

HEALTH AND SPORT COMMITTEE

PRE-BUDGET SCRUTINY 2020-21

SUBMISSION FROM SOUTH LANARKSHIRE IJB

Budget Setting Challenges

In real terms, revenue funding has reduced since 2010 for Councils and increased since 2018 for Health Boards. Notwithstanding additional Scottish Government funding for legislative changes and policy priorities, the recurring costs of health and social care services have exceeded the funding available. Cost control and savings have had to be identified by both partners to address funding gaps as a result of pay and inflationary cost pressures, demographic growth and demand. A significant proportion of the cost increases are negotiated nationally and are outwith the partner's direct control. After ten years of implementing savings and cost avoidance measures, it is increasingly challenging to identify further savings.

The delegated funds for South Lanarkshire IJB (IJB) come from South Lanarkshire Council (SLC) and NHS Lanarkshire (NHSL). The amount of funds that partners have is dependent on grant settlements. Both partners face challenges balancing their respective budgets due to budget pressures exceeding the provisional level of funding available. NHSL also received £9.2m (0.8%) less than its NRAC share and £0.9m less than its share of specific funding for Health Visitors. NHSL is also one of the lowest general medical services funded Boards in Scotland per head of population. Despite this, each partner's contribution to the IJB has facilitated the achievement of balanced financial performance each year since 2016. All new funding and inflation uplifts have been passed to the IJB each year by NHSL. SLC have invested additional funding to meet demographic growth and also passed on Scottish Government funding for social care priorities. Both partners have minimised the level of savings required to achieve financial balance over recent years.

There are a range of financial uncertainties for the partners and the IJB.

- Increases in pay, prescribing and care costs are expected to exceed any inflation uplift on recurring funding. The financial implications of the ongoing commitment to the Scottish Living Wage also need to be assessed.
- The financial impact of the recent implementation of free personal care to all under 65s who require it, regardless of condition, is still to be confirmed. This represents a significant change to how personal care is funded and could see an increase in demand for personal care services across Scotland.
- The future financial and operational consequences of the Health and Care (Staffing) (Scotland) Bill are still to be assessed. It is intended that this legislation will apply to all NHS clinical staff groups and also care service providers registered and inspected by the Care Inspectorate.

The population, and its needs, is changing and demand is increasing. A&E attendances and admissions have increased year on year. Funding for core services is not keeping pace with increasing demand and increasing costs. Inflation uplifts have not been included in the local government settlement over recent years. Inflationary uplifts are not allocated to the non-recurring allocations to health boards. New funding over recent years has been offset by new costs associated with new policy intentions and legislative changes. The ability of partners to maintain the financial commitment to the integration agenda in the face of other competing priorities is a potential risk.

The three-year funding settlement for local government from the 2020/2021 budget onwards will facilitate more certainty in medium term strategic planning however additional recurring investment, in addition to political support for transformational change, is required to further develop safe alternative services which key stakeholders can all rely on. Social care services are a key investment priority. Reducing hospital / institutional beds, prioritising services and the use of technology in place of face to face care are significant transformational change programmes which focus on prevention, early intervention, self-care and re-ablement.

Reporting Against Outcomes

The performance monitoring framework is embedded across the partnership and includes the Ministerial Steering Group priorities and the agreed suite of 23 performance measures.

Based on the most recent information available, A&E attendances have increased by 2.82% and emergency admissions have increased by 0.74%. This is in line with surrounding areas in the West of Scotland. Despite the increases in admissions, the number of unscheduled bed days has decreased by 1.28%. Delayed discharge bed days have reduced by 8,042 (20%) over the last two years mainly due to the transfer from a 'hospital based' to a 'locality-ownership' approach for both home care patients and patients with more complex needs. There are more opportunities to adopt integrated approaches, with health staff providing early rehabilitation and discharge support alongside home care staff providing care pending the optimum re-ablement and independence of service users. There has also been improvement work undertaken in relation to community care assessments. This has led to a more streamlined pathway to residential and nursing care home placements where appropriate. As these improvements become embedded, the percentage of people who spend the last six months of their life in a community setting has increased and the percentage of people who spend the last six months of life in a large hospital has decreased. The percentage of people over 75 living independently in their own home has also increased.

It is difficult to allocate financial resources expended on outcomes in a meaningful way. The interventions can contribute to a range of activities and it may not be possible to isolate the impact of investment. One of the key tools which South Lanarkshire has applied to inform the allocation of funding is contribution analysis, such that the contribution of the many factors which go to the attainment of the health and well being outcomes can be assessed. The focus of service design is to reduce inequalities, build community capacity and resilience and decrease demand for services in other parts of the system.

Operation of the Set-Aside Budget for Unscheduled Care Services

Both hospital and community services must operate together to maximise the efficacy of unscheduled care services and a whole system approach is adopted by the partners. 'Achieving Excellence', the strategy for health service delivery in Lanarkshire, recognises the role of all partners to maximise health and well-being. A Lanarkshire Unscheduled Care Improvement Board is in place, jointly chaired by the IJB Chief Officer and the Director of Acute Services, with representation from all key stakeholders. Key strategic projects include "front door" assessment, discharge to assess, re-ablement and re-direction. Performance and improvement actions are progressed to further improve the unscheduled care targets.

Notwithstanding this work, there are challenges in trying to move further funding from the acute sector into the community sector.

The management of 'set-aside' budgets is complex however NHSL have been committed to establishing an appropriate mechanism for its operation.

- The IJB and the Chief Officer are accountable for the overall use of the total resource associated with the unscheduled care pathway across Lanarkshire.
- Operational responsibility of the services within the set-aside arrangements rests with the NHSL Director of Acute Services and on a day to day basis, the set-aside services are managed as an integral part of the hospital system.
- The range of health services outwith the set-aside budget includes cancer care, diagnostics, all surgery, all outpatient attendances, cardiology, renal, neurology, dermatology and infectious diseases. These services are provided from the same facilities as the in scope services included in the set-aside arrangements and are governed by the same safe systems of working, using the same IT systems and, at times, drawing on the same staff. The flow through the hospital therefore needs to ensure that the services within the set-aside arrangements and those that are not included are all aligned to best effect.
- Due to the complexity of allocating costs, there is a substantial time lag with ISD data to agree the notional set-aside budget which means the strategic review of changes in resource use is 2 years in arrears. This does not prevent service changes as these are modelled on a case by case basis based on local data. Local development work with ISD is underway to assess if more basic but more timely information linked to the financial ledgers could be more useful for monitoring purposes.

The population profile is ageing and demand for health and social care services is increasing. If the population continued to use acute beds in the same way as in 2016, the forecast increase in the older population would mean an additional 500 beds across Lanarkshire, an increase of nearly 30%, would be needed by 2025. Although the IJB can already demonstrate success in reducing length of stay and keeping people out of hospital, admissions in the first 3 years have continued to rise. Future improvements in the percentage of care provided in the community may only be sufficient to stand still and prevent the need for more acute beds. In this scenario, shifting the balance prevents an increase in acute costs rather than a release. Enhancements to the standard of care, such as current space standards, rest requirements in rotas, safe staffing and infection control requirements also drive up the costs of residual services.

The ISD dataset and methodologies are used to monitor changes in the IJB's use of the set aside services. Due to the time lag, 2017/18 data is not expected until July 2019. The only fully complete costed data set is 2016/17 and this indicated a rise in set-aside costs since the 2015/16 baseline used to establish the opening set aside budget for the IJB.

Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016 but given the extent of these pressures this may not be sustainable. As highlighted to the Health and Sport Committee on 26 March 2019, the cost of prescribing across acute services (so far in non-set aside services) is a significant pressure which is expected to increase by approximately 16.6% in 2019/20. Over the past 5 years, the cost of acute drugs has grown by around 60%. This puts a strain on the amount of resource available for other aspects of health care.

Where a new service model has been agreed, such as the closure of one ward in a community hospital, the new service model was specified and the financial implications across the whole system determined. The available budget was then transferred out of the set aside and redirected to support the new services across health and social care and

further develop the integrated care pathway. A further benefit of the service redesign was that part of the original budget was also released back to acute services to help manage cost pressures across the set-aside service areas.

Making transformational change at the same time as managing existing services and funding pressures is challenging. Up-front investment is required to ensure sufficient health and social care community services can be established and sustained.

Leadership

The underpinning legislation means that governance and operational arrangements have to be adapted to meet the requirements across three organisations. The complexity of the governance arrangements and decision-making responsibilities becomes more apparent when transformational change is taking effect. The landscape is further complicated in respect of strategic and operational responsibilities across national planning, regional planning, NHS board planning, integration joint board planning and local authority planning.

The IJB can however point to a number of significant successes in being able to lead and effect change across this landscape. Examples include the modernisation of care facilities; re-providing care previously provided in hospital beds in Udston and Lockhart Hospitals to alternative community settings, often the patient's own home; re-organised hospital discharge arrangements to effect a 20% reduction in delayed discharge bed days over the last 2 years; provision of 24/7 integrated community support teams and the re-modelled provision of palliative care services.

Positive and supportive relationships at the senior level between the three organisations have contributed significantly to being able to effect the changes described above. SLC did not apply the flexibility to reduce the partner contribution to the IJB. NHSL funded the additional expenditure incurred across the set-aside services and the IJB approved the retention by Acute Services of part of the funding released from service redesign.

It is difficult for funding to lose its identity when the financial settlements from the Scottish Government continue to be allocated to each partner. Notwithstanding the financial pressures being managed by each partner, a financial plan to achieve a balanced budget has been agreed and implemented each year following a process of consultation.

The imminent development of longer term financial planning will improve certainty however the challenges associated with insufficient funding will remain unless demographic growth, pay and inflationary cost pressures and legislative changes are adequately funded.

Cross-cutting budget issues

The expectations of the public are an important consideration. Disinvestment strategies could involve making difficult decisions in respect of realistic medicine, end-of-life care, reducing services, changing services and stopping services. Investment in technology is key to delivering new services cost-effectively. It is challenging to protect budgets supporting preventative and early intervention work within the current financial climate. The significant contribution which the third and independent sector make is a key pillar of the SLIJB Strategic Plan. There continue to be ongoing workforce challenges including an ageing workforce and maintaining staffing levels. The uncertainties around the impact of Brexit on the economy, supply chains and the labour markets create a risk to financial planning assumptions.