



Integration Joint Board
Performance and Finance Committee

4th November 2016

This Report relates to
Item 7 on the Agenda

IJB Budget Setting 2017/18

Paper presented by Katy Lewis

For Noting

Approved for Submission by	Katy Lewis, Chief Finance Officer
Author	Katy Lewis, Chief Finance Officer
List of Background Papers	Not applicable
Appendices	Not applicable

SECTION 1: REPORT CONTENT

Title/Subject: IJB Budget Setting 2017/18
Meeting: Performance and Finance Committee
Date: 4th November 2016
Submitted By: Katy Lewis, Chief Finance Officer
Action: For Noting

1. Introduction

- 1.1 This paper provides an update on the planning process and ongoing discussions to support IJB Budget Setting for 2017/18.

2. Recommendations

- 2.1. The IJB is asked to note this paper.

3. Background

- 3.1. As an IJB we are required to have an agreed financial plan in place in advance of the financial year. This paper sets out the process for agreeing the financial plan for 2017/18 and discussions to date with the partner organisations.

4. Main Body Of The Report

4.1. IJB Budget Setting 2017/18

- 4.2. Discussions are already underway for 2017/18 budget setting process. The Chief Finance Officer and Chief Officer met with the both Chief Executive of partner organisations and the Head of Finance at Dumfries and Galloway Council in September to start to discuss principles and timescales for budget setting for 2017/18.

- 4.3. What is currently clear, is that the exact detail of the 2017/18 settlement for both the Council and NHS will not be known until December at the earliest, with the Scottish Government Spending Review likely to be announced on 15th December (provisional date) following the UK Chancellors Autumn Statement on 23rd November 2016.

- 4.4. At this stage, what we know is that it will be a one year budget only (not three years as originally expected) and have no confirmation of any likely additional funding for social care or health, although we are aware that the principle of health protection in some form is likely to continue.

4.5. The settlement for 2016/17 demonstrated the complexities with assessing the impact of the spending review and the extent of reductions in allocations not always clear in the headline information. The extent of information we have for 2017/18 at this stage is very limited but we are currently planning on a worst case scenario which would see the level of reduction in budgets for 2016/17 continue into 2017/18.

4.6. **Council Budget Setting**

4.7. The Council took a paper to its June full Council meeting, setting out the processes and consultation for the budget process for 2017/18 and provided some background to the likely financial settlement. This has been included as **Appendix 1** to this paper for background and information to IJB members. The Council are currently out to consultation on their budget proposals to seek views from the public around potential areas to make savings. They expect the process to be concluded in February 2017 and have indicated a savings requirement of £20m for 2017/18.

4.8. **NHS Budget Setting**

4.9. Work is underway within the NHS to prepare the draft financial plan for 2017/18 to be discussed with Board members during November 2016. It is likely that savings of at least 5% (£13m) will be required for 2017/18. The NHS continues to experience significant inflationary and other cost pressures particularly drugs and activity demands on the service, and whilst a potential allocation increase of 1.7% is expected this is far outstripped by service demands. The NHS will also be presenting its draft budget position to the NHS Board in committee late January 2017, with a view to agreeing a final budget position by the end of March 2017.

4.10. **IJB Budget Setting Process**

4.11. When agreeing budgets for 2016/17, the IJB awaited formal proposals from each of the partner organisation in advance of taking any formal budget submission to the IJB for approval. For 2017/18, it is proposed that this work is progressed in parallel with the NHS and Council budget setting processes, with detailed budget proposals to be presented to the IJB in January 2017, on the assumption we have clarification of the settlement details by then.

4.12. The agreement to date with both the NHS and the Council is that, for the IJB budgets, the IJB will be responsible for identification of where the savings can be delivered and this work will be developed through the Chief Officer, the Chief Finance Officer and the General Managers through the budget scrutiny discussions and, given the likely scale of Cash Releasing Efficiency Savings (CRES) requirements, will be significantly challenging.

4.13. The current time table for the IJB budgets is as follows:

Table 1

28 th October 2016	Budget scrutiny meetings with Chief Officer to discuss savings proposals
4 th November 2016	Budget setting principles and process discussed and agreed at IJB
23 rd November 2016	UK spending review confirms settlement
25 th November 2016	Further work at budget scrutiny meetings with Chief Officer to refine savings proposals
Mid December 2016	Scottish spending review confirms Council and NHS settlements
26 th January 2017	Draft budget presented to IJB (may be deferred to a Performance and Finance Committee in February 2017, dependent upon progress)
30 th March 2017	Final budget position agreed by IJB

4.14. Areas for consideration in the development of the budget process will include:

- Current year outturn and impact on 2017/18 position
- Scottish Government requirements/restrictions that influence the process including the approach to the Social Care Fund and its use
- Respective Settlements of partners
- Activity Changes as assessed through the service but subject to review and scrutiny
- Inflationary impact on service
- Efficiencies and savings requirement
- Legal & Statutory Requirements & Policy
- Specific Funding (Integrated Care Fund, Social Care Fund etc)

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

5. Resource Implications

- 5.1. Funding was delegated to the partnership as part of the agreed budget arrangements in the overall financial plan for the IJB.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

- 6.1. The financial plan has a key role in supporting the delivery of the Strategic Plan.

7. Legal & Risk Implications

- 7.1. None identified.

8. Consultation

- 8.1. Chief Finance Officer, Head of Finance Dumfries and Galloway Council, Chief Officer.

9. Equality and Human Rights Impact Assessment

- 9.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment.

10. Glossary

CRES - Cash Releasing Efficiency Savings