

## APPENDIX A

### 3-Year Historic Levels of Spend Across Integrated Functions

|                           | 2015/16 (as projected at 31.01.16) |                |              |                |             | 2014/15 Outturn |                |              |                |             | 2013/14 Outturn  |        |          |         |          |
|---------------------------|------------------------------------|----------------|--------------|----------------|-------------|-----------------|----------------|--------------|----------------|-------------|--|--------|----------|---------|----------|
|                           | Projected                          | Base           | Variance     | Revised        | Variance    | Actual          | Base           | Variance     | Revised        | Variance    | Actual   | Base   | Variance | Revised | Variance |
|                           | Spend                              | Budget         |              | Budget         |             | Spend           | Budget         |              | Budget         |             | Spend  | Budget |          | Budget  |          |
|                           | 000                                | 000            | 000          | 000            | 000         | 000             | 000            | 000          | 000            | 000         | 000  | 000    | 000      | 000     | 000      |
| Joint Learning Disability | 18,291                             | 18,073         | <b>218</b>   | 18,331         | <b>-40</b>  | 17,227          | 17,604         | <b>-377</b>  | 17,476         | <b>-249</b> | No IJB joint financial reports were reported during 2013/14. Both NHS Borders and Scottish Borders Council's budget monitoring reports have been examined individually as part of the 3-year due diligence process however and any recurring issues identified and evaluated as part of the overall assurance process* |        |          |         |          |
| Joint Mental Health       | 15,534                             | 15,795         | <b>-261</b>  | 15,737         | <b>-203</b> | 15,751          | 15,176         | <b>575</b>   | 15,725         | <b>26</b>   |  |        |          |         |          |
| Joint Alcohol & Drug      | 1,065                              | 1,076          | <b>-11</b>   | 1,082          | <b>-17</b>  | 935             | 1,544          | <b>-609</b>  | 960            | <b>-25</b>  |  |        |          |         |          |
| Older People              | 24,465                             | 24,148         | <b>317</b>   | 24,442         | <b>23</b>   | 24,156          | 23,003         | <b>1,153</b> | 23,647         | <b>509</b>  |  |        |          |         |          |
| Physical Disability       | 3,255                              | 3,250          | <b>5</b>     | 3,258          | <b>-3</b>   | 3,173           | 2,816          | <b>357</b>   | 3,081          | <b>92</b>   |  |        |          |         |          |
| Generic Services          | 75,248                             | 73,932         | <b>1,316</b> | 74,610         | <b>638</b>  | 72,080          | 71,813         | <b>267</b>   | 71,813         | <b>267</b>  |  |        |          |         |          |
| SB Cares Contribution     | -475                               | -480           | <b>5</b>     | -480           | <b>5</b>    | 0               | 0              | <b>0</b>     | 0              | <b>0</b>    |  |        |          |         |          |
|                           | <b>137,383</b>                     | <b>135,794</b> | <b>1,589</b> | <b>136,980</b> | <b>403</b>  | <b>133,322</b>  | <b>131,956</b> | <b>1,366</b> | <b>132,702</b> | <b>620</b>  |  |        |          |         |          |

\*“delegated budgets will be subject to due diligence and comparison to recurring actual expenditure in the previous three years adjusted for any planned changes to ensure they are realistic. There will be opportunity in the second year of operation to adjust baseline budgets to correct any inaccuracies ” - Scottish Borders Health and Social Care Partnership Scheme of Integration



**ANNUAL FINANCIAL STATEMENT  
2016/17  
(2017/18 - 2018/19 Indicative)**

|   | 2016/17<br>£'000 | 2017/18<br>indicative<br>£'000 | 2018/19<br>indicative<br>£'000 |
|---|------------------|--------------------------------|--------------------------------|
| <b>Budgets Delegated:</b>                         |                  |                                |                                |
| <b>Scottish Borders Council Funding Delegated</b> | 46,531           | 46,583                         | 47,083                         |
| <b>NHS Borders Funding Delegated :</b>            |                  |                                |                                |
| - Primary & Community Services                    | 87,352           | 87,272                         | 87,685                         |
| - Large Hospital Budget                           | 18,128           | 18,160                         | 18,325                         |
| - Social Care Fund                                | 5,267            | 5,267                          | 5,267                          |
| <b>Total Delegated Funding</b>                    | <b>157,278</b>   | <b>157,282</b>                 | <b>158,360</b>                 |

## Expenditure Plans per 2016/17 Financial Plans:

### Scottish Borders Council\*

#### Expenditure Plans:

|                                   |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| Adults with Learning Disabilities | 14,674        | 14,909        | 15,175        |
| Older People                      | 28,116        | 27,856        | 27,900        |
| Generic Services                  | 3,659         | 3,663         | 3,762         |
| People with Mental Health Needs   | 2,168         | 2,177         | 2,201         |
| People with Physical Disabilities | 3,180         | 3,245         | 3,312         |
|                                   | <b>51,797</b> | <b>51,850</b> | <b>52,350</b> |

### NHS Borders

#### Expenditure Plans:

|  |               |               |               |
|--|---------------|---------------|---------------|
| Learning Disability                        | 3,599         | 3,645         | 3,692         |
| Mental Health                              | 14,015        | 14,194        | 14,376        |
| GP Prescribing                             | 22,437        | 23,320        | 24,380        |
| General Medical Services                   | 16,933        | 16,933        | 16,933        |
| Non-Cash Limited Service                   | 5,524         | 5,524         | 5,524         |
| Other Generic Primary & Community Services | 24,845        | 23,656        | 22,780        |
|  | <b>87,353</b> | <b>87,272</b> | <b>87,685</b> |

### Large Hospital Budget Set Aside

|                                 |               |               |               |
|---------------------------------|---------------|---------------|---------------|
| Large Hospital Budget Set Aside | 18,128        | 18,160        | 18,325        |
|                                 | <b>18,128</b> | <b>18,160</b> | <b>18,325</b> |

|                                  |                |                |                |
|----------------------------------|----------------|----------------|----------------|
| <b>Total Planned Expenditure</b> | <b>157,278</b> | <b>157,282</b> | <b>158,360</b> |
|----------------------------------|----------------|----------------|----------------|

\* When setting the budget for 2016/17, Scottish Borders Council has assumed that £5.274m will be available from Social Care funding to support the delivery of social care services above and has included this amount within the expenditure plans above - See Page 2

| Social Care Funding Investment in Pressures                  |  | 2016/17<br>£'000 |                      |
|--|--|------------------|----------------------|
| Homecare budget  |  | 300              | Historic Demographic |
| Older People demographic increases                           |  | 234              | Current Demographic  |
| Increased young adults with learning / physical disabilities |  | 549              |                      |
|  |  |                  | Current Demographic  |
| Living Wage (from 1st October 2016)                          |  | 1,474            | Living Wage          |
| Health & Social Care Partnership Uncommitted                 |  | 2,717            | Uncommitted          |
|  |  | <b>5,274 *</b>   |                      |

*\*Basis of Assumption: "That of the £250 million, £125 million is provided to support additional spend on expanding social care to support the objectives of integration, including through making progress on charging thresholds for all non-residential services to address poverty. **This additionality reflects the need to expand capacity to accommodate growth in demand for services as a consequence of demographic change.***

*That of the £250 million, £125 million is provided to help meet a range of existing costs faced by local authorities in the delivery of effective and high quality health and social care services in the context of reducing budgets. **This includes the Scottish Government and partners' joint aspiration to deliver the Living Wage for all social care workers** as a key step in improving the quality of social care. The allocation of this resource will enable councils to ensure that all social care workers including in the independent and third sectors are paid £8.25 an hour."*

*(Actual Allocation is £5.267m, compared to assumed £5.274m)*

### Reconciliation: Other SBC Investment in Pressures

|  |              |
|--|--------------|
| Transfer of homecare to SBCares        | 279          |
| Night-time support sleep-ins           | 280          |
| Increase in direct payment rate        | 449          |
| Revised homecare hourly rate           | 197          |
| Commissioned Services General          | 60           |
| Reduction in Client Charging Income    | 130          |
| Other Pressures (e.g. COSLA RCH upift) | 40           |
|  | <b>1,435</b> |
|  | <b>6,709</b> |

### NHSB Investment in Pressures

|                                 |              |
|---------------------------------|--------------|
| Primary & Community Services:   |              |
| Drugs & GP Prescribing          | 1,495        |
| Pay & Price Inflation           | 497          |
| NI Increase                     | 661          |
|                                 | <b>2,653</b> |
| Large Hospital Budgets:         |              |
| Pay & Price Inflation           | 296          |
| NI Increase                     | 301          |
| Acute & Geriatric Model of Care | 461          |
|                                 | <b>1,058</b> |

## SBC Savings

|   | 2016/17<br>£'000<br>recurring | 2016/17<br>£'000<br>n/recurring | 2016/17<br>£'000<br>total |
|---|-------------------------------|---------------------------------|---------------------------|
| Supporting Independence when providing Care at Home | (316)                         | 0                               | (316)                     |
| Further contribution of surplus from SB Cares       | (547)                         | 0                               | (547)                     |
| Reduction in the costs of Commissioning             | (378)                         | 0                               | (378)                     |
| Residential and Home Care Efficiencies and Income   | (235)                         | 0                               | (235)                     |
| Assessment and Care Management                      | (100)                         | 0                               | (100)                     |
| Staffing  | (300)                         | 0                               | (300)                     |
| Adults with Learning Disabilities Efficiencies      | (549)                         | 0                               | (549)                     |
| Older People Efficiencies                           | (234)                         | 0                               | (234)                     |
| Other   | (4)                           | 0                               | (4)                       |
|   | <b>(2,663)</b>                | <b>0</b>                        | <b>(2,663)</b>            |

## NHSB Savings

|  | 2016/17<br>£'000<br>recurring | 2016/17<br>£'000<br>n/recurring | 2016/17<br>£'000<br>total |
|--|-------------------------------|---------------------------------|---------------------------|
| Nursing Skill Mix Review                                   | (93)                          | 0                               | (93)                      |
| Non Support Service Admin                                  | (118)                         | 0                               | (118)                     |
| Supplies Uplift 2016/17                                    | (235)                         | 0                               | (235)                     |
| Travel Costs   | 0                             | (95)                            | (95)                      |
| Suspend Clinical Excellence Fund 2016/17                   | 0                             | (186)                           | (186)                     |
| Clinical Productivity                                      | (750)                         | 0                               | (750)                     |
| Borders Wide Day Hospitals Review                          | (200)                         | 0                               | (200)                     |
| Drugs & Prescribing  | (600)                         | 0                               | (600)                     |
| Review Step Down Facilities                                | (200)                         | (350)                           | (550)                     |
| Improving Pathway of Care                                  | (640)                         | 0                               | (640)                     |
| MH & LD Management Costs                                   | (100)                         | 0                               | (100)                     |
| AHP Models of Care   | (100)                         | 0                               | (100)                     |
| Review Public Health                                       | 0                             | (150)                           | (150)                     |
| Other Schemes  | (100)                         | 0                               | (100)                     |
| <b>Total Savings Proposed</b>                              | <b>(3,136)</b>                | <b>(781)</b>                    | <b>(3,917)</b>            |
| Target Savings   | 3,261                         | 979                             | 4,239                     |
| <b>Net (deficit)/surplus</b>                               | <b>(125)</b>                  | <b>(198)</b>                    | <b>(322)</b>              |
| Ringfenced Allocations                                     | (471)                         | 0                               | (471)                     |
| <b>Total savings (deficit)/surplus on delegated budget</b> | <b>(596)</b>                  | <b>(198)</b>                    | <b>(793)</b>              |



## Scottish Borders Health and Social Care Partnership

### Financial Assurance Summary of Key Risks

|     |        |  |
|-----|--------|--|
| RED | Red    | Requires immediate action for 2016/17  |
| AMB | Amber  | May require further action as circumstances determine or 2017/18 and beyond impact |
| YEL | Yellow | Prevalent risk, but sufficient mitigation in place for 2016/17                     |

| No. | RAG | Risk Area              | Risk   | Mitigation / Assurance  | Report Ref. |
|-----|-----|------------------------|--|---|-------------|
| 1   | AMB | Absolute Affordability | Scottish Government allocation to NHSB on 26 February remains provisional until final confirmation, May 2016 and may change  | <ul style="list-style-type: none"> <li>The delegated budget from NHS Borders to the IJB and the basis of provision will be reviewed following final settlement of 2016/17 funding levels and if required, there will be appropriate discussion between all partners as to how any financial impact on the level of delegated or notional budgets will be addressed through a combination of options</li> </ul>  | 3.7a        |
| 2   | RED | Absolute Affordability | NHS Borders resource allocation to the IJB is not, at the current time, fully funded by the necessary value of efficiency savings, resulting in an affordability gap presently (£793k) | <ul style="list-style-type: none"> <li>Discussions continue to calculate, identify and allocation potential efficiency savings across all NHS Borders delegated and non-delegated functions</li> <li>It will be the responsibility of the IJB, through the use of Directions, to identify the functions and, if required, service areas within which targeted savings will require to be made, with reference to the impact on the Strategic Plan in order to address current resource gaps within both ringfenced and non-ringfenced elements of the delegated budget</li> </ul> | 3.7b        |



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| No. | RAG | Risk Area               | Risk  | Mitigation / Assurance   | Report Ref. |
|-----|-----|-------------------------|---|--|-------------|
| 3   | AMB | Existing Financial Risk | Required addressing of all historic and existing of financial risks has not been sufficiently provided for as part of partners 2016/17 financial planning processes | <ul style="list-style-type: none"> <li>•Due diligence over budget / spend profiles 2013/14 - 2015/16 has identified historic and current areas of financial pressure within delegated budgets</li> <li>•Partners' financial plans 2014/15 and 2015/16 reflecting targeted investment into areas of identified risk / financial pressure</li> <li>•Efficiencies/Savings proposals within partners' 2016/17 financial plans target identified key areas of historic pressure e.g. GP Prescribing, Direct Payments, etc</li> <li>• Use of Social Care funding in line with Scottish Government's stated intentions to alleviate pressure within key areas e.g. demographic increase budget shortfalls</li> <li>•Other financial plan investment / uplift applied against areas of identified historic and current financial pressure</li> </ul> | 2.6         |



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| No. | RAG | Risk Area               | Risk  | Mitigation / Assurance  | Report Ref.  |
|-----|-----|-------------------------|---|---|--------------|
| 4   | AMB | Existing Financial Risk | The level of all planned efficiency and other savings required to ensure overall budget affordability is significant and there may be areas where savings are not delivered in full   | <ul style="list-style-type: none"> <li>•Provision of periodic monitoring reports to the Strategic Planning Board / IJB on a frequent basis will identify the projected financial impact of any anticipated or experienced delivery issues</li> <li>•Corporate governance programmes within both partner organisations will provide challenge to and assurance over the timely delivery of all required management actions and their resultant financial impact</li> </ul> | 3.12 to 3.17 |
| 5   | YEL | Emerging Financial Risk | Whilst the partnership's Strategic Plan is a medium-term document spanning 3 financial years, both NHS Borders and Scottish Borders Council will receive only a 1-year financial statement and therefore future delegated and notional budget figures are only indicative and will be subject to change as a result of these external factors | •In line with the Scheme of Integration, there is an agreed process for a fully integrated financial planning process that will enable a range of factors to be considered as part of future years' financial plans, taking full account of known or projected Scottish Government funding levels and priorities expressed within the partnership's Strategic Plan  | 3.7          |





## Scottish Borders Health and Social Care Partnership

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| YEL | Yellow | Prevalent risk, but sufficient mitigation in place for 2016/17                     |

| No. | RAG | Risk Area               | Risk   | Mitigation / Assurance   | Report Ref. |
|-----|-----|-------------------------|--|--|-------------|
| 6   | YEL | Emerging Financial Risk | Further cost pressures may emerge during 2016/17 that are not yet projected or provided for within either partner's 2016/17 financial plan, nor the resources delegated to the IJB e.g emergence of new drugs/technology or the outcome of the current Care at Home tender process | <ul style="list-style-type: none"> <li>•Scheme of Integration along with recommended best practice allows for partners to address emerging pressures across delegated functions in-year through the transfer of additional resources from non-delegated functions if required and available</li> <li>•A programme of remedial action may be agreed by the IJB and, if required, its partners in-year in order to direct the delivery of savings across delegated functions to meet any unforeseen cost pressures through supplementary Directions</li> <li>•Potential use of uncommitted Social Care funding to meet any specific pressures arising</li> <li>•Development of a medium-term financial strategy during 2016/17 will provide for meeting emerging pressures as they arise in relation to future years' impacts</li> </ul> | 5.1-5.6     |



## Scottish Borders Health and Social Care Partnership

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| No. | RAG | Risk Area               | Risk   | Mitigation / Assurance  | Report Ref. |
|-----|-----|-------------------------|--|---|-------------|
| 7   | AMB | Emerging Financial Risk | <p>Waiving of Carers Charges - The Cabinet Secretary has stated that there would be no new money to support the implementation of this regulation during 2016/17. However, in recognising that Local Authorities may incur cost pressures as a result of this regulation, indicated that the £125 million provided to IJBs in this years' settlement to accommodate growth in demand for services and support the objectives of integration, could be utilised to meet any costs of waiving charges to carers should councils chose to use their powers to support carers.</p> <p>Increase in the charging threshold for all non-residential services will reduce the overall level of income from charging for non-residential care by an estimated £150k</p> | <ul style="list-style-type: none"> <li>£2.717m of IJB Social Care funding remains uncommitted. Work is ongoing to quantify the impact of this legislative change and further funding may require allocation from this uncommitted balance, should no alternatives be identified.</li> </ul> <p>Consideration of allocating further budget to offset the reduction in income from charging will be required, should no alternatives be identified.</p> | 3.10        |



## Scottish Borders Health and Social Care Partnership

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| No. | RAG | Risk Area               | Risk   | Mitigation / Assurance  | Report Ref. |
|-----|-----|-------------------------|--|---|-------------|
| 8   | AMB | Emerging Financial Risk | Full Year Effect of Living Wage - The costing included within Scottish Borders Council is both provisional and for a part-year impact, with implementation planned from 1st October 2016. Further funding will require identification for the full-year effect from 1st April 2017, when a clearer picture of the actual financial impact will be known. | <ul style="list-style-type: none"> <li>•As per risk 7 above</li> <li>•Further analysis is currently being completed following which a report fully evidencing the additional part and full-year costs of an increase to a living wage for all social care workers will be brought to the IJB</li> </ul> | 3.10        |



## Scottish Borders Health and Social Care Partnership

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|     |        |  |
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| YEL | Yellow | Prevalent risk, but sufficient mitigation in place for 2016/17                     |

| No. | RAG | Risk Area                      | Risk  | Mitigation / Assurance  | Report Ref. |
|-----|-----|--------------------------------|---|---|-------------|
| 9   | YEL | Governance and Risk Management | There may be a risk of ineffective governance over the financial affairs of the IJB and ineffective financial planning, management and reporting arrangements | <ul style="list-style-type: none"> <li>•The partnership's code of corporate governance, scheme of integration and other instruments such as financial regulations will provide assurance and direction in all financial matters</li> <li>•The IJB is currently implementing a range of governance arrangements including the role of the chief internal auditor, an audit plan, risk management strategy and register, etc</li> <li>•Periodically, frequent and regular financial performance monitoring reports will be brought to the IJB, as historically has happened during the shadow financial year</li> </ul> | 5.8         |