



## INTEGRATION JOINT BOARD

### Appendix E

#### BUDGET PROTOCOL BETWEEN ACC, NHS GRAMPIAN AND THE ABERDEEN IJB

##### BACKGROUND

With the inception of the Aberdeen City IJB in February 2016, Aberdeen City and NHS Grampian budget setting approaches will need to be adapted to take cognisance of the IJB. It is important that the IJB is allowed to undertake the duties that have delegated to it by the council and the health board under the Public Bodies (Joint Working) (Scotland) Act 2014. In accordance with the spirit of the legislation the council and the health board will no longer decide upon the strategic priorities for the delivery of delegated health and social care services, rather this will be the responsibility of the IJB.

However, the council and the health board will contribute a very substantial sum of money to the IJB and on this basis it is clearly important to give confidence to all elected members of council and board members of NHS Grampian about the types of services and strategic planning that the IJB will be considering. Through an agreed approach, it is hoped that the council and the health board will feel able to agree and support the strategic priorities of the IJB and budget appropriately for the money required for the IJB.

In the spirit of fostering closer pan public working it should however be borne in mind that both parent bodies (the partner organisations) do have significant legal responsibilities. In relation to the Council it has a statutory requirement to set a balanced budget each year and therefore this statutory obligation will take precedent as defined in the Local Government (Scotland) Act 1973 and other subsequent legislation. NHS Grampian is also expected by the Scottish Government Health Department to set a balanced budget each year.

There is a complexity to the IJB role that is important to understand. It identifies its strategic priorities and identifies the resource required to deliver these priorities and in theory then sets a direction to both of its partners (ACC and NHS Grampian) to fully fund these priorities. Of course, in reality, both partner organisations have many calls on their resource and will be unable to simply fund a set of priorities. The reality of this new complexity demands that the executive team of the IJB are fully aware of the financial pressures being faced by both partner organisations and that the articulation of priorities for funding purposes is done in partnership/negotiation with the executives of both partner organisations. Without such an approach, the risk to all parties is that a settled budget cannot be agreed.

In all of the complexity of the model, the key to success is that we maintain the sense of “we” that has been a feature to date i.e. -we are all in this together. Collaboration by definition requires a “we” that encompasses all relevant perspectives to enhance solutions

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and decisions. Expanding our sense of “we” involves building cooperative, collaborative, mutual working relationships by linking our ideas together to create something better than any of us could have done individually. It is important to create this sense of collaboration through building a collaborative approach to budgeting.

### Stage 1 : EXECUTIVE ENGAGEMENT

#### i) Principle of Openness , Transparency and Engagement

It is important that an open book approach is taken across all 3 executive teams and that business is conducted on a “no surprises” basis. The ability of the IJB executive team to be sighted and involved in the respective budget processes and work in both organisations is essential.

#### ii) Approach to savings

There are 2 elements of engagement required. Firstly, the executive team of the IJB needs to manage the integration of thinking about cost savings between delegated NHS services and the city council adult services. Part of the rationale for integration of the systems is that it will drive out financial savings as a result of the elimination of duplication and waste between the 2 systems. Of course, historically, the 2 systems are only familiar with realising single system savings and so the management team will need to be very systematic in the identification of duplication and waste over the 2 systems. Secondly, of course, the IJB does not sit in isolation – it is part of the wider systems of ACC and NHS Grampian as well as being part of the whole Aberdeen “place” system. It is therefore critical that the IJB executive and management teams, engage with the wider systems of the ACC and NHS Grampian to identify scope for synergies and thus savings across these wider systems and also to ensure there are no unintended consequences on these wider systems from the saving decisions of the IJB, or on the IJB from cost reduction decisions taken by the Partners. Unless this wider engagement takes place, we are at risk of having created just another silo through the IJB

#### iii) Timing of Engagement

Engagement is critical throughout but critically important before the budget papers are formally presented to the council, any NHS forum and the IJB. It’s important that the timings of these meetings and the associated disclosure is synchronised. Once the Scottish Government settlements for both partner organisations is known, including the details of any “conditions”, it is critical that the 2 CEO’s, Chief Officer (Joint Accountable Officer) and 3 CFOs come together in order to navigate the IJB’s priorities into a funding award based on the available resource to the parent bodies.



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### STAGE 2 MANAGING THE IJB BUDGET REQUEST THROUGH THE GOVERNANCE SYSTEMS OF ACC, NHS GRAMPAN AND THE IJB

The IJB is essentially 100% funded by its 2 partner organisations, a not dissimilar situation from the ALEOs within ACC's group structure. The levels of savings required by any of the council's ALEOs are identified within the budget option papers presented to council but the exact details of how the target level of savings will be achieved are not identified. This approach has attempted to respect the role of the ALEO board in terms of its responsibilities to scrutinise such proposals and to then be the decision maker in terms of which savings options to accept. This approach has meant that these options have not been transparent to council and ultimately to the public at large. The scale of the IJB is vastly bigger than all the council's ALEOs put together and if we adopted the same approach to the IJB as we currently take to the ALEOs then effectively members would have no oversight of the specific saving options being considered.

In attempting to navigate a way through the complexity of roles and responsibilities in terms of decision making within the landscape of the IJB, it is important to pursue openness and transparency whilst respecting the distinct decision making rights of the IJB.

A suggested way forward is: the executive team of the IJB participate in the council's political engagement with all political groups and this will involve being open and transparent in all the budget options the executive team are considering presenting to the IJB. Members will need to respect that these options are being shared with them for information as opposed to for decision making. This represents the pre-budget setting engagement. At the formal budget setting council meeting, again there will be full disclosure of the proposed IJB budget options along with a reminder that these are being included for information and not debate or decision-making. Council will be required, as part of its overall budget, to determine the funding it can provide to the IJB and to formally agree that. It should be noted that this must be done in the context of the council setting a balanced budget by law and is still accountable for the disbursement of funds.

In light of the funding award from ACC and NHS Grampian, the executive team will then finalise the budget with the IJB who will have already made a decision in principle on which budget options to accept, pending final settlement and funding allocation from the 2 partner organisations. Given the minute of the IJB is now included as part of the CEO's progress report to council on the IJB, members will be informed of which options the board finally accepted.

This recommended approach serves the objective of openness and transparency whilst respecting the new decision making responsibilities of the IJB board.



## INTEGRATION JOINT BOARD

### SPECIFIC TIMESCALES FOR 17/18

Council is statutorily required to set its budget by 11<sup>th</sup> March each year. Of course, this is subject to having received its grant allocation from Scottish Government

For the 17/18 budget cycle, the following governance meetings are scheduled, with the described business:

- Aberdeen City Council – 22 February 2017 and within that budget will be an allocation for the IJB and will include a presentation of the budget options to be considered by the IJB board
- NHS Grampian - The IJB will receive an allocation from NHS Grampian which will be confirmed following confirmation of the NHS Board health allocations. Indicative allocations have been made in terms of baseline funding and Chief Officers advised accordingly. Details on other allocations will be presented to the Chief Officer when confirmed by Scottish Government. A detailed finance plan showing how the IJB will operate within the resources allocated by the partner organisations will be presented to the NHS Grampian Accountable Officer for review and assurance. Appropriate monitoring arrangements will be implemented to enable the NHS Grampian Accountable Officer to seek assurances on financial performance throughout the financial year.
- The IJB will agree an outline decision in principle on budget options at its meeting of the 31<sup>st</sup> of January 2017 and make a formal agreement and set a direction at its meeting in March 2017.



## INTEGRATION JOINT BOARD

Appendix F

### INTEGRATION JOINT BOARD

#### DIRECTION

ISSUED UNDER S26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

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The **ABERDEEN CITY COUNCIL** is hereby directed to deliver for the Board, the services noted below in pursuance of the functions noted below and within the associated budget noted below.

Services will be provided in line with the Board's Strategic Plan and existing operational arrangements pending future directions from the Board.

Services: All services listed in Annex 2, Part 2 of the Aberdeen City Health and Social Care Integration Scheme.

Functions:- All functions listed in Annex 2, Part 1 of the Aberdeen City Health and Social Care Integration Scheme.

Associated Budget:- The associated budget for these functions and services is £95.680m.

This direction is effective from 1st April 2017.



## INTEGRATION JOINT BOARD

Appendix G

### INTEGRATION JOINT BOARD

#### DIRECTION

ISSUED UNDER S26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

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**GRAMPIAN HEALTH BOARD** is hereby directed to deliver for the Board, the services noted below in pursuance of the functions noted below and within the associated budget noted below.

Services will be provided in line with the Board's Strategic Plan and existing operational arrangements pending future directions from the Board.

Services: All services listed in Annex 1, Part 2 and appropriate services listed in Annex 3 of the Aberdeen City Health and Social Care Integration Scheme.

Functions:- All functions listed in Annex 1, Part 1 of the Aberdeen City Health and Social Care Integration Scheme.

Associated Budget:- The associated budget for these functions and services is £156.417m, of which £21.620m relates to Aberdeen City's share for services to be hosted.

An additional £46.7m is set aside for large hospital services.

This direction is effective from 1st April 2017.