded from the Integrated Care Fund (ICF) and delayed discharge (DD) allocations;
  - Holding, on a temporary basis, any 'non frontline' health service vacancies, only appointing to those posts which the Chief Officer considers to be a service priority. These decisions have been taken on an individual and fully risk assessed basis; and
  - A review of all non-recurring monies to determine where these can be used in-year to fund the budget shortfall.
- 9.3 In addition, (as detailed in an earlier report to the IJB today 'Financial Report 1 April 2016 to 31 March 2017'), given the significant assumed health budget gap to be met in 2017/18, the Chief Officer and Chief Finance Officer worked with the Senior Management Team on a number of cost containment programmes through the final quarter of 2016/17 to enable reserves of £1.125m to be created to assist in mitigating the delay in having an approved savings plan for the delegated health services budget.
- 9.4 Members should note that unless savings schemes are approved and implemented with immediate effect it is unlikely that the health delegated budget will deliver a breakeven position by 31 March 2018.

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## **Implications of the Report**

1. **Financial** – Financial implications are discussed in full in the report above.
2. **HR & Organisational Development** – none
3. **Community Planning** - none
4. **Legal** – This is in line with Renfrewshire IJB's Integration Scheme
5. **Property/Assets** – none.
6. **Information Technology** – none
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** – none

9. **Procurement** – Implementation of the living wage impact on existing contracts with providers and their ability to deliver within the allocated funding package

10. **Risk** – There are a number of risks which should be considered on an ongoing basis: a) adequate funding to deliver core services, delivery of additional unallocated savings within the current financial year and the allocation of non-recurring funds by NHSGGC Board to meet this shortfall in 2016/17.

11. **Privacy Impact** – none.

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**List of Background Papers** – None.

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**Author:** Sarah Lavers, Chief Finance Officer

**Social Work Revenue Budget Position**  
**1st April 2016 to 26th May 2017**

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	27,841	3,469	2,857	612	17.6%	underspend
Property Costs	383	(1)	(31)	30	-3000.0%	underspend
Supplies and Services	1,555	(34)	(19)	(15)	44.1%	overspend
Contractors	51,534	4,515	5,088	(573)	-12.7%	overspend
Transport	692	49	30	19	38.8%	underspend
Administrative Costs	239	34	13	21	61.8%	underspend
Payments to Other Bodies	4,926	(80)	(84)	4	-5.0%	underspend
Capital Charges	-	-	-	-	0.0%	breakeven
<b>Gross Expenditure</b>	<b>87,170</b>	<b>7,952</b>	<b>7,854</b>	<b>98</b>	<b>1.2%</b>	<b>underspend</b>
<b>Income</b>	<b>(22,201)</b>	<b>(3,210)</b>	<b>(3,112)</b>	<b>(98)</b>	<b>3.1%</b>	<b>overspend</b>
<b>NET EXPENDITURE</b>	<b>64,969</b>	<b>4,742</b>	<b>4,742</b>	<b>-</b>	<b>0.00%</b>	<b>breakeven</b>

Position to 26th May is a breakeven of **£0** **0.00%**

Anticipated Year End Budget Position is a breakeven of **£0** **0.00%**

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Older People	42,678	2,694	2,690	4	0.1%	underspend
Physical or Sensory Difficulties	6,180	272	270	2	0.7%	underspend
Learning Difficulties	14,037	1,743	1,818	(75)	-4.3%	overspend
Mental Health Needs	693	117	84	33	28.2%	underspend
Addiction Services	731	72	36	36	50.0%	underspend
Integrated Care Fund	650	(156)	(156)	-	0.0%	breakeven
<b>NET EXPENDITURE</b>	<b>64,969</b>	<b>4,742</b>	<b>4,742</b>	<b>-</b>	<b>0.00%</b>	<b>breakeven</b>

Position to 26th May is a breakeven of **£0** **0.00%**

Anticipated Year End Budget Position is a breakeven of **£0** **0.00%**



## Appendix 2

### Health Revenue Budget Position 1st April 2017 to 31st May 2017

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	43,147	7,185	7,316	(131)	-1.8%	overspend
Property Costs	21	3	15	(12)	-347.1%	overspend
Supplies and Services	20,533	3,489	3,443	46	1.3%	underspend
Purchase of Healthcare	2,473	412	411	1	0.3%	underspend
Resource Transfer	16,871	2,812	2,812	-	0.0%	breakeven
Family Health Services	80,929	12,035	12,062	(27)	-0.2%	overspend
Savings	(275)	(46)		(46)	100.0%	overspend
Capital Charges				-	0.0%	breakeven
<b>Gross Expenditure</b>	<b>163,699</b>	<b>25,891</b>	<b>26,058</b>	<b>(168)</b>	<b>-0.6%</b>	<b>overspend</b>
<b>Income</b>	<b>(3,789)</b>	<b>(486)</b>	<b>(486)</b>	<b>0</b>	<b>0.0%</b>	<b>overspend</b>
<b>NET EXPENDITURE</b>	<b>159,910</b>	<b>25,405</b>	<b>25,572</b>	<b>(167)</b>	<b>-0.66%</b>	<b>overspend</b>

Position to 31st May is a breakeven

**-£167k**    **-0.66%** overspend

Anticipated Year End Budget Position is an overspend of

**-£1.330m**

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Addiction Services	2,565	419	423	(4)	-1.0%	overspend
Adult Community Services	9,284	1,555	1,485	70	4.5%	underspend
Children's Services	5,022	917	904	13	1.4%	underspend
Learning Disabilities	1,126	188	184	4	2.2%	underspend
Mental Health	18,814	3,155	3,443	(288)	-9.1%	overspend
Hosted Services	10,362	1,684	1,644	41	2.4%	underspend
Prescribing	35,007	4,038	4,038	-	0.0%	breakeven
GMS	22,402	3,958	3,958	-	0.0%	breakeven
Other	20,864	3,622	3,622	-	0.0%	breakeven
Planning and Health Improvement	1,188	192	167	24	12.7%	underspend
Other Services	655	262	288	(26)	-10.0%	overspend
Resource Transfer	16,871	2,812	2,812	-	0.0%	breakeven
Integrated Care Fund	3,494	562	562	-	0.0%	breakeven
Social Care Fund	12,255	2,043	2,043	-	0.0%	breakeven
<b>NET EXPENDITURE</b>	<b>159,910</b>	<b>25,406</b>	<b>25,572</b>	<b>(166)</b>	<b>-0.65%</b>	<b>overspend</b>

Position to 31st May is a breakeven

**-£167k**    **-0.66%**

Anticipated Year End Budget Position is an overspend of

**-£1.330m**

#### for information:

1. Adult Community Services includes: District and Out of Hours Nursing; Rehabilitation Services, Equipu and Hospices
2. Children's Services includes: Community Services - School Nurses and Health Visitors; Specialist Services - Children's Mental Health Team, Speech Therapy
3. GMS = costs associated with GP services in Renfrewshire
4. Other = costs associated with Dentists, Pharmacists, Optometrists
5. Hosted Services = board wide responsibility for support to GP's for areas such as eg breast screening, bowel screening as well as board wide responsibility for Podiatry
6. Other Services = Business Support staff; Admin related costs, hotel services and property related costs including rates and rental



**2017/18 Adult Social Care Financial Allocation to Renfrewshire HSCP**

	£k
2017/18 Renfrewshire HSCP Opening Budget:	60,468.4
	<b>60,468.4</b>
<b><u>Adjustments to Base Budget:</u></b>	
Impact of increase in the Living Wage and changes in sleepover costs	1,989.0
Inflationary pressures on commissioned contracts	1,170.0
Impact of demographic and socio-economic demand pressures	1,276.6
Transfers from Corporate	65.4
<b>Adult Social Care Budget as reported @ 26 May 2017</b>	<b>64,969.4</b>



## Appendix 4

### **2017/18 Health Financial Allocation to Renfrewshire HSCP**

	£k
2016/17 Renfrewshire HSCP Closing Budget:	157,676.9
<b><u>less:</u></b> non-recurring budgets (allocated annually)	-3,722.2
= base budget rolled over	<b>153,954.7</b>
<b><u>Additions:</u></b>	
Social Care Integration Fund to transfer to Council	3,480.0
Hospice - transfer of Hospice budgets to HSCP	2,483.0
	<b>5,963.0</b>
<b><u>Reductions:</u></b>	
LD Supplies RAM	-7.9
	<b>-7.9</b>
<b>Budget allocated as per 2017/18 Financial Allocation 15th June 2017</b>	<b>159,909.8</b>
<b><u>Health Budget as reported @ 31 May 2017</u></b>	<b>159,909.8</b>



**GP Prescribing - 2016/17 to November (£000)**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u>	<u><b>Var %</b></u>	<u><b>Prev Mth Var %</b></u>
Glasgow South	31,417	31,402	15	0.0%	0.5%
Glasgow North East	27,564	27,118	446	1.6%	2.1%
Glasgow North West	26,608	26,229	379	1.4%	1.7%
<b>Glasgow City</b>	<b>85,589</b>	<b>84,749</b>	<b>840</b>	<b>1.0%</b>	<b>1.4%</b>
Renfrewshire	23,313	23,267	46	0.2%	0.5%
West Dunbartonshire	12,775	12,845	-70	-0.5%	-0.1%
East Dunbartonshire	12,436	12,620	-184	-1.5%	-0.9%
Inverclyde	11,890	12,058	-168	-1.4%	-0.9%
East Renfrewshire	10,286	10,288	-2	0.0%	0.6%
<b>Total HSCPs</b>	<b>156,289</b>	<b>155,827</b>	<b>462</b>	<b>0.3%</b>	<b>0.7%</b>
Central Services	4,128	4,059	69	1.7%	2.1%
<b>Total (GlC)</b>	<b>160,417</b>	<b>159,886</b>	<b>531</b>	<b>0.3%</b>	<b>0.7%</b>



**Councillor Iain McMillan**  
**Chairperson of Renfrewshire Health & Social Care**  
**Integration Joint Board**

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**Fax:** 0141 618 7059  
**Our Ref:** IMcM/JH  
**Date:** 16 March 2017  
**E-mail:** [cllr.iain.mcmillan@renfrewshire.gov.uk](mailto:cllr.iain.mcmillan@renfrewshire.gov.uk)



Mr John Brown  
 Chairman  
 NHS Greater Glasgow and Clyde  
 J B Russell House  
 Gartnavel Royal Hospital  
 1055 Great Western Road  
 Glasgow G12 0XH

Dear John

At our recent IJB meeting on 10 March 2017 the NHS GGC's delegated 2017/18 health budget allocation was presented to members for approval.

The Board made a decision, based on recommendations from our Chief Finance Officer, to not accept this offer on the basis:

- the level of budget does not match the cost of delegated services;
- the level of budget to be allocated falls below the 2016/17 cash level; and
- the historic Community Health Partnership (CHP) undelivered savings, and NHS pension costs predate the establishment of the IJB and did not feature in the due diligence work undertaken by the Chief Finance Officer during 2015/16 or the September 2015 due diligence report by PWC on behalf of NHS GGC.

Based on this decision, I am writing to you as Chair person of Renfrewshire IJB to formally confirm that the IJB unanimously decided to reject the 2017/18 delegated health budget.

You will appreciate this places Renfrewshire IJB in a challenging financial position, which will require the Chief Officer to effect a financial recovery plan from 1 April 2017 in order to manage the shortfall in funding in 2017/18, if no health budget is agreed.

In light of the matters highlighted above, I would ask that NHS GGC review their 2017/18 budget allocation offer. Whilst it is fair to expect reasonable and deliverable efficiency and productivity gains to be made, the minimum Scottish Government direction will also present a major challenge for this IJB. Therefore, my call to you is that the Health board allocates a budget that minimally reflects the full cost of delegated services and is set within the clear context of the National Clinical strategy and Health and Social Care Delivery Plan. This would ensure the capacity and immediate/...

immediate term sustainability within the delegated community based health services and allow for the agreed shifts in the balance of care to be planned and delivered between acute services and those services we deliver.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink that reads "Iain McMillan". The signature is written in a cursive, slightly slanted style.

**Councillor Iain McMillan**

**Greater Glasgow and Clyde NHS Board**

JB Russell House  
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Date: 29<sup>th</sup> March 2017  
Our Ref: RC/LL026

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Dear David

**Budget Allocations to Health and Social Care Partnerships for 2017/18**

I refer to previous correspondence and the Board's subsequent decision on 21<sup>st</sup> February 2017 to allocate the £7.8m across the Board (Corporate and Acute Services) and the 6 Health and Social Care Partnership's (HSCPs) in 2017/18 on a pro rata basis to the Budget. The Board's Standing Orders do not allow a motion which contradicts a previous decision to be competent within a six month period. The Board's allocations to HSCPs from 1<sup>st</sup> April 2017 will therefore incorporate a deduction of £3.6m in accordance with the decision taken by the Board on 21<sup>st</sup> February 2017. I appreciate that HSCPs have not accepted this position and there will be ongoing discussions over the next few weeks which may ultimately require arbitration.

However, as the Accountable Officer for NHS Greater Glasgow and Clyde it is my expectation that as the Accountable Officer for your partnership you will operate within the budget offer from NHS Greater Glasgow and Clyde until such time the above matter is finally resolved.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Calderwood'.

**Robert Calderwood**  
Chief Executive  
NHS Greater Glasgow and Clyde