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**To: Renfrewshire Integration Joint Board**

**On: 23 June 2017**

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**Report by: Chief Officer and Chief Finance Officer**

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**Heading: Health Board Contribution to the IJB for 2016/17 and 2017/18**

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**1. Purpose**

- 1.1. The purpose of this report is to provide an update to the IJB on the savings proposals identified to deliver a balanced budget in respect of the Health Board Contribution to the IJB for 2016/17 and 2017/18.
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**2. Recommendation**

It is recommended that the IJB approve:

- The revised 2016/17 savings proposals of £1.105m (Appendix 1)
- 2017/18 savings proposals of £1.330m (Appendix 2) to deliver recurring financial balance to the Health budget in 2017/18
- The use of general reserves (from the health budget) to fund the impact of the delays in the implementation of the required savings for the Health delegated budget in 2017/18.
- Early engagement with our two partner Directors of Finance to enable the Chief Finance Officer to bring a forecast budget for 2018/19 to the 29 September 2017 IJB meeting. This will include the first tranche of savings for both the delegated health and adult social care budgets to be approved as part of the 2018/19 budget process. The second tranche of savings to be approved will be brought to the November 2017 IJB.

Members are also asked to note that until the 2017/18 savings have been approved it is not possible for the CFO to complete due diligence in respect of the Health Budget allocation for 2016/17 and 2017/18.

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**3. Introduction**

- 3.1 Renfrewshire IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme. It is accountable for the stewardship of public funds and ensuring that its business is conducted under public sector best practice governance arrangements including ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The budget delegated by our two partner bodies, NHSGGC and Renfrewshire Council is used by the IJB to commission services from its two partner organisations. The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.
- 3.2 Under the terms of the Integration Scheme partner organisations should make appropriate arrangements to fund pay awards, contractual uplifts, the impact of

demographic changes and determine efficiency targets as part of their respective budget setting processes.

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#### **4. Summary**

- 4.1. Members are reminded that at the November 2016 IJB the Chief Finance Officer brought forward outline savings proposals to achieve the tranche 2 health services savings target of £1.378m.
  - 4.2. At that meeting the savings proposals were not approved by IJB members. These savings were required to deliver a recurring balanced budget for 2016/17 and to trigger in year non-recurring support from NHSGGC to enable the HSCP to fully implement these proposals from 1 April 2017.
  - 4.3. In the January 2017 IJB finance report; the Chief Finance Officer brought forward an update on the Health Board contribution to the IJB for 2016/17. This update included confirmation of additional non-recurring support from NHSGGC of £1.378m for 2016/17.
  - 4.4. This amount was transferred to the Health delegated budget for 2016/17 on the basis that savings proposals to achieve the tranche 2 savings target of £1.378m would be agreed as part of the 2017/18 budget process to be delivered on a recurring basis from April 2017.
  - 4.5. Appendix 1 and 2 provide a summary of the savings proposals in respect of the outstanding 2016/17 and 2017/18 savings target.
  - 4.6. In the 'Financial Due Diligence Update' report to the IJB on March 18 2016 it was noted that the CFO was unable to complete due diligence on the delegated health budget for 2016/17 and that a further report would need to be brought back to the IJB once the final 2016/17 delegated health budget had been agreed.
  - 4.7. Until the full 2016/17, and 2017/18 savings have been approved by the IJB it is not possible for the CFO to complete due diligence in respect of the Health Budget allocation for 2016/17 and 2017/18.
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#### **5. Assessment and Consideration of Savings Proposals**

- 5.1. In light of the challenging financial position the HSCP now faces, a dedicated HSCP Finance and Planning forum has been established, jointly led by the Chief Finance Officer and Head of Strategic Planning, to ensure the Strategic Plan and supporting service action plans, explicitly align with budget planning and that services risks are comprehensively understood. This will be carried out in consultation with the HSCP's Operational Heads of Service and Professional Leads to assess the impact reduced resource will have on service capacity, delivery and performance and assessed in the context of the aspirations set out in the HSCP Strategic Plan.
- 5.2. The HSCP is committed to proactively developing our health and social care services, exploiting the opportunities integrated working offers and with service redesign being informed by a strategic commissioning approach. This in turn will support the financial sustainability of the Partnership and deliver the savings required to address the IJB's budget shortfall.
- 5.3. In 2017/18, our year 2 Strategic Plan action plan will be developed to support the HSCP's service developments and improvements for year 2 of the Strategic Plan. In addition to operational continuous improvement activity, this action

plan will include transformational projects and proposals to deliver financial savings. Similar to 2016/17, these larger projects will be progressed as part of the Partnership's wider Change and Improvement Programme, and will be subject to IJB approval.

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## **6. Health Board Contribution to the IJB for 2017/18**

- 6.1 As previously reported, the overall savings target for 2016/17 for Renfrewshire HSCP of £1.874m was allocated in two tranches:
- Tranche 1 reflected partnership proposals identified earlier in the year of £496k.
  - Tranche 2 was a further in-year target of £1.378m our proportion of the remaining savings required for partnerships to meet the target set by NHSGGC of £20m.
- 6.2 Following discussions with IJB members at the November 2016 IJB, the CO, working with the CFO and the Senior Management team, revised the original proposals. These are attached in Appendix 1. The IJB is asked to approve these savings proposals along with the 2017/18 proposals. These proposals have been subject to comprehensive risk and outcome focused assessments.
- 6.3 As detailed in the Chief Finance Officer's Financial Report 1 April 2016 to 31 March 2017 given the significant health budget gap to be met for 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 covering this gap. It is therefore recommended that members agree to the use of these reserves to fund the impact of the delays in the implementation of the required savings for the Health delegated budget in 2017/18.
- 6.4 Members are also asked to note that the CFO has revised the original assumptions in relation to the pressures on the 2017/18 budget. The original forecast was a c£3.69m pressure which has been revised to c£2.4m. This pressure has reduced mainly due to a reduction in the estimated prescribing funding gap, and revised inflation assumptions. This reduction reflects a range of actions being taken across HSCPs in collaboration with the NHSGGC Lead Pharmacist to deliver a programme of prescribing cost containment and cost efficiencies by March 2018.
- 6.5 The revised budget pressure figure of c£2.4m includes the outstanding target from 2016/17 of £1.378m, and assumes that the NHSGGC contribution for 2017/18 will "be at least equal to the recurrent budgeted allocations in 2016/17" as per direction from Scottish Government. If the disputed budget is not resolved as per the Scottish Government's guidance from 15 December 2016, the 2017/18 pressure will be c£3.135m.

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## **Implications of the Report**

1. **Financial** – Financial implications are discussed in full in the report above.
2. **HR & Organisational Development** – there will be a reduction in staffing levels as a result of vacancy management
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** – none

10. **Risk** – There are a number of risks which should be considered on an ongoing basis: adequate funding to deliver core services; the IJB's commitment to deliver safe health and social services in line with the HSCP Quality, Care and Professional Governance Framework

11. **Privacy Impact** – none.

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#### List of Background Papers

- IJB 2017/18 Health and Social Care Budget Update, 10 March 2017

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

## APPENDIX 1: RENFREWSHIRE HEALTH & SOCIAL CARE PARTNERSHIP – SUMMARY OF HEALTH SAVINGS 2016/17

Ref	Proposal	Saving	Description	Mitigation	Ability to Deliver Safely
1.	Review of supervisory and practice development and specialist nurse roles in community nursing service	£217k	A review of roles which have remits associated with leadership, specialist nursing post and practice development has been progressed. There are a number of roles which will be redesigned in order to maximise the opportunities to deliver safe, effective and person centred care whilst enhancing leadership. This work has involved senior nursing staff in developing this redesigned approach.	There are a number of vacant posts which will be utilised to support the transition and realise the saving.  A review of pathways and processes is underway to support this work.	Green
2.	Implementation of procurement efficiencies in the purchase of patient supplies	£54k	Adopt the learning from the Glasgow City review of the service to deliver more efficient practices in purchasing and provision of supplies for enteral feeding.	None necessary as this is an evidenced based saving, adopting procurement practices already in place across NHS GGC with no patient impact.	Green
3.	Commissioning efficiencies in relation to the Employability Service	£80k	Efficiencies through reductions in rental costs reflecting the service's move towards a more community outreach service, in line with our commitment to engage more actively with our communities.  In addition, commissioning savings were achieved through bringing the current peer support model in house when the previous contract terminated in March 2017.	Premises no longer required as we will operate a more peripatetic, outreach approach. .  We now have 6 fully trained peer support workers delivering this service for the HSCP	Green
4.	Payroll budget realignment to reflect the current staffing structure within Mental Health and Addiction Services	£150k	Savings due to payroll budget realignment in line with the current staffing structures in these services. The budget which transferred to the HSCP had not been realigned in a number of years and reflected previous historical structures which are no longer in place.	These budgets will be subject to an annual review to ensure they continue to be sufficient.	Green

Ref	Proposal	Saving	Description	Mitigation	Ability to Deliver Safely
5.	System-wide redesign of Health Improvement services	£45k	HSCP Chief Officers commissioned a redesign of health improvement services. This saving reflects Renfrewshire HSCP's share of efficiencies realised through this work.	New Health Improvement models have been developed, e.g. smoking cessation clinics at a number of pharmacies. These types of models are replacing the previous resource intensive support services. These changes have had positive service user feedback to date	Green
6.	Benefit from improved and extended hospital visiting times	£10k	Over the past 18 months there has been no request for a short term patient evening transport service and this reflects the extended and improved revised visiting hours at the RAH. This is consistent with similar reductions in demand for this type of services across Greater Glasgow and Clyde.	None required due to improved access to hospital with changed visiting hours.	Green
7.	Local review and redesign into meeting the healthcare needs of school aged children	£150k	The introduction of a new centralised school immunisation programme and enuresis service has created capacity in school nursing who traditionally delivered these service elements. The redesign provides an opportunity to ensure delivery of safe effective and person centred services to school age children, whilst maximising collaborative working with the Renfrewshire children service partnership.	This savings will be achieved through vacancy management.  This system change is supported by a system wide approach to ensuring core service delivery is continued.	Green
8.	Review of Podiatry Service (NHSGGC)	£226k	This efficiency is the final tranche of planned savings resulting from a 5 year service transformation programme which commenced prior to the establishment of the IJB. This includes the integration of services for learning disability clients; efficiencies as a direct result of the Trak Care IT system being used optimally and further efficiencies from single use instruments.	No further mitigation required as these changes are part of an agreed service transformation programme which has already built in workforce and service ways of working consistent with these changes and efficiencies.	Green

Ref	Proposal	Saving	Description	Mitigation	Ability to Deliver Safely
9.	Review of staffing levels across Services	£173k	Review of administration workforce within the HSCP with a view to releasing financial savings through improved use of IT, seeking to reduce duplication and further opportunities to introduce smarter ways of working. Ongoing reviews and monitoring of vacancies will also allow for realignment and integration of posts and roles as our models of joint working and integration mature	This savings will be achieved through risk assessed vacancy management.	Green
<b>Total</b>		<b>£1,105k</b>			



## APPENDIX 2: RENFREWSHIRE HEALTH & SOCIAL CARE PARTNERSHIP – SUMMARY OF HEALTH SAVINGS 2017/18

Ref	Proposal	Saving	Description	Mitigation	Ability to Deliver Safely
1.	Integration and Change Resource Release	£950k	These funds have been available to support integration and change programmes over the last two years. As these do not currently have any planned commitments against them it is proposed these are now taken as an efficiency to reduce the level of savings which will impact on front line services.	These budgets do not currently have any planned commitments against them, and therefore there will be no impact on service users.	
2.	Base Budget Realignment	£175k	This relates to historical budgets which, following detailed review are no longer required, as services are now provided to individuals through existing mainstream services or service users have transitioned to other care settings.	All care packages are reviewed on an annual basis to ensure they align with the assessed need of the individual. The associated budgets will also be reviewed annually.	
3.	Review of HSCP staffing structures	£205k	The Senior Management Team will use our updated workforce plan analysis - which allows us to be smarter at planning staff turnover – to continue to adapt service leadership and related arrangements as our programme of service reviews and change delivers more joint and integrated ways of working.	This savings will be achieved through vacancy management.	
	<b>Total</b>	<b>£1,330k</b>			