

HEALTH AND SPORT COMMITTEE

PRE-BUDGET SCRUTINY 2020-21

SUBMISSION FROM EAST AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

Introduction

This paper is presented as a written submission to the Health and Sport Committee in advance of its 2020/21 pre-budget scrutiny session on 21 May 2019. This submission focusses on the budget approval process for resources delegated by East Ayrshire Council and NHS Ayrshire & Arran to the East Ayrshire Integration Joint Board (IJB).

Budget approval process 2019/20

East Ayrshire IJB formally approved its 2019/20 delegated budget on 26 March 2019. This followed approval of delegated resources to the IJB by East Ayrshire Council on 28 February 2019 and NHS Ayrshire & Arran on 25 March 2019. The budgets delegated by both parties is consistent with directives included in the Scottish Government Budget 12 December 2018 for 2019/20:

Two elements of additional funding for social care services:

- £120m transferred from the Health portfolio to the Local Authorities for investment in integration, including delivery of the Living Wage and uprating free personal care, and school counselling services; and
- £40m has been included directly in the Local Government settlement to support the continued implementation of the Carers (Scotland) Act 2016 and extending free personal care to under 65s, as set out in the Programme for Government.

In relation to the Scottish Government directive, there are two elements which impact on the IJB funding allocation for health services:

- In 2019/20, NHS payments to Integration Authorities for delegated health functions must deliver a real terms uplift in baseline funding, before provision of funding for pay awards, over 2018/19 cash levels. This equates to a required uplift of 2.6%.
- To support the mental health strategy. In order to maximise the contribution from this direct investment, this funding is provided on the basis that it is in addition to a real terms increase in existing 2018/19 spending levels by NHS Boards and Integration Authorities. This means that funding for 2019/20 must be at least 1.8% greater than the recurrent budgeted allocations in 2018/19 plus £14 million.

The Scottish Government letters outline expectation in terms of minimum resources for IJBs for 2019/20. This is not the approach traditionally adopted under the Integration Scheme.

East Ayrshire Council delegated budget 2019/20

In total, a revenue budget £88.123m was delegated to East Ayrshire IJB for 2019/20. This included £3.752m additional delegated resources for 2019/20 which represents the IJBs share of

the £160m additional Scottish Government funding. The Scottish Budget Stage 1 debate gave approval to reduce the Council's contribution to the adult social care budget within the IJB by 2.2%. The impact of such an adjustment would have seen the Council's contribution to the IJB reduce by £0.401m whilst remaining compliant with the funding conditions around the initial £160m additional funding. In order to retain flexibility for future years whilst recognising the pressures on health and social care and the need to continue to fund initiatives to reduce demand, the Council approved that £0.401m be allocated to the IJB for 2019/20 on a non-recurring basis at this stage.

Work has been undertaken to identify spending commitments against the £3.752m additional delegated resources for 2019/20. Commitments include baseline pressures carried-forward from 2018/19 and full year impact of cost of care. In addition there are a number of earmarked commitments which require to be funded, as well as national and local cost pressures. Taking account of all pressures and mitigating actions, a budget gap of £1.430m has been identified. Cash releasing efficiency savings proposals will be submitted to the IJB on 8 May 2019 recommending formal approval to ensure financial balance can be achieved for 2019/20. In addition to cash releasing efficiency savings £1.430m, it is proposed that additional demand estimated at £2.500m will be absorbed over the course of 2019/20. This will be achieved through a combination of demand management and the transformational change programme. This strategy represents a significant financial risk for the IJB in 2019/20.

NHS Ayrshire & Arran delegated budget 2019/20

The historic position for NHS Ayrshire & Arran has been to adopt the approach to developing the delegated budget as outlined in the Integration Scheme. This "bottom up" approach was initially adopted by the Health Board for 2019/20 with specific cost pressures identified, offset by a 3% cash releasing efficiency savings target. In adopting this methodology, additional cost pressures totalling £2.626m have been identified by NHS Ayrshire & Arran offset by a cash releasing efficiency target of £1.426m. If we apply this £1.200m net uplift to the adjusted managed services baseline resource £62.748m this equates to an uplift of 1.9% compared to the 2.6% Scottish Government expectation.

From an IJB perspective, there is a fundamental point which was communicated to NHS Ayrshire & Arran in that the "bottom-up" approach was not correct for 2019/20. Health and Social Care Partnerships should be allocated a 2.6% uplift and it is for the IJB to assess which pressures to fund in line with priorities. Whilst the principles of funding made available by the Parties is set out in the Integration Scheme, utilisation of the total funding delegated by the Parties to the IJB is a matter for the IJB itself to determine in line with its priorities. Similarly the detail of any savings or resource redistribution are matters for the IJB to determine.

The Funding Proposal 2019/20 letter received from NHS Ayrshire & Arran on 18 March 2019 outlined 2.6% uplift on the 2018/19 baseline (adjusted for excluded items) which equates to £1.631m.

Funding commitments totalling £2.846m against the £1.631m uplift were identified by NHS Ayrshire & Arran through its traditional Pay and Supplies Group process. This included a sum of £0.333m allocated to offset the East Ayrshire share of the pan-Ayrshire Intermediate Care and

Rehabilitation model additional cost in 2019/20. The Health Board took the view that this is a payment to the IJB however the original business case outlined that this would be funded from consequential savings £4.052m from closing 68 unfunded beds in acute services. The IJB has therefore taken the view that this should be funded from unscheduled care bed savings in acute services and would not therefore approve savings in other areas within the delegated budget to fund this investment (this is consistent with the approach taken by both North and South Ayrshire IJBs). The £1.215m identified funding gap therefore reduces to £0.882m.

Budget setting challenges

The preceding paragraphs outline budget setting process for 2019/20 and the challenges associated with the position directed by the Scottish Government being inconsistent with the funding approach set out in the Integration Scheme.

The 2019/20 budget was formally approved by East Ayrshire Integration Joint Board on 26 March 2019, following approval of delegated resources to the IJB by East Ayrshire Council on 28 February 2019 and NHS Ayrshire & Arran on 25 March 2019. In terms of alignment of strategic planning and budgeting, delegated budget timescales have been extremely challenging and three year budget settlements would be extremely beneficial.

The Scottish Government directive for prescribed uplifts for 2019/20 whilst challenging, provided much greater clarity around delegated budgets. The approach adopted in previous years followed the principles set out in the Integration Scheme and was challenging in terms of decision taking, transparency, communication and formal approval of delegated budgets.

Reporting against outcomes

East Ayrshire Partnership has taken the suite of twenty national indicators linked to the health and wellbeing outcomes and have used these to structure our performance reports since 2015/16 together with relevant local measures. This also includes outcomes for children and young people and for justice. Each section has included the data for the indicators with trend where possible and status with an assessment of progress to deliver these linked to action taken to make a difference to outcomes (benchmarking internal improvement trends, the national picture, quartile position and the 'family group' of Improvement Service / COSLA partnerships).

The Partnership is able to demonstrate and evidence how the integration delivery principles are embedded throughout the Annual Performance Report (APR). A system of cross-referring these to Service Improvement Plans for each delegated service area, to the associated quality assurance and improvement dashboards and to corporate themes. Since they were developed, the Partnership has also incorporated the six MSG measures and the sub-set of more detailed measures. In terms of localities, the Partnership has described these and included more detail on community profiles, local priorities, activity and how to engage. The APR has also included a specific section on Lead Partnership, in our case Primary Care and Out of Hours Community Response and specifically the Primary Care Improvement Plan.

Streamlining through on-line reporting of aspect of performance and consistency of format while maintaining local flexibility could assist in sharing and spreading positive practice. Further

developments in integrated data would greatly assist, e.g. early experimental linked data from social care survey with ISD administrative data. The Health and Care Experience Survey is an important source of data but the biennial frequency is an issue and it is difficult to resource local comparable data.

Operation of the set aside budget

Set aside and in particular unscheduled care is a key consideration as part of the pan-Ayrshire pilot in developing Directions for 2019/20 which is being undertaken in partnership with the Scottish Government. This includes agreement of the acute specialities identified as part of the set aside as this is not specifically detailed in the Integration Scheme. It is apparent that not all unscheduled care activity is currently included within set aside resources.

Progress has been made in respect of set aside budget arrangements, with arrangements established for community hospitals. The pan-Ayrshire review of the Integration Schemes in 2017 and report to the three IJBs identified the requirement to further develop lead partnership arrangements to support planning for acute hospital set aside budgets. Set aside budgets are attributed to the three Ayrshire IJBs on the basis of the national resource allocation (NRAC) formula. A draft of the set aside calculation for 2018/19 highlights that East Ayrshire uses £23.430m against the NRAC "fair share" of £24.996m of acute set aside resource. This is a difference of £1.566m that in future should be available to the IJB for investment.

Leadership

The IJB Chief Officer is a member of both East Ayrshire Council and NHS Ayrshire & Arran corporate management teams and is involved in budget discussions / consideration of issues through attendance at meetings and also through 1:1 discussions with partner bodies' CEOs. Well established arrangements through the Ayrshire Finance Leads group and IJB Chief Finance Officers' group. The three Ayrshire Chief Finance Officers were involved in the NHS Ayrshire & Arran Pay and Supplies Group discussions in advance of final confirmation of the 2019/20 resource allocation. The IJB Development Day in February each year is essentially a finance focussed session for IJB members with a presentation on budget pressures and potential mitigating actions for the forthcoming year in advance of formal approval of delegated budgets. It is our view that Leadership is a strength in terms of the budget approval process from an IJB perspective.

Other cross-cutting budget issues

As with set aside, lead partnership budgets are attributed to the three Ayrshire IJBs on the basis of the NRAC formula. Each IJB is delegated their NRAC "fair share" of all services including inpatient Mental Health and Primary Care budgets. Through Directions, the IJB commissions the Health Board to deliver these services and the Health Board through its scheme of delegation designates lead Health and Social Care Partnerships for specified services. The Strategic Planning, Commissioning and Delivery of Health and Social Care Services report to the IJB on 13 June 2018 outlines the next steps in respect of fair share commissioning within the Ayrshire & Arran Health and Care system.