



**Clackmannanshire
Council**



A Special meeting of the Clackmannanshire and Stirling Integration Joint Board will be held on

**Wednesday 29 March 2017 at 2.30-4.30pm,
in Kildean Suite, Forth Valley College, Stirling Campus**

Please notify apologies for absence to cs.integration@nhs.net

AGENDA

- | | |
|---|--------------|
| 1. NOTIFICATION OF APOLOGIES | For Noting |
| 2. NOTIFICATION OF SUBSTITUTES | For Noting |
| 3. DECLARATION(S) OF INTEREST | For Noting |
| 4. URGENT BUSINESS BROUGHT FORWARD BY CHAIRPERSON | |
| 5. FINANCE | |
| 5.1 AUDIT COMMITTEE REPORT
(Paper Presented by Ewan Murray) | For Approval |
| 5.2 2017/18 PARTNERSHIP BUDGET
(Paper Presented by Ewan Murray) | For Approval |
| 6. ANY OTHER COMPETENT BUSINESS | |
| 7. DATE OF NEXT MEETING | |

Wednesday 19 April 2017, 2.00-4.00, Boardroom, Forth Valley College, Alloa Campus



Clackmannanshire
Council



Clackmannanshire & Stirling
Integration Joint Board

29 March 2017

This report relates to
Item 5.1 on the agenda

Audit Committee Report

(Paper Presented By Ewan C. Murray)

For Approval

Approved for Submission by	Shiona Strachan, Chief Officer
Author	Ewan C. Murray, Chief Finance Officer
Date:	29 March 2017
List of Background Papers:	

Title/Subject: Audit Committee Report
Meeting: Clackmannanshire & Stirling Integration Joint Board
Date: 29 March 2017
Submitted By: Ewan C. Murray, Chief Finance Officer
Action: For Noting & Approval

1. Introduction

- 1.1. The Integration Joint Board previously agreed the establishment and Terms of Reference of the Audit Committee
- 1.2. The Audit Committee met on 16 February 2017 – agenda items considered at this meeting were:-
- Update on Annual Accounts Planning and Year End Assurance
 - Annual (External) Audit Plan
 - Internal Audit Progress Report including Internal Audit Report on Governance Arrangements
 - Review of Financial Regulations and Reserves Policy and Strategy; and
 - Accounts Commission Report: Social Care in Scotland
- 1.3 The full Audit Committee reports are published on the website.

2. Recommendations

The Integration Joint Board is asked to

- 2.1 Note the considerations of the Audit Committee as detailed in Section 4 of this report.
- 2.2 Approve the reserves policy and strategy attached as Appendix I to this report.

3 Audit Committee Considerations

Annual Accounts Planning and Year End Assurance

- 3.1 The Integration Joint Board Chief Finance Officer continues to work with Finance Team across the constituent bodies to agree year end accounting timetables, processes and arrangements for assurance on financial balances as they relate to the in-scope budgets for the partnership. National guidance and experience from partnerships who had services delegated in 2015/16 have been drawn upon in developing the arrangements.

- 3.2 At time of writing these arrangements are being finalised and no significant issues are foreseen however the turnaround times required are short and will require considerable collaboration and coordination over the year-end period.

Annual Audit Plan

- 3.3 The Audit Committee considered and approved the Annual Audit Plan from the Integration Joint Boards External Auditors Audit Scotland.

Internal Audit Progress Report and Internal Audit Report on Governance Arrangements

- 3.4 The Audit Committee considered and approved the report from the Chief Internal Auditor.

The Internal Audit report on Governance Arrangements concluded that “Internal Audit can provide **substantial assurance** that the corporate governance arrangements are appropriate and are operating effectively, while noting that scrutiny arrangements for performance scrutiny (including financial performance) are still being developed to ensure they are more efficient, and more clearly linked to key priorities and the Strategic Plan”

- 3.5 The Internal Audit Plan for 2017/18 will be considered at the Audit Committee meeting in June 2017. In future years the Internal Audit Plan will be considered before the beginning of the forthcoming financial year.

Review of Financial Regulations and Reserves Strategy and Policy

Review of Financial Regulations

- 3.6 The Audit Committee approved a review of the IJBs Financial Regulations and there were no substantive changes. Only minor amendments to wording were made to accurately reflect current arrangements. It was agreed that a further review of the Financial Regulations should take place no later than March 2018.

Reserves Policy and Strategy

- 3.7 A draft revised reserves strategy and policy was presented to the IJB Audit Committee for consideration and it agreed to refer this to the IJB for approval. The reserves strategy and policy is a development from a model developed by the Financial Workstream.
- 3.8 The main element of the reserves strategy and policy requiring consideration is the proposal for a maximum target limit for general reserves to be set at £1.25m which is around 0.75% of the partnership budget. This level was proposed taking into account approaches across other partnerships and to ensure a sufficient limit to cover potential financial scenarios which may face the partnership as medium to longer term financial strategy is developed.

- 3.9 It is not planned that the IJB will hold significant levels of reserves on an on-going basis. The IJB's reserves are held to provide a level of protection against unforeseen circumstances and manage phasing of expenditure between financial years.
- 3.10 The reserves policy and strategy will require further review as medium to longer term financial strategy develops. It is proposed that a further review should take place no later than March 2018.

Audit Commission Report on Social Care in Scotland

- 3.11 The Audit Committee considered a report presented by the Chief Internal Auditor in relation to the Audit Commission report on Social Care in Scotland.
- 3.12 It is the intention for the partnership to prepare a self assessment in relation to the Audit Commission report on Health and Social Care Integration once the delivery plan has been prepared and approved. This self assessment will be considered by the Audit Committee in due course.

4 Conclusions

- 4.1 This report summarises the considerations of the Audit Committee meeting of 16 February 2017 and brings forward the reserves policy and strategy for consideration and approval by the Integration Joint Board.

5 Resource Implications

- 5.1 The audit fee for the 2016/17 audit is £17,400.

6 Impact on Strategic Plan Priorities and Outcomes

- 6.1 No direct impact.

7 Legal & Risk Implications

- 7.1 The Audit Committee considered matters which relate to the Annual Report and Financial Statements of the IJB which are statutory requirements.

8 Consultation

- 8.1 None required.

9 Equality and Human Rights Impact Assessment

9.1 No equality and human rights issues arising directly in relation to this report.

10 Exempt reports

10.1 Not Exempt

APPENDIX I – DRAFT RESERVES POLICY AND STRATEGY

Clackmannanshire and Stirling IJB Draft Reserves Policy and Strategy

1 Introduction

- 1.1 This document outlines the Clackmannanshire & Stirling Integrated Joint Board's (IJB) strategy for developing and holding financial reserves.
- 1.2 The strategy is linked to the IJB's Strategic Plan objectives and the developing medium term financial strategy highlighting the financial risks and challenges facing the IJB and its constituent partners beyond the current financial year.
- 1.3 The strategy will be reviewed annually to ensure all financial changes and challenges facing the IJB and its constituent partners are taken into account in determining the appropriate level of reserves to hold for the future.

2 Legislative/Regulatory Framework

- 2.1 The Public Bodies (Joint Working) (Scotland) Act 2014 establishes the framework for the integration of health and social care in Scotland. The Act empowers an IJB to hold reserves subject to an agreed reserves strategy.
- 2.2 As the IJB is considered a Local Authority body under section 106 of the Local Government (Scotland) Act 1973, all relevant legislative and regulatory principles as applied to local authorities have been deemed equally applicable to the IJB.
- 2.3 In Scotland, explicit statutory powers under Schedule 3 of the Local Government (Scotland) Act 1975 permit local authorities to establish a Capital Fund, alongside a requirement to maintain a General Fund Reserve. Within the General Fund Reserve, local authorities are allowed to earmark elements for specific intended purposes.
- 2.4 Local Authority Accounting Practice (LAAP) Bulletin 99 published in July 2014 provides advice from the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of local authority reserves and balances. The principles and good practice examples contained within the LAAP bulletin have been applied in developing the proposed reserves strategy for the IJB.
- 2.5 Legislation also places a range of safeguards that help to prevent local authorities over-committing themselves financially as follows:
 - The balanced budget requirement, for Scotland this is derived from Section 93 of the Local Government Finance Act 1992;
 - The Chief Finance Officer's duty to report on robustness of estimates and adequacy of reserves when considering the annual budget requirement;
 - The Chief Finance Officer's duty to make arrangements for, in addition to having responsibility for, the proper administration of the IJB's financial affairs; and
 - In line with the Prudential Code, the Chief Finance Officer's duty to have full regard to affordability when making recommendations about future

capital programs, including giving due consideration to the level of long term revenue commitments.

3 Reserve Policies

- 3.1 Pressures on public finances now and over the medium term are intense with the result that the constituent partners do not currently have the capacity to provide extra resources to provide reserves. Therefore, the ability to build up and retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
- 3.2 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
- 3.3 Reserves should not be used to fund material levels of ongoing operational costs as they are not a permanent funding solution for this type of expenditure. They may, however, be used for small-scale initiatives which do not impact on the overall reserves strategy.
- 3.4 Reserves should act as a “buffer” to absorb one-off pressures or to enable a short-term bridge to fill a gap until a sustainable funding solution is identified.
- 3.5 Contributions from reserves should only be used to set a balanced budget where reserves have been specifically earmarked for future projects as agreed by the IJB.
- 3.6 The level of reserves to be held should be based on an assessment of the likelihood and impact of financial and operational risks.
- 3.7 In addition to maintaining an adequate reserves balance to protect against risks, it may also be necessary to plan for an increase in reserves as a means of meeting Strategic Plan objectives.
- 3.8 Reserves in excess of prudent estimated levels should not be held. This will ensure unnecessary cash balances do not build up which may impact on resources available for operational activities.

4 Types of Reserve

Earmarked Reserves

- 4.1 Earmarked Reserves provide a means of accumulating funds for use in a later financial year to meet known or planned initiatives. Earmarked Reserves will increase through decisions of the IJB and will decrease as they are spent on their specific intended purposes.
- 4.2 The purpose of an Earmarked Reserve is to set aside amounts for initiatives that extend beyond one year or as a contingency against a specific situation occurring. Once an Earmarked Reserve has been established by the IJB it is the responsibility of the Chief Finance Officer of the IJB to ensure funds are spent in line with their purpose. The purpose of each Earmarked Reserve should be reviewed annually to ensure that it is still relevant.

General Reserves

- 4.3 General Reserves represent non-earmarked elements of IJB funds. The main purposes of General Reserves are firstly to operate as a working balance to help manage the impact of uneven cash flows, and secondly to provide a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies.
- 4.4 Ideally, the build-up of a robust level of General Reserves should be established as a target within the IJB's medium term financial strategy. This will of course be dependent on the ability of the constituent partners to provide extra resources to help achieve this aim.

Capital Reserves

- 4.5 Capital reserves represent monies set aside to meet expenditure of a capital nature, as opposed to day to day expenditure on operational activities.

5 Principles of a Risk Based Approach to Reserves

- 5.1 The level of reserves required and their purpose will be agreed as part of the annual budget setting process and reflected in the Strategic Plan agreed by the IJB. Each of the constituent partners will be able to review the levels of reserves held by the IJB as part of the annual budget setting process, and in the context of both the Strategic Plan and the IJB's reserve policy.
- 5.2 In order to assess the level of reserves, the Chief Finance Officer of the IJB should take account of the financial and operational risks facing the IJB over the life of the medium term financial strategy. The estimate of these risks should include (but are not limited to):
- The reasonableness of underlying budget assumptions.
 - Inflationary pressures.
 - Realisation of income targets.
 - Trends and current spending patterns.
 - Known future legislative or other regulatory changes.
 - Ability to achieve Strategic Plan objectives.
 - Estimates of likely demand for demand-led budgets.
 - A review of any major risks associated with future years' budgets.
 - The availability of any revenue contingency budget.
 - Discussions and contributions from constituent partners.
- 5.3 The Chief Finance Officer should develop and implement proper arrangements to manage these risks, including adequate and effective systems of internal control.
- 5.4 The Chief Finance Officer's advice on the level of reserves should be set in the context of the IJB's risk register and medium term plans, and should not focus exclusively on short-term considerations. Advice should be given on the level

of reserves over the lifetime of the medium term financial plan, and should also take account of the expected need for reserves in the longer term.

- 5.5 Risk management should be embedded within the IJB, with the IJB risk register being regularly updated and reviewed.
- 5.6 Part of the risk management process involves taking appropriate action to mitigate or remove risks where this is possible, which in turn may lead to a lower level of reserves being required. A balance will need to be found between maintaining adequate levels of reserves and investing in risk reduction measures.
- 5.7 Whilst it will primarily be the responsibility of the IJB and its Chief Finance Officer to maintain a sound financial position, external auditors will regularly express their views on the adequacy of the reserves of the IJB for which they carry out the audit function. However, it will not be the responsibility of external auditors to prescribe the optimum or minimum level of reserves for an individual IJB.

6 Management of Reserves

Overview

- 6.1 The required levels of Earmarked and General Reserves and their purpose will be agreed as part of the annual budget setting process and reflected in the Strategic Plan agreed by the IJB. The constituent partners will be able to review the levels of reserves held by the IJB as part of this process.
- 6.2 The level of Earmarked and General Reserves to be maintained may change from year to year depending on any changes to the financial risks facing the IJB, and/or resources needed for investment to meet Strategic Plan objectives and budgetary control.
- 6.3 Any in-year call on General Reserves will generally only be approved to meet the cost of unexpected and unforeseen expenditure, or where an opportunity has arisen which is time limited and/or meets an objective within the Strategic Plan.
- 6.4 The IJB will allocate resources it receives from the constituent partners in line with the Strategic Plan. In doing this it will be able to use its power to hold Earmarked and General Reserves, so that in some years it may plan for an underspend to build up reserves, and in others to breakeven, or to use a contribution from reserves in line with the Reserve Policy and Strategy.

Use of Reserves

- 6.5 Decisions on the use of General Reserves should take account of the financial and operational risks that could impact on the IJB's position, and should be made in a coordinated and planned way to ensure that best use is made of these resources.
- 6.6 For this reason it is important that any approval to use General Reserves complies with the IJB's Reserves Policy and Strategy and a formal procedure facilitates this process.

- 6.7 The application to use General Reserves should be submitted to the IJB for approval and should include as a minimum:
- How the application meets the requirements of the Reserves Policy and Strategy.
 - Why the use of reserves is considered to be the most appropriate form of funding.
 - Whether the use of reserves is required to meet an objective of the Strategic Plan, or is outside of this.
 - Whether the constituent partners been consulted on the proposal to use reserves.
 - A statement from the IJB's Chief Finance Officer detailing the current level of reserves and projected year end position.

6.8 With reference to section 8 of the Clackmannanshire and Stirling Integration Scheme, the following in-year scenarios could impact on any General Reserves held by the IJB:

- **In-Year Overspend on the Operational Integrated Budget** - Where there is a projected overspend against an element of the operational budget, the IJB may decide to increase the payment to the affected body by utilising the balance of the General Reserve of the IJB (if available) in line with the Reserve Policy and Strategy.
- **In-Year Underspend on the Operational Integrated Budget** - Underspends on either arm of the operational integrated budget should be returned from the relevant constituent partner to the IJB and carried forward through General Reserves (with the exception of underspends that arise due to material differences between assumptions used in setting the payments to the Integration Joint Board and actual events).

Reporting Arrangements for Reserves

6.9 In terms of reporting on Earmarked and General Reserves, all budget reports to the IJB should include from the Chief Finance Officer of the IJB (where applicable):

- A statement reporting on the annual review of Earmarked Reserves. The statement should list the various Earmarked Reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.
- A statement showing the estimated opening General Reserve balance for the year ahead, the addition to/withdrawal from the reserve, and the estimated end of year balance.
- A statement on the adequacy of Earmarked and General Reserves in respect of the forthcoming financial year and the IJB's medium term financial strategy.

7 Level of Reserves

Earmarked Reserves

- 7.1 As mentioned previously, Earmarked reserves provide a means of accumulating funds for use in a later financial year to meet known or planned initiatives. As such, the level of any required Earmarked Reserve is likely to be known with reasonable certainty. The purpose of each Earmarked Reserve should be reviewed annually to ensure that it is still relevant.

General Reserves

- 7.2 There is generally no prescriptive basis for the level of General Reserves that should be held. The level of General Reserves will depend on the financial risks and challenges facing the IJB and its constituent partners, but ideally as a minimum, should be capable of covering all estimated financial risks including contingent liabilities.
- 7.3 However, as mentioned previously, the pressures on public finances now and over the medium term are intense with the result that the constituent partners do not currently have the capacity to provide extra resources to provide for General Reserves. Therefore, the ability to build up and retain General Reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
- 7.4 Given the current pressures and financial constraints on public sector finances, it is recommended that the medium term financial strategy for the IJB includes as a target, the building up of a General Reserve balance when financial capacity of the constituent partners allows.
- 7.5 Setting a suitable target level of General Reserves provides its own difficulties. Many of the financial risks impacting on the IJB will be difficult to estimate, and the ability to benchmark other IJB reserve policies and strategies is currently not yet available.
- 7.6 Most Scottish local authorities have a policy to maintain General Reserves at around 2% to 4% of their net spending on services. For example, Stirling Council maintains a target level of reserves between 2% - 2.5%, and Clackmannanshire Council at a minimum of 3%.
- 7.7 If applying a similar approach to both the Clackmannanshire & Stirling Integration Joint Board based on their total available budgeted resources (£167.6m), a maximum target level of General Reserves of say 0.75% would equate to £1.257m.
- 7.8 Alternatively, a maximum level of General Reserves could simply be established on the basis of a cash value, e.g. £1m.

Capital Reserves

- 7.9 It is currently not anticipated that the IJB will require to hold a Capital Reserve.
- 7.10 The IJB will identify the specific asset requirements to support the Strategic Plan. Where the Chief Officer of the IJB identifies as part of the Strategic Plan

new capital investment requirements, a business case should be developed and submitted to all constituent partners to consider.

- 7.11 Options may include one or more of the constituent partners approving the project from its own capital budget or where appropriate, using the hub initiative. The existing procedures in the constituent partners should be used to consider capital bids and business cases.

8 Conclusion

- 8.1 Robust financial management and control requires the Integration Joint Board to give consideration to the holding of General Reserves to provide protection against unforeseen and/or unavoidable costs arising.
- 8.2 Given the pressures however on the finances of the constituent partners currently and over the medium term, the expectation is that General Reserves will not be available to the Integration Joint Board.
- 8.3 Although there is no requirement or expectation placed on the Integration Joint Board to build up General Reserves, it is still appropriate to at least consider a prudent “target” level of reserves that may be achievable in the future when financial capacity allows.
- 8.4 It is recommended that a maximum target level of General Reserves for the Integration Joint Board be set at a cash value of £1.25 million which is approximately 0.75% of the total partnership budget. This target will be subject to review as part of future annual budget setting processes.
- 8.5 Where appropriate, Earmarked Reserves should also be considered to plan for major expenditure or one-off significant payments.
- 8.6 It is currently not anticipated that the Integration Joint Board will require to hold a Capital Reserve.

Clackmannanshire & Stirling
Integration Joint Board

29 March 2017

This report relates to
Item 5.2 on the agenda

2017/18 Partnership Budget

(Paper Presented By Ewan C. Murray)

For Approval

Approved for Submission by	Shiona Strachan, Chief Officer
Author	Ewan C. Murray, Chief Finance Officer
Date:	29 March 2017
List of Background Papers:	
List of Appendices:	
APPENDIX I - Extract from Clackmannanshire Council Budget	
APPENDIX II – Extract from Stirling Council Budget	
APPENDIX III – Integration / Social Care Funding Table	
APPENDIX IV – Letter re Share of Up £80m	
APPENDIX V – Scottish Government letter re ICF (July 16)	
APPENDIX VI –Adult Social Services Savings (Extract from Council Budget Paper)	
APPENDIX VII - Analysis of Savings Plans in Relation to In-Scope Services	
APPENDIX VIII – Draft Directions	

Title/Subject: 2017/18 Partnership Budget
Meeting: Clackmannanshire & Stirling Integration Joint Board
Date: 29 March 2017
Submitted By: Ewan C. Murray, Chief Finance Officer
Action: For Noting & Approval

1. Introduction

- 1.1. As part of the process of developing the Integration Joint Board budget for 2017/18 the IJB has previously received an update on the development of the budget and associated issues at its meeting of 1 February 2017.
- 1.2. The Integration Joint Board's budget represents the resources available to deliver the priorities of the Partnership's Strategic Plan.
- 1.3. In line with Section 8 of the Integration Scheme the Integration Joint Board are normally required to consider their revenue budget for the forthcoming financial year by 31 March each year.
- 1.4. This paper will be accompanied by a presentation from the Chief Officer and Chief Finance Officer to assist Board members' understanding of the issues detailed within this report.

2. Executive Summary

- 2.1. This paper presents an overview of the Strategic Plan and the actions now taking place to support delivery. The suite of national outcomes and the complementary local outcomes are now being used as the building block for the development of the Partnership's performance framework and reporting.
- 2.2. The national outcomes are currently subject to review, with a view to more closely aligning to the national *Health and Social Care Delivery Plan* published by the Scottish Government on 19 December 2016. To support the delivery of the national priorities as detailed within the *Health and Social Care Delivery Plan*, Partnerships were invited to set out the local objectives for the following supporting indicators – unplanned admissions; occupied bed days for unscheduled care; A&E performance; delayed discharges; end of life care and the balance of spend across institutional and community services. Work is currently taking place across Forth Valley to develop the objectives and a report will be provided to the Integration Joint Board in April 2017.
- 2.3. Irrespective of any local priorities and performance measures, these will be the key deliverables for the Partnership and will be used at national level to compare performance across Partnerships. These local objectives will be reflected in the performance reports for the Integration Joint Board going forward.

- 2.4. This report details the 2016/17 Projected Outturn and Anticipated Impact on Reserves. In addition the report details the resource transfers and proposed payments by the constituent authorities and notes that they are fair and reasonable taking into account the overall settlements.
- 2.5. The financial pressures related to the full year cost of implementing the living wage and financial gaps not yet matched with developed plans. To ensure service delivery is within resources available and urgent measures are required. It is critical that the constituent authorities work collaboratively across the Partnership to ensure the Delivery Plan develops to incorporate the actions required to bring costs in line with available resources whilst aligning to the Strategic Plan priorities.
- 2.6. Given the projected financial gap and financial risks detailed within this report, and in line with the terms of the Integration Scheme, a budget recovery plan requires to be prepared for the Integration Joint Board's oversight. The Delivery Plan which will be presented to the April IJB will contain a degree of additional detail on efficiency and savings programmes. However, further actions will be required to bring the costs of service delivery into line with resources available, with a further requirement for a linked Recovery Plan to be developed.

3. Recommendations

The Integration Joint Board is asked to

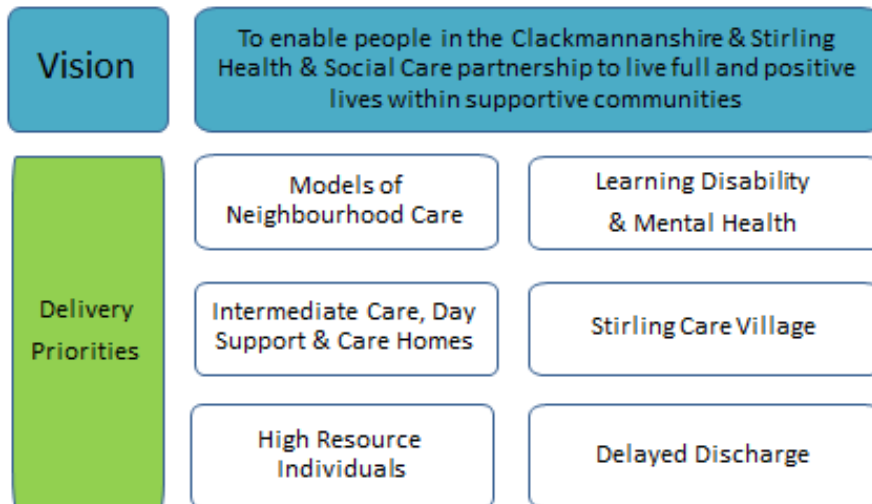
- 3.1. Note the update on delivering the Strategic Plan and that the Delivery Plan will be presented to the April meeting of the Integration Joint Board. (Section 4).
- 3.2. Note the developing performance framework and the requirement to set local objectives for submission to the Scottish Government. Further detail will be provided to the April meeting of the Integration Joint Board. (Section 4)
- 3.3. Note the 2016/17 projected outturn and impact on reserves (Section 5).
- 3.4. Note the proposed base resource transfers from the constituent authorities and the compliance with the terms of the Scottish Budget as detailed in Table 4 (Section 6)
- 3.5. Note the specific budget considerations in relation to the 2017/18 Scottish Budget and the constituent authorities (Section 6)
- 3.6. Approve the initial 2017/18 Partnership Budget as detailed in Table 5
- 3.7. Note the assessment of partnership financial risk as detailed in Section 7 and given the level of financial risk task the leadership group with producing a Budget Recovery Plan, linked to the Delivery Plan, for presentation to the June Integration Joint Board meeting.

- 3.8. Note the key financial risks for the Partnership (Section 8)
- 3.9. Approve the issuing of directions to the constituent authorities to deliver integration functions within the delegated resources. (Section 9)

4. Delivering the Strategic Plan

- 4.1. The Strategic Plan [2016-2019] established the Partnership vision and outlined the local and national outcomes now being used as the basis for the developing performance framework, a high level approach to locality planning and eight priorities.
- 4.2. The eight priorities and the actions were developed following a period of extensive consultation and engagement across all services, partners and communities. The engagement process has been previously reported to the Integration Joint Board.
- 4.3. The high level priorities, expressed as a series of 'we will' statements in the Strategic Plan are:-
 - Further develop systems to enable front line staff to access and share information
 - Support more co location of staff from across professions and organisations
 - Develop single care pathways
 - Further develop anticipatory and planned care services
 - Provide more single points of entry to services
 - Deliver the Stirling Care Village
 - Develop seven day access to appropriate services
 - Take further steps to reduce the number of unplanned admissions to hospital and acute services
- 4.4. These high level priorities or 'we will' statements have been further developed, again using a consultation and engagement approach, into core actions which bring together the health and social care services along with the commissioned services and partners to redesign service delivery models and to strengthen community based services.
- 4.5. The following diagrams represent the core Partnership delivery priorities for 2017-2018 and the underpinning enablers.

Partnership vision and delivery priorities 2017-18



The enablers are a set of activities which support the development and delivery of the priorities.

Enablers:



Work is now underway in each of these areas and will be reported in depth to the Integration Joint Board over 2017-18.

Performance and the National Health & Social Care Delivery Plan

- 4.6 The suite of national outcomes and the complementary local outcomes are now being used as the building block for the development of the Partnership's performance framework and reporting. The Integration Joint Board now receives Performance reports in each cycle and these will continue to be developed to support scrutiny of the functions and the impact of changing service delivery models.
- 4.7 The national outcomes are currently subject to review, with a view to more closely aligning to the national *Health and Social Care Delivery Plan* published by the Scottish Government on 19 December 2016.
- 4.8 The national Delivery Plan sets out the Scottish Government's programme to further enhance health and social care services.
- 4.9 The national Delivery Plan has a focus on the three 'triple aim' areas:
- we will improve the quality of care for people by targeting investment at improving services, which will be organised and delivered to provide the best, most effective support for all [**better care**]
 - we will improve everyone's health and wellbeing by promoting and supporting healthier lives from the earliest years, reducing health inequalities and adopting an approach based on anticipation, prevention and self management [**better health**]; and
 - we will increase the value from, and financial sustainability of, care by making the most effective use of the resources available to us and the most efficient and consistent delivery, ensuring that the balance of resource is spent where it achieves the most and focusing of prevention and early intervention [**better value**]
- 4.10 The report sets out a series of actions required between 2017 and 2021, linked to clear expectations of the Health and Social Care Partnerships, Local Authorities and NHS Boards.
- 4.11 In addition to our local priorities the Partnership is required to develop and provide services in a way which meet the new national priorities for the Integration Authorities in respect of the planning for, and provision of, social care, primary care and unscheduled hospital care for adults. The key areas are:
- Reduce occupied hospital bed days associated with avoidable admission and delayed discharges focussing on investment in care alternatives
 - Increase the provision of good quality appropriate palliative and end of life care particularly in people's homes and communities or, where appropriate, in hospices
 - Enhance primary care provision expanding multidisciplinary teams, sustainability, development of GP cluster etc.

- A focus on mental health, improving outcomes and reducing variation
 - Deliver agreed service levels for Alcohol and Drug Partnerships
 - Provision for the living wage
 - Continue implementation of Self Directed Support
 - Prepare commencement of the Carer (Scotland) Act 2016
- 4.12 To support the delivery of the national priorities as detailed within the *Health and Social Care Delivery Plan*, [outlined above] Partnerships were invited to set out the local objectives for each of the following supporting indicators:
- Unplanned admissions
 - Occupied bed days for unscheduled care
 - A&E performance
 - Delayed Discharges
 - End of Life care
 - Balance of spend across institutional and community services
- 4.13 Work is currently taking place across Forth Valley to develop the objectives and a report will be provided to the Integration Joint Board in April 2017.
- 4.14 Irrespective of any local priorities and performance measures, these will be the key deliverables for the Partnership and will be used at national level to compare performance across Partnerships. These local objectives will be reflected in the performance reports for the Integration Joint Board going forward.

Partnership Delivery Plan and Financial Plan

- 4.15 Work is currently taking place on the development of a comprehensive Delivery Plan for the Partnership to support the delivery of the Strategic Plan. This will be presented to the Integration Joint Board meeting in April 2017.
- 4.16 The Delivery Plan will include details of the re designs and programmes of activity aimed at bringing costs in line with resources available. Significant further actions over and above the programmes currently in place will be required.
- 4.17 It is anticipated a medium term financial strategy will be developed and presented to the Integration Joint Board for approval later in 2017, as an underpinning strategy to support the Delivery Plan.
- 4.18 The strategy will take account of:
- Economic outlook and projected impact on public expenditure
 - Projected financial impact of implementing the delivery plan for the Strategic Plan, including the development of localities. In simple terms, how the shape of service expenditure across the partnership is projected to change over time.

- Financial risks and projected financial impact of any known changes in legislation, national policy and the regulatory environment
- Efficiency and savings requirements to ensure financial sustainability of the partnership

5. 2016/17 Projected Outturn and Anticipated Impact on Reserves

- 5.1. Based on the financial reports for the period to 31 January 2017 the projected financial position for the partnership is illustrated in the Table below.

Table 1

	Projected (Over) / Underspend (£m)
Budgets Delegated to Clackmannanshire Council	(1.009)
Budgets Delegated to Stirling Council	(0.252)
Budgets Delegated to NHS Forth Valley	0.674
TOTAL	(0.587)

- 5.2 Supported by the budget recovery process, efforts are continuing to mitigate, as far as possible, the projected overspend. A further update on this will be included within the financial report to the April meeting of the Integration Joint Board.
- 5.3 However, as it is clear these efforts will not entirely recover the financial position in year, the constituent authorities, in an overspend position in relation to the in-scope service budget, have been requested to make good, from their own resources, their respective overspend on a non-recurrent basis in 2016/17, in line with the process detailed in the Integration Scheme.
- 5.4 Subject to the above being agreed, the projected underspend in the NHS budgets would then be used, in line with the proposed Reserves Strategy and policy, to create a general reserve into financial year 2017/18, to assist in managing the financial pressures across the partnership.
- 5.5 In addition to the above, there are a number of earmarked reserves which reflect where resources have been received, relating to in-scope services in 2016/17, but where the timing (of expenditure) will be in 2017/18.
- 5.6 The table below details the estimated earmarked reserves. A statement on reserves will form part of the Integration Joint Board's Annual Accounts for 2017/18.

Table 2

Earmarked Reserve	Permitted Use	Anticipated Value (£m)
Integration Fund Balance	In-Scope Adult Social Care	0.457
Partnership Funding (Integrated Care Fund and Delayed Discharges)	Per Scottish Government Letter of 24 July 2016	0.991
Primary Care Transformation Fund & Mental Health Primary Care Fund	Per basis of allocation	0.306
Transforming Urgent Care	Per basis of allocation	0.169
TOTAL		1.923

6. Budget Considerations

2017/18 Scottish Budget

6.1 The Integration Joint Board was briefed on the key elements of the Scottish Budget, as they relate to the constituent authorities and IJB, at its meeting of 1 February 2017. These keys elements are:

- NHS (Board) contributions to Integration Authorities for delegated health functions will **be maintained at least at 2016/17 cash levels** (also referred to as ‘flat cash’).
- Local Authorities will be able to adjust their allocations to integration authorities in 2017/18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016/17. The share of the £80m was calculated using a national formula which is a mix of NRAC (NHS Scotland Resource Allocation Committee) and GAE (Grant Aided Expenditure) formulae for NHS Boards and Local Authorities. (Appendix III) The Clackmannanshire and Stirling shares of the £80m totals £2.0m (Clackmannanshire £0.770m Stirling £1.23m)
- £107m will be transferred from NHS Boards to Integration Authorities to support continued delivery of the Living Wage, sustainability in the care sector, disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of the new carers’ legislation. £100m of this resource has been included in NHS Board 2017/18 baseline budgets, with the additional £7m to be allocated later. The Clackmannanshire and Stirling share of these funds is detailed in the table below (Appendix IV)

Table 3

	£m
Full Year Effect of Living Wage, Sleepovers and Sustainability in Care Home Sector	2.490
Disregarding War Pension Income from Financial Assessments and Preparation for Implementation of the Carers Act from April 2018	0.180
TOTAL	2.670

Overall Partnership Position

- 6.2 Subject to Clackmannanshire Council and NHS Forth Valley approving their budgets on 27 and 28 March respectively, the table below illustrates the baseline budget proposals from the constituent authorities and their compliance with the terms of the Scottish Budget.

Table 4

	Clackmannanshire Council £m	Stirling Council £m	NHS Forth Valley £m
Baseline Funding	15.486	31.954	116.988
Proposed Base 2017/18 Resource Transfer	15.341	31.449	116.988
£m Increase / (Decrease)	(0.145)	(0.505)	0.000
% Increase / (Decrease)	(0.94)%	(1.58)%	0.00%
Minimum Payment to IJB Permitted	14.716	30.724	116.988
£m Above/ (Below) Minimum Payment	0.625	0.725	0
Compliant with Terms of Scottish Budget	YES	YES	YES

- 6.3 The overall resources available to the partnership to support the delivery of the Strategic Plan in 2017/18 is summarised in the table below. It should be noted this includes £0.18m of 2017/18 Social Care funding which is still to be allocated in year from the Scottish Government.

Table 5

Summary of Overall 2017/18 Partnership Budget	
<i>Proposed Base 2017/18 Resource Transfers</i>	
	£m
Clackmannanshire Council	15.341
Stirling Council	31.449
NHS Forth Valley	116.988
Indicative Non-Recurring NHS Funding	2.347
<i>Partnership Funding</i>	
Integrated Care Fund and Delayed Discharges Funding	3.224
Integration (Social Care) Funding Not included within Local Authority Resource Transfers	<u>3.107</u>
Total Excluding Reserves	172.456
Estimated General Reserves	0.674
Estimated Earmarked Reserves	<u>1.923</u>
Total Including Reserves	<u>175.053</u>

6.4 Specific budget considerations in relation to each of the constituent authorities are detailed below.

Clackmannanshire Council

6.5 A special meeting of Clackmannanshire Council will be held on 27 March 2017 to consider the General Services Revenue and Capital Budget for 2017/18.

6.6 Sections 6.18 to 6.24 and Appendix M of the Budget Report sets out the proposed resource transfer to the IJB. An extract of the budget report is attached as appendix I.

6.7 The proposed resource transfer is a net reduction of 0.94% from the rollover budget and is £0.625m greater than the lowest permissible resource transfer under the terms of the Scottish Budget (£15.486m-£0.770m)

6.8 It also represents less of a reduction than the Council has faced in terms of the overall reduction to the Council's General Revenue Grant.

Stirling Council

6.9 A special meeting of Stirling Council considered and approved the Revenue Budget and Determination of Council Tax on 23 February 2017.

- 6.10 Sections 3.67 to 3.74 of the Budget Report set out the proposed resource transfer to the IJB and these are summarised in table 5 (above). An extract of the budget report is attached as appendix II.
- 6.11 The budget considerations by the Council also noted that consideration be given to additional funding being made available to address the pressures currently placed on the social care budget, both children (which are outwith the scope of the IJB) and adults. As a result of these considerations, the Council have established a social services growth fund totalling £1.8m. If additional funds were to be made available by Stirling Council to adult social care from this funding, this would increase the transfer detailed above by an appropriate amount in line with the terms of the Integration Scheme.
- 6.12 The proposed resource transfer is a net reduction of 1.58% from the 2016/17 budget and is £0.725m greater than the lowest permissible resource transfer under the terms of the Scottish Budget (£31.954m-£1.230m). Any additional funding allocation to adult social care in line with the considerations detailed in 4.8 of this report would reduce the net reduction.

NHS Forth Valley

- 6.13 NHS Forth Valley will consider its 2017/18 Financial Plan on 28 March 2017.
- 6.14 As per the budget update presentation to the Integration Joint Board meeting of 1 February 2017, a 'flat-cash' budget transfer to the Integration Joint Board is proposed.
- 6.15 This requires sufficient savings to be generated to cover inflationary pressures including pay, prices and prescribing.
- 6.16 Savings plans and proposals have been generated within the current Directorate Structure, risk assessed within the NHS Board's Draft Financial Plan, and the effect on the in-scope services for the Partnership analysed and categorised as follows:
- Service Redesign
 - Reducing Temporary Workforce Costs
 - Prescribing
 - Housekeeping and Other Small Scale Savings
 - Reductions in Payments to External Bodies (5%)

A categorised summary of these savings proposals is attached as Appendix VII to this report.

- 6.17 Some of the NHS savings proposals will involve significant change in the way in-scope services are delivered and further detail on these will be brought forward to the IJB for consideration at the June IJB meeting.
- 6.18 The position in terms of the in-scope NHS budgets is summarised in table 6 below.

Table 6

	£m
Recurrent Base Budget @ Jan 2017	116.988
Indicative Non-Recurrent Budget	2.347
Indicative Total Budget 2017/18	119.335
Inflationary Pressure 2017/18	2.456
Savings Plans Identified	1.910
16/17 Underspend (operational & universal services)	0.647
Estimated Risk re Set- Aside Budget	(0.290)
Estimated net position if all savings plans fully delivered in year	0.189

- 6.19 Clearly there is significant risk that all savings plans are not fully delivered in year. There are also further areas of savings potential being assessed, including supporting the use of the 'Scriptswitch' decision support tool, to maximise rational prescribing and reduce prescribing costs without detrimentally affecting the quality of patient care.
- 6.20 Significant amounts of non-recurrent funding in relation to in-scope services, such as funding in relation to the Carers Information Strategy, Sexual Health Strategy, Scottish Enhanced Services Programme etc. are received from the Scottish Government each year. In order to give the Integration Joint Board as accurate as possible an indication of the total resources available, an estimate of the total of this funding in relation to in-scope services has been included in Table 6.

Partnership Funding – Integrated Care Fund and Delayed Discharges

- 6.21 As the Integrated Care Fund and Delayed Discharges funding are included within NHS Boards recurrent funding, it is reasonable for the Integration Joint Board to assume these funding streams will continue.
- 6.22 These funds, however, require to be used to support transformational change and delivery of the Strategic Plan priorities in line with the principles detailed in the letter from Scottish Government in July 2016. A copy of this letter is attached as Appendix V.
- 6.23 It is intended that a further review of Partnership Funding, including plans to address the previously reported risk of over commitment linked to the Delivery Plan, will be brought to the June meeting for consideration.

7. Assessment of Overall Partnership Position and Financial Risk

- 7.1. The level of financial pressure experienced across in-scope services in 2016/17 coupled with the implications for the constituent authorities, and therefore the partnership, from the 2017/18 Scottish budget settlement, sets an increasingly difficult context within which to deliver the services and priorities of the Strategic Plan.
- 7.2. It can be observed from the projected 2016/17 outturn that the baseline pressures are more acute in relation to the budgets delegated to Clackmannanshire Council. It should, however, be noted that efforts continue to mitigate the levels of overspend projected.
- 7.3. Adding to this baseline pressure is a projected shortfall in relation to the Integration Funding primarily in relation to the full year cost of implementing the Scottish Living Wage including the uplift in the hourly rate to £8.45.
- 7.4. Assuming ongoing work on managing demand pressures and delivering quantified savings and efficiency programmes is successful, there currently remains significant risk of overspend across the Partnership budget in 2017/18.
- 7.5. Further work is ongoing in quantifying this risk and identifying mitigation strategies and actions. An estimated current quantification of the risk is detailed in the table below. Further detail on this will be included in the presentation to accompany this paper.

Table 7

	£m
2016/17 Projected Overspends (Local Authorities)	1.261
Less: Elements of Above Funded within 2017/18 Pressures	(0.341)
Add: Potential Shortfall in Integration Funding including Living Wage	<u>0.864</u>
Net Estimated Financial Risk into 2017/18	<u><u>1.784</u></u>

- 7.6 Financial risk of this magnitude requires both swift and collaborative action across the Partnership to deliver services within resources available.

8. Key Financial Risks

8.1. The key financial risks facing the partnership in 2017/18 and beyond are:

- Short, medium and longer term financial sustainability of the Partnership.
- The full year cost of implementing the living wage including the increase in the hourly rate to £8.45.
- Delivery of sufficient savings and efficiency programmes to deliver services within resources available across the Partnership.
- Not all providers sign up to the 2017/18 National Care Home Contract settlement
- Implementation of the Carers Act from 1 April 2018 generates additional unfunded demand for services.
- Planning Risk in relation to the Set Aside Budget for large hospital services.

8.2 The Integration Joint Board's Strategic Risk Register will be updated to reflect the key financial risks detailed in this report.

9. Directions

9.1 Directions are the legally binding instrument through which the Integration Joint Board commissions the constituent authorities to carry out the statutory functions and implement the approved Strategic Plan.

9.2 Directions are issued by the Integration Joint Board to its constituent authorities (Clackmannanshire Council, NHS Forth Valley and Stirling Council) under Section 26 of the Public Bodies (Joint Working) Scotland Act 2014 (the **2014 Act**) and are subject to the terms of Sections 27 and 28.

9.3 No statutory form and content for such Directions has been prescribed by the Scottish Government but the Directions must be sufficiently precise and identifiable to ensure that each legal obligation imposed on the constituent authorities is readily capable of compliance. The 2014 Act specifies that Directions must be in writing. The form of that written instrument (e.g. letter, report, minute) is not specified. It is proposed that in the interests of clarity and, following the procedure established in 2016/17, the Directions be issued in the form of a letter from the Chief Officer of the Integration Joint Board to the Chief Executives of each of the constituent authorities in respect of the functions relevant to them.

- 9.4 Directions can be varied or revoked by any subsequent Direction (s.27(5)(a) 2014 Act) and therefore the issue of any Direction does not limit the ability of the Integration Joint Board, during the period stated in the Direction, to react to any material change of circumstances which may impact upon service delivery in terms of the Partnership's Strategic Plan and objectives.
- 9.5 It is recommended that the constituent authorities be directed to continue to deliver services and discharge functions on and after 1 April 2017 in the manner prescribed in the 2016/17 Directions and that such general direction is further caveated as follows:
- (i) that any significant changes to service delivery be referred back to the IJB to ensure it retains oversight

A copy of the proposed Directions is contained in Appendix VIII.

10. Summary

- 10.1. The resource transfers or payments proposed by the constituent authorities are both consistent with the terms of the Scottish Budget and are fair and reasonable, taking into account the overall settlements.
- 10.2. However, the financial pressures related to the full year cost of implementing the living wage and financial gaps are not yet matched with developed plans to ensure service delivery is within the resources available, as quantified in table 7. This means that urgent additional measures will be required to ensure the Partnership can deliver services within available resources.
- 10.3. It is critical that the constituent authorities work collaboratively across the Partnership to ensure that the Delivery Plan develops to incorporate the actions needed to bring costs in line with available resources whilst aligning to the Strategic Plan priorities.
- 10.4. Given the projected financial gap and financial risks detailed within this report, and in line with the terms of the Integration Scheme, a Budget Recovery Plan requires to be prepared for the Integration Joint Boards oversight. The Delivery Plan which will be presented to the April IJB will contain a degree of additional detail on efficiency and savings programmes. However further actions will be required to bring the costs of service delivery in line with resources available.
- 10.5. Therefore it is proposed that the Leadership Group is tasked with producing a Budget Recovery Plan, linked to the Delivery Plan, for presentation to the June Integration Joint Board meeting.
- 10.6. There is a risk that the process of Directions simply has the effect of transferring financial risk around the system, rather than focussing on working collaboratively across the Partnership to develop solutions to the challenges

we face. This approach is highly likely to increase the financial risks rather than reduce them, and needs to be avoided.

11. Resource Implications

11.1 The resource implications are detailed in the body of the report.

12. Impact on Strategic Plan Priorities and Outcomes

12.1 The Integration Joint Board budget, including Partnership funding streams, represents the resources available for the deployment across the Partnership to support the delivery of the Partnership's Strategic Plan.

13. Legal & Risk Implications

13.1 The significant risks in relation to the Integration Joint Board budget are detailed within the body of the report.

14. Consultation

14.1 The Integration Joint Board Chief Officer, Depute Chief Executive of Clackmannanshire Council, Chief Finance Officer of Stirling Council and Director of Finance of NHS Forth Valley has been consulted with on the content of this report.

14.2 The additional measures required to deliver services within resources available may require further consultation and this should be linked to the process to further develop the Delivery Plan.

15. Equality and Human Rights Impact Assessment

15.1 No equality and human rights issues arising directly in relation to this report.

16. Exempt reports

16.1 Not Exempt

Health and Social Care Integration

- 6.18 The pan Forth Valley Finance workstream group has continued to meet and work collaboratively during 2016/17. In addition, this year, separate strategic finance meetings have been held with the Chief Officer, Chief Finance Officer of the Integrated Joint Board (IJB), the Chief Finance Officer of NHS Forth Valley and the two Section 95 Officers from Stirling and Clackmannanshire Councils.
- 6.19 The completion of the due diligence work in 2015/16 provided an indicative baseline for Resource Transfer for future years. Consequently, the 2016/17 Resource Transfer has provided the baseline for that proposed for 2017/18.
- 6.20 In Finance Circular 9/2016, an additional £107 million has been allocated to IJBs via the NHS, to fund the Living Wage, removal of social care charges for those in receipt of war pensions and pre-implementation work in respect of the new carers legislation pressures. On this basis, it is proposed that such pressures, as identified by Social Work, will not be funded by the Council. Council should, however, note that the funding allocated does not fully cover the estimated costs of implementing these initiatives and will create a pressure for the IJB, of which the Council is a key strategic partner, to manage.
- 6.21 Additionally, the Circular states that councils are able to adjust their allocations to IJBs in 2017/18 by up to their share of £80m below the agreed 2016/17 budget. In Clackmannanshire this equates to a reduction of up to £770k. This position should be considered alongside the considerable value of pressures (£3.2m for 2017/18) submitted by Adult Social Work which accounts for the vast majority of in scope services for the IJB, and the potential for efficiencies within the service to mitigate some of these pressures.
- 6.22 The proposed Resource Transfer detailed at Appendix M seeks to strike a balance between establishing a deliverable Budget for the service whilst retaining a degree of challenge for the service to further mitigate some of the pressures identified for 2017/18. It takes account of some but not all pressures and includes some new savings which are proposed in Appendix F. The proposed Resource Transfer funds the following 2017/18 pressures:
- pay inflation
 - apprenticeship levy
 - unachievable savings
 - Adult Social Work staff cost pressure associated with the ending of Shared Services
 - a proportion of the demographic activity experienced in 2016/17 which resulted in the 2016/17 overspend.

- 6.23 The proposed Resource Transfer of £15.341m is a £232K reduction on the previously proposed figure of £15.573m (23 February 2017). This amendment was proposed following a challenge session with senior service management.
- 6.24 In setting the IJB Budget at the end of March 2017, it is anticipated that the Chief Officer and Chief Finance Officer will set out their proposed approach for managing service delivery within the IJB's available financial resource envelope.

Extract from Stirling Council budget Appendix II

Health & Social Care Integration

- 3.67 From 1 April 2016, Stirling Council, Clackmannanshire Council and NHS Forth Valley entered into a formal partnership agreement to deliver integrated health and adult social care services across the Stirling and Clackmannanshire areas. The formal vehicle for delivering these services is the Clackmannanshire and Stirling Integration Joint Board (IJB).
- 3.68 The IJB has developed a Strategic Plan, which sets out how the Board will plan to develop health and social services in the Stirling and Clackmannanshire areas in the coming years. Crucial to that Strategic Plan will be the resources available to the IJB which will be transferred from the two councils and NHS Forth Valley, and much of the due diligence has focused on the examination of those resources. The basis for the resource transfer will be the 2016/17 budget for in-scope services, as adjusted for any growth or PBB savings.
- 3.69 As part of the 2016/17 Finance Settlement, the Scottish Government provided a sum of £3.8M, being Stirling's share of the national £250M Integration Fund, to fund pressures in Health and Social Care services, introduce the living wage for independent and third sector care providers and improve outcomes for older people in the area who may access health and social care services. These resources have helped to enhance delivery of the IJB strategic plan, fund the roll out of the living wage to external care providers and address existing cost pressures within Adult Services. The Finance Settlement for 2017/18 has allocated further money into the Integration Funds to meet the full year effect of the living wage, sustainability in the social care sector, disregard of war pensions for financial assessments and the implementation of carers legislation. The sum allocated nationally for these pressures is £107M, and Stirling's share of that will be £1.642M.
- 3.70 Furthermore, to reflect this additional support from Health Boards to Integration Authorities, Local Authorities will be able to adjust their allocations to Integration Authorities in 2017/18 by up to their share of £80M, the level of budget to be agreed with their Integration Authority for 2016/17. Stirling's share of the £80m is £1.23M. This approach provides each Local Authority with flexibility on how best to use their resources, with no presumption on how this flexibility will be exercised locally - the decision will be a matter for local determination based on local needs and requirements.
- 3.71 It is proposed that the following budget be passed to the IJB for 2017/18:

	General Fund Revenue 2017/18 £M	General Fund Capital 2017/18 £M	HRA Revenue & Capital 2017/18 £M	Total 2017/18 £M
Budget Transferred to IJB for 2016/17	31.170	0.474	0.310	31.954
Less: PBB 1-3 Savings Approved for 2017/18	(1.361)			(1.361)
Add: Inflation 2017/18	0.758			0.758
Add: Payroll adjustments 2017/18	0.098			0.098

Proposed Budget Transfer 2017/18	30.665	0.474	0.310	31.449
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- 3.72 This budget transfer proposal would therefore leave the Council within the tolerances of the budget for 2017/18 being at least at the level of 2016/17, less the share of the £80M.
- 3.73 Following Special Finance and Economy meeting in January it was noted that consideration be given to additional funding being made available to address the pressures currently placed on the social care budget, both children's and adults. If additional funds were to be made available by Stirling Council to adult social care, this would increase the transfer detailed above by an appropriate amount.
- 3.74 As well as the above budget transfer from Stirling Council, the IJB will also have strategic control of Stirling's share of funding from the Integration Fund, as detailed in 3.69 above, in relation to the allocation made in 2016/17 and the further allocation made in 2017/18. This funding technically sits outwith the Local Government Finance Settlement, and instead sits within the Health portfolio, but to the extent to which this funding meets in-scope social care activities, the funding is ultimately used to underpin local government expenditure.

Appendix III

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

Health and Social Care Integration Directorate
Geoff Huggins, Director



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Chief Executives, Local Authorities

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

18 January 2017

Dear Colleagues

Draft Budget 2017-18

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

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

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

Yours faithfully

GEOFF HUGGINS

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

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

Health and Social Care Integration Directorate
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**Chief Officers – Integration Joint Boards
Local Authority Chief Executives
NHS Chief Executives**

Our ref: ICFL2

5 July 2016

Dear Colleague,

INTEGRATED CARE FUND – 2016-2018

Geoff Huggins, Director for Health and Social Care Integration, wrote to you on 24 March to confirm that, via the Integrated Care Fund (ICF), a further £100m will be made available to Health and Social Care Partnerships in each of the financial years 2016/17 and 2017/18.

Geoff's letter set out that allocations to individual Partnerships will be maintained; noted that the ICF may, with local agreement and in accordance with local priorities, be used for any functions and services delegated to Partnerships; and indicated that further guidance would be issued on arrangements for planning and monitoring use of the ICF. This letter provides that guidance.

Given that arrangements for integration are now live across Scotland, as per the Public Bodies (Joint Working) (Scotland) Act 2014, we are keen to ensure that planning and reporting arrangements for the ICF are congruent with the broader requirements on Health and Social Care Partnerships that relate to strategic commissioning and annual reporting. With that in mind, as of this year we no longer require you to produce a separate plan and retrospective report on your use of the ICF. You should instead ensure that your planned use of the ICF is set out in your Partnership's strategic commissioning plan and accompanying annual financial statement, and that it is reported upon retrospectively via the Partnership's annual performance report.

You should of course continue to use local data to evidence the impact and effectiveness of your ICF investment, along with that of local services broadly, and your use of the ICF should continue to be based around the principles outlined in Annex A, focussing on prevention, early intervention, and care and support for people with complex and multiple conditions.

Please contact Brian Nisbet on 0131 244 3588, or by e-mail: brian.nisbet@gov.scot, if you have any queries regarding this letter or the ICF.

Yours faithfully

Alison Taylor

Alison Taylor
Head of Integration Division

Integrated Care Fund: principles

The Ministerial Strategic Group for Health and Community Care, the Scottish Government, COSLA, NHS Scotland and third and independent sector partners have agreed that six principles should underpin the use of the Integrated Care Fund:

1. **Co-production** – the use of the Fund must be developed in partnership, primarily between health, social care, housing, third sector, independent sector, people who use support and services and unpaid carers. It should take an inclusive and collaborative local approach that seeks out and fully supports the participation of the full range of stakeholders, particularly the third sector, in the assessment of priorities and delivery of innovative ways to deliver better outcomes
2. **Sustainability** – the Fund needs to lead to change that can be evidenced as making a difference that is sustainable and can be embedded through mainstream integrated funding sources in the future.
3. **Locality** – the locality aspects must include input from professionals, staff, users and carers and the public. Partnerships should develop plans with the people who best know the needs and wishes of the local population. Such a bottom-up approach should maximise the contribution of local assets including the third sector, volunteers and existing community networks. Partners will be expected to weight the use of their funding to areas of greatest need.
4. **Leverage** – the funding represents around 1% of the total spend on adult health and social care so must be able to support, unlock and improve the use of the total resource envelope. Our approach to strategic commissioning will be key to this so it is important that plans for the use of this resource are embedded in the strategic commissioning process.
5. **Involvement** – Partnerships should take a co-production, co-operative, participatory approach, ensuring the rights of people who use support and services and unpaid carers are central to the design and delivery of new ways of working – delivering support and services based on an equal and reciprocal person centred relationship between providers, users, families and communities. These relationships should be evidenced within each partnership's plans.
6. **Outcomes** – partnerships will be expected to link the use of the funds to the delivery of integrated health and wellbeing outcomes for adult health and social care which will be the responsibility of the new Integration Joint Boards or lead agencies following enactment of the legislation for integration

Appendix VI

Clackmannanshire Council: Adult Social Services Savings (Extract from Council Budget Paper)

Project Reference	Project Name	Basis of Proposal	2017/18 Saving £'000
SW 178 001	Respite Care for Adults	Budget Revision for Respite Care for Adults and Older People that will be actualised by robust review and agreed eligibility for respite Saving from the adult services budget by ensuring scrutiny of care packages, compliance with eligibility criteria and good financial governance	(50)
SW 178 002	Adult Social Care		(542)
Total			(592)

Stirling Council : Social Services Savings 2017/18 - Adults Programme

Project Reference	Project Name	Basis of Proposal	2017/18 Saving £'000
SCS001	Review and Rationalise Redesign of all Adult Learning Disability Services		(197)
SOC010	Roll-out Reablement to Under 65s	Extend reablement to physical disability from 14/15 onwards and phase in based on new clients and reduced packages.	(83)
SOC002	Review of Commissioning Activity	Savings from lower Learning Disability Long Term Care packages being moved to community based packages. Small % of saving made up from MH Care at Home tendering and cost reduction in Older Peoples Day care.	(133)
SCS005	Review and Rationalise Workforce in Business Support and Infrastructure	Net Saving	(50)
SCS006	Adult Services: Management Structure Review		(198)
SCS009	Remodelling Physical Disability Services		(100)
SCS010	Remodelling Mental Health Services		(100)
COP 13	Management Structure Redesign	Share of Corporate Wide Programme	(63)
	Procurement Savings	Share of Corporate Wide Programme	(187)
Total Adult Social Services Savings			(1,111)

NHS Forth Valley - Analysis of Savings Plans in Relation to In-Scope Services**Clackmannanshire & Stirling Partnership: NHS Forth Valley Savings Analysis By Budget Category**

	£'000
Set-Aside	328
Operational	459
Universal Services	1,124
TOTAL	<u>1,910</u>

Clackmannanshire & Stirling: NHS Forth Valley Savings Analysis Summary

	£'000
Service Productivity, Redesign & Workforce	616
Reducing Temporary Workforce Costs	41
Drugs & Prescribing	1,098
Housekeeping & Other Small Scale Savings Efficiencies	113
Payments to External Bodies (5% Reduction)	42
TOTAL	<u>1,910</u>

NOTE:

Risk Ratings of Savings Plans are contained within NHS FV Draft 17/18 Financial Plan

Draft Direction

Clackmannanshire Council

31 March 2017

Dear Mrs Elaine McPherson, Chief Executive

**Direction from the Clackmannanshire & Stirling Integration Joint Board
Service Delivery and Discharge of Statutory Functions from 1 April 2017**

This letter hereby constitutes a Direction under Section 26(1) of the Public Bodies (Joint Working) (Scotland) Act 2014 from the Integration Joint Board to your authority, Clackmannanshire Council.

Clackmannanshire Council is hereby directed by the Clackmannanshire & Stirling Integration Joint Board (**IJB**) from 1 April 2017, to continue to deliver the integrated services and to discharge the statutory functions delegated to the IJB under the Integration Scheme (between Clackmannanshire Council, NHS Forth Valley and Stirling Council approved by Scottish Ministers on or around 17 September 2015) in line with operational practice immediately prior to 1 April 2017. Namely, those functions provided for at Annex 2 Part 1 and those services detailed at Annex 2 Part 2.

Such continuation of delivery of in-scope services and discharge of in-scope statutory functions by your authority, Clackmannanshire Council, is hereby deemed to be subject to the following:

1. In-scope statutory functions are to be delivered within the relevant budget of £15.341m prescribed by the Integration Joint Board within the Financial Statement in the IJB's Strategic Plan [as approved by the IJB on 29 March 2017]; and in a manner consistent with the IJB's Strategic Plan approved on 22 March 2016;
2. The prescribed budget(s) at 1 above shall be used by Clackmannanshire Council to enable it to continue to deliver in-scope services and discharge in-scope statutory functions in accordance with this Direction;
3. Any significant decisions as to in-scope service delivery or discharge of any in-scope statutory function after 1 April 2017 being referred back to the IJB for its consideration prior to implementation; and
4. Any future Direction by the IJB as to the in-scope service to be delivered or the in-scope statutory function to be discharged by Clackmannanshire Council.

Yours sincerely

Shiona Strachan
Chief Officer, Clackmannanshire & Stirling Integration Joint Board

Draft Direction

Forth Valley Health Board

31 March 2017

Dear Mrs Jane Grant, Chief Executive,

Direction from the Clackmannanshire & Stirling Integration Joint Board Service Delivery and Discharge of Statutory Functions from 1 April 2017

This letter hereby constitutes a Direction under Section 26(1) of the Public Bodies (Joint Working) (Scotland) Act 2014 from the Integration Joint Board to your authority, Forth Valley Health Board.

Forth Valley Health Board is hereby directed by the Clackmannanshire & Stirling Integration Joint Board (**IJB**) from 1 April 2017, to continue to deliver the integrated services and to discharge the statutory functions delegated to the IJB under the Integration Scheme (between Clackmannanshire Council, NHS Forth Valley and Stirling Council approved by Scottish Ministers on or around 17 September 2015) in line with operational practice immediately prior to 1 April 2017. Namely, those functions provided for at Annex 1 Part 1 and those services detailed at Annex 1 Part 2.

Such continuation of delivery of in-scope services and discharge of in-scope statutory functions by your authority, Forth Valley Health Board is hereby deemed to be subject to the following:

1. In-scope statutory functions are to be delivered within the relevant budget of £97.421m prescribed by the Integration Joint Board within the Financial Statement in the IJB's Strategic Plan [as approved by the IJB on 29 March 2017]; and in a manner consistent with the IJB's Strategic Plan approved on 22 March 2016;
2. The prescribed budget(s) at 1 above shall be used by Forth Valley Health Board to enable it to continue to deliver in-scope services and discharge in-scope statutory functions in accordance with this Direction;
3. Forth Valley Health Board will make use of £19.567m set aside in relation to Large Hospital Services.
4. Any significant decisions as to in-scope service delivery or discharge of any in-scope statutory function after 1 April 2017 being referred back to the IJB for its consideration prior to implementation; and
5. Any future Direction by the IJB as to the in-scope service to be delivered or the in-scope statutory function to be discharged by Forth Valley Health Board.

Yours sincerely

Shiona Strachan
Chief Officer, Clackmannanshire & Stirling Integration Joint Board

Draft Direction

Stirling Council

31 March 2017

Dear Mr Stewart Carruth, Chief Executive, Stirling Council

Direction from the Clackmannanshire & Stirling Integration Joint Board Service Delivery and Discharge of Statutory Functions from 1 April 2017

This letter hereby constitutes a Direction under Section 26(1) of the Public Bodies (Joint Working) (Scotland) Act 2014 from the Integration Joint Board to your authority, Stirling Council.

Stirling Council is hereby directed by the Clackmannanshire & Stirling Integration Joint Board (**IJB**) from 1 April 2017, to continue to deliver the integrated services and to discharge the statutory functions delegated to the IJB under the Integration Scheme (between Clackmannanshire Council, NHS Forth Valley and Stirling Council approved by Scottish Ministers on or around 17 September 2015) in line with operational practice immediately prior to 1 April 2017. Namely, those functions provided for at Annex 2 Part 1 and those services detailed at Annex 2 Part 2.

Such continuation of delivery of in-scope services and discharge of in-scope statutory functions by your authority, Stirling Council, is hereby deemed to be subject to the following:

1. In-scope statutory functions are to be delivered within the relevant budget of £31.449m prescribed by the Integration Joint Board within the Financial Statement in the IJB's Strategic Plan [as approved by the IJB on 30 March 2017]; and in a manner consistent with the IJB's Strategic Plan approved on 22 March 2016;
2. The prescribed budget(s) at 1 above shall be used by Stirling Council to enable it to continue to deliver in-scope services and discharge in-scope statutory functions in accordance with this Direction;
3. Any significant decisions as to in-scope service delivery or discharge of any in-scope statutory function after 1 April 2017 being referred back to the IJB for its consideration prior to implementation; and
4. Any future Direction by the IJB as to the in-scope service to be delivered or the in-scope statutory function to be discharged by Stirling Council.

Yours sincerely

Shiona Strachan
Chief Officer, Clackmannanshire & Stirling Integration Joint Board