



Committee on 18<sup>th</sup> January 2017. A number of actions have been agreed before the next version of the plan is presented to the committee in March, including communication with Integration Joint Boards, providing them with an estimate of the level of financial challenge based on the draft plan.

6. In parallel, the IJB has been developing its financial plan, based on an assumed level of contribution from CEC and NHSL and an assessment of the financial implications of the strategic plan and other pressures likely to crystallise in 17/18.

## Main report

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### Scottish Budget

7. The draft Scottish budget was published on 15<sup>th</sup> December 2016, setting out spending plans for 17/18. Analysis of the Cabinet Secretary's statement and the accompanying detail is ongoing by officers of CEC, NHSL and the IJB, informed by on-going receipt of additional supporting detail from the Scottish Government.
8. Key relevant highlights of this one year settlement are:
  - An average net reduction in resources for **Local Authorities** of 2.8%;
  - An increase in the annual level of Scotland-wide funding made available through the **social care fund** from £250m to £357m. This increase of £107m provides additional support to: meet the full year costs of the living wage across the care sector; address pressures related to changes in legislation in respect of sleepover costs; disregard the value of war pensions from financial assessments for social care; and pre implementation of the Carers' Act. Specifically, a sum of £80m has been identified within the overall £107m increase to address the full year cost of living wage implementation and a number of other pressures affecting the care sector. The funding will be transferred directly from the NHS to integration authorities and the IJB's allocation has now been confirmed at £8.7m. Discussions are ongoing with SG to ensure any conditions associated with this funding are clearly understood;
  - A baseline uplift of 1.5% for territorial **Health Boards**, which is a reduction from the planning estimate of 1.7%. It should be noted that £100m of the £107m increase in the social care fund is included in the overall 1.5% uplift;
  - Additional funding of £50m across Scotland to continue the move towards **NRAC** parity;

- **Transformational funds** of £127m, in the main for primary care and mental health services. At this stage the SG has not confirmed how this money should be deployed, although some of this resource will not be new investment;
  - **NHS contributions to integration authorities** to be maintained at least at 16/17 cash levels. In simple terms, this means that budgets for allocation from NHS Boards to integration authorities for 17/18 must be at least equal to the recurrent budgeted allocations in 16/17;
  - **Local Authorities** can adjust their **allocation to integration authorities** by up to their share of £80m (included in the £107m increase in the social care fund) below the level of the recurring budget agreed for 16/17; and
  - Health Boards have been challenged to deliver a **5% savings target** and drive efficiencies underpinning the principles of value and sustainability (minimise waste, reduce variation, and standardise).
9. The current position with the financial plans from CEC and NHSL are outlined in paragraph 10 to 18 below:

*City of Edinburgh Council*

10. The CEC revenue budget framework for 17/18 is being presented to the Council's Finance and Resources Committee on 19<sup>th</sup> January 2017. Following this it will be referred to the Council on 9<sup>th</sup> February 2017 as part of the budget setting process, following which a formal offer of a delegated budget for the IJB is expected. The potential impacts on the IJB are outlined in paragraphs 12 to 14 below.
11. At 2.9% the reduction in the CEC settlement was slightly above the national average, requiring a further £2.4m of savings when compared to planning assumptions.
12. As noted above, the Cabinet Secretary's announcement confirmed that total support provided through the social care fund across Scotland in 2017/18 will increase to £357m. Local authorities will be permitted to reduce their own allocations to IJBs by up to their proportionate share of the £80m (referred to in paragraph 8) below the level of recurring budget agreed for 2016/17. For CEC this equates to a permitted reduction of £6.52m based on a share equivalent to that in 2016/17.
13. The Council's planning assumption, which forms the basis of the provisional offer to the EIJB for 2017/18, is that the delegated budget is unchanged in cash terms from 16/17. In practical terms this means that the offer includes provision for pay awards, apprenticeship levy and demography offset by previously approved savings.

14. CEC would therefore not be exercising their right to reduce the budget delegated to the IJB and would maintain the existing level of funding. This would be supplemented by the IJB's share of the additional £107m included within the social care fund, now confirmed at £8.7m.

#### *NHS Lothian*

15. An update of the financial plan will be presented to the Finance and Resources Committee on 18<sup>th</sup> January 2017. This paper acknowledges that, based on information currently available, NHS Lothian is not able to provide any assurance on its ability to deliver a balanced financial plan in 2017/18 at this time. Paragraphs 16 to 18 below set out the highlights from an IJB perspective.
16. At 1.5%, the total base uplift for NHSL amounts to £19.6m. Of this £14.2m (being the Lothian share of the increase in the social care fund) will be passed directly to the 4 Lothian IJBs (£8.7m for Edinburgh) leaving NHSL with a balance of £5.4m. This will be supplemented by any additional NRAC funding and, at present the board is assuming that it will receive £19m. This has not yet been confirmed and is subject to COSLA agreement of the Scottish budget. Further work is to be undertaken to agree the distribution of £5.4m base uplift and £19m NRAC.
17. The current draft of the financial plan includes proposed investment in primary care services of £5m across Lothian over 3 years (£2m in year 17/18).
18. NHSL continues to refine their financial plan and has assessed that the in year shortfall is in the range of £17.7m to £71.5m, with the most likely position being a deficit of £51.5m in 17/18. Detailed discussions are scheduled to take place with all 4 IJB in late February and, at this stage, it is estimated that the IJB's share of the £51.5m would be £10.4m.

#### **IJB financial planning**

19. Given the prevailing uncertainty, particularly in relation to the financial position of NHSL, the IJB is not yet in a position to present a financial plan for approval. However officers of the 3 organisations continue to work closely to ensure planning assumptions are aligned and financial plans are developed in parallel.
20. At its meeting in November the IJB received an initial indication of the costs of implementing the strategic plan. It was noted that the IJB's ability to support these investments would be contingent on: the crystallisation of financial planning assumptions; settlements from CEC and NHSL; and full delivery of savings. It also noted that investing social care funding (SCF) to support delivery of the strategic plan was a key part of the 17/18 financial planning process and agreed to

progress the allocation of the balance of the SCF (including the agreed carry forward) through the Strategic Planning Group.

21. Available funding totals £11.6m, of which £3.4m represents the estimated non recurring carry forward from 16/17. The cost of the updated proposals is slightly more at £11.9m but it should be noted that the numbers are high level estimates and therefore subject to change. Additionally, the recurring position is out of balance by £2.7m as summarised in table 1 below.

	Rec £k	Non rec £k
ARBD	385	
Community NHS complex care	400	
Community placements - MH rehabilitation	1,190	
Diabetes LES	171	
District nursing review	250	200
EBSS & care home liaison	385	
Front door assessment service	314	
Gylemuir (non recurring funding)	1,327	
Hospital at home (hub workers)	1,000	
Liberton (increase in bed numbers)	1,500	
Multi-morbidities and prevention	317	
Overnight homecare service	150	
Reduction in drug & alcohol funding	750	
Supporting hospital discharge	385	
Telecare		760
Trial night response service	121	
Unmet demand	2,246	
<b>Total</b>	<b>10,892</b>	<b>960</b>
<b>Funding available</b>	<b>8,186</b>	<b>3,427</b>
<b>Difference</b>	<b>2,706</b>	<b>(2,467)</b>
<b>Total difference</b>	<b>239</b>	

*Table 1: summary proposed social care fund funding and investments*

22. It is suggested that these proposed investments are considered in more detail and prioritised through the strategic planning group.
23. An initial assessment of the second tranche of the SCF (the £107m) indicates that it will be fully utilised through a combination of implementing the living wage and other conditions associated with the funding of and providing for demographic growth.
24. In the light of the “flat cash” offer this would mean that any pay and other inflationary increases would have to be funded by cost releases elsewhere in the system (ie by generating savings).

## Key risks

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25. The key risk is to the delivery of the IJB's strategic plan in the current financial environment, particularly the NHSL position. Development and delivery of a programme of recurring savings together with active management of a range of risks and pressures remains critical.

## Financial implications

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26. Outlined elsewhere in this report.

## Involving people

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27. The successful implementation of these recommendations will require the support and co-operation of both CEC and NHSL personnel.

## Impact on plans of other parties

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28. As above.

## Background reading/references

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29. None.

## Report author

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## Links to priorities in strategic plan

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**Managing our  
resources  
effectively**

