

Title/Subject: Falkirk Integration Joint Board Business Case 2018/19 Update
Meeting: Integration Joint Board
Date: 2 February 2018
Submitted By: Chief Finance Officer
Action: For Decision

1. INTRODUCTION

- 1.1 The purpose of this report is to provide an update on the development of the IJB Business Case for 2018/19. This update covers the Adult Social Care element of the budget only. A report combining the Adult Social Care and NHS budgets for 2018/19 will be submitted to the Special IJB to be held in March 2018.

2. RECOMMENDATION

The IJB is asked to:

- 2.1 Approve the draft programme of savings options set out in Appendix 1 of the Business Plan
- 2.2 Approve the update to the Business Plan for submission to Falkirk Council in February as part of their budget setting process.
- 2.3 Note that an update to the Business Plan will be prepared for the next IJB meeting to include savings options for the Partnership as a whole.
- 2.4 Endorse recommendation that the charging policy for social care be reviewed during 2018/19 with a transition to the new charges being implemented from 2019/20.

3. BACKGROUND

- 3.1. The Integration Scheme of the Falkirk IJB sets out how Falkirk Council and NHS Forth Valley will work together to integrate services. The scheme has a Finance section which outlines the mechanism for agreeing the payments from both partners to the IJB. Section 8.3 of the scheme covers the requirement for a business case to be presented by the IJB to the partners as part of the negotiation process.
- 3.2. In December the IJB approved the draft Business Case for submission to Falkirk Council as part of its budget setting process. Falkirk Council considered the Business Case at their meeting on 6 December.

4. FEEDBACK FROM FALKIRK COUNCIL

- 4.1 When the Business Plan was prepared, it was noted that whilst the Council could be looking for £4m of savings or efficiencies, a total of £2.3m had been identified by the Partnership. The Business Plan outlined the difficulties in trying to achieve the £4m total in 2018/19 and acknowledged that a shortfall of £1.7m remained.
- 4.2 Feedback from the Falkirk Council meeting was as follows:
- The Council do not want any closure of care homes
 - The Council would like to see savings options of £3m (revised downwards from the original £4m)
 - There were concerns regarding the charging proposal for the equalisation of day care charging rates. The proposal to increase charges by 3% across the board, in line with inflation, was not challenged. It must be noted that under the legislation, responsibility for setting Adult Social Care charges remains with the Council.
- 4.3 Removal of the equalisation charging option would reduce the identified savings total from £2.330m to £2.130m. As noted above, this assumes the 3% inflationary uplift will be applied to charges.

5. REVISED SUBMISSION TO FALKIRK COUNCIL

- 5.1 Officers have been meeting to identify further savings options for submission to the IJB. The draft IJB Business Case set out the challenge of identifying further savings options, not least due to limited staff resource and capacity. There are also concerns about the impact of individual savings on a whole systems approach. The risk rating attached to each savings options reflects both deliverability and the potential consequences on quality of service and/or the ability of the IJB to meet its strategic objectives.
- 5.2 The draft Business Case noted that the Partnership is not yet fully integrated with significant structural change intended to take place over the next year. The development of savings by the Partnership is in the context of a significant financial overspend in 2017/18 and reliance on non-recurring savings. At this stage the financial risk going into 2018/19 is unclear although work is ongoing in this area.
- 5.2 Officers have considered the options around charging. It is recognised that the charging policy for social care is fragmented and that Falkirk generally has some of the lowest charges across Scotland. In order to develop a robust charging policy for Adult Social Care a full review of the charging policy is required and this should not be carried out in a piecemeal way. The optimum solution would therefore be for the charging policy to be reviewed during 2018/19 with a transition to the new charges being implemented from 2019/20. Whilst there are capacity issues within

the Partnership for carrying out such a review, this exercise could be part of a wider charging review carried out by Falkirk Council. However, it should be noted that this removes the potential for additional income to be recognised from charging in 2018/19 (beyond the standard inflationary increase).

- 5.3 There were no home care savings included in the draft Business Case for 2018/19, presented to the December IJB. The reasons for this decision were highlighted in the Business Case and included the following:
- A review of home care is ongoing and there is a need to build up capacity in the service to support more people to remain at home, avoid hospital and care home admission and support discharge
 - The current tender process for independent sector home care provision is anticipated to lead to some upward cost pressures
 - Home care has a key role in responding to the needs of an increasingly elderly demographic, particularly those in the 75+ category
 - Negotiations on the National Care Home Contract are ongoing and if unsuccessful this could have a negative impact on the budget.
- 5.4 Whilst these reasons remain valid, the Partnership will be unable to achieve further savings without reducing spend in this area. A contribution to savings from home care has therefore been included in savings reference 1.1 (High Cost Care Packages) in Appendix 1. The earlier title of this saving, Supported Living Packages, has been replaced by High Cost Care Packages. This reflects that some of the savings in this area will come from mainstream home care services in addition to the saving in Supported Living Packages. The saving amount has been increased accordingly from £600k to £800k. The risk rating for this saving has moved from green to amber indicating that the saving is both difficult to achieve and could negatively impact on the whole system approach to care.
- 5.5 Two savings options have been added which both have a red risk rating attached - £0.185m for Younger Adult Day Services and a further £0.200m for Older Adult Day Services. In both cases, the risk rating reflects the significant pressure that would be put on these areas in order to deliver these further savings in 2018/19. This pressure could affect deliverability and would not allow service changes to be introduced with the optimum processes in place for consultation and recommissioning of services.

6. OUT OF SCOPE ADULT SOCIAL CARE BUDGETS

- 6.1 The £3m saving for the IJB Adult Social Care budget is not the only saving which impacts on the Adult Social Care budget. The Council are also proposing to take a further £0.5m of savings from rebasing the out of scope budget for Adult Social Care. Whilst the figure of £0.5m is noted as rebasing, it is in fact slightly higher than the current projected underspend. In addition, this underspend includes a number of training budgets which could impact on delivery of the transformation agenda.
- 6.2 The total budget savings for Adult Social Care is therefore £3.5m, of which £3m is in scope of the IJB. This is a total reduction of 5.4% on the total Adult Social Care budget (in scope and out of scope).

7. SCOTTISH GOVERNMENT DRAFT 2018/19 BUDGET

- 7.1 The draft Scottish budget was announced by the Scottish Government in December 2017. This draft budget is now subject to negotiation. The 2017/18 budget settlement for Local Government improved following negotiation between the SNP and the Green Party. The Green Party have once again indicated that they would like to see an improved settlement for Local Government in 2018/19. The outcomes of these negotiations won't be known until 21 February 2018 but these could impact on funding levels for the Partnership.
- 7.2 The settlement letter sent by the Scottish Government to local authorities on 14 December 2017 included the following paragraph:
- “In 2018-19 an additional £66 million is included in the settlement allocations to support additional expenditure by local government on social care in recognition of a range of pressures they and integration authorities are facing, including support for the implementation of the Carers (Scotland) Act 2016, maintaining our joint commitment to the Living Wage (including our agreement to now extend it to cover sleepovers following the further work we have undertaken) and an increase in the Free Personal and Nursing Care payments. This funding is provided directly to local authorities and is in addition to the £355 million baselined provision transferred from NHS Boards to Integration Authorities. I will look to local authorities to continue to prioritise their financial support for social care.”
- 7.3 The 6 December 2017 decision by Council was based on a projected revenue grant reduction of £8m. Following the Scottish Draft Budget announcement the reduction to the Council's revenue grant was c£4m. It is recognised that this settlement still presents a significant challenge for the Council with difficult decisions to be taken. However, it is hoped that the Council may consider using some of the additional funding received, or that funding which may come as a result of ongoing negotiations in the Scottish Government, to reduce the savings requirement of the IJB.

8. CONCLUSIONS

- 8.1 Following approval by the IJB, the draft Business Case for 2018/19 was considered by Falkirk Council on 6 December. The Council has asked the IJB to develop savings of £3m (a reduction of the £4m previously requested) but has requested no care home closures and no equalisation of day care charges.
- 8.2 Development of £3m of savings is challenging for the Partnership, in part due to staffing and capacity issues within the Partnership which is not yet fully integrated. This report presents savings of £3m and highlights the challenges associated with those savings, both in terms of deliverability and the impact on quality of services and delivery on strategic objectives.
- 8.3 If approved, the savings proposed at Appendix 1 will be submitted to Falkirk Council as part of their budget considerations on 28 February 2018.

Resource Implications

The resource implications are considered in the body of the report.

Impact on IJB Outcomes and Priorities

The report sets out the savings which can be achieved whilst the Partnership works to deliver the outcomes and priorities of the Strategic Plan.

Legal & Risk Implications

Key risks set out in the report include the capacity of the management team to deliver operational services, delivery efficiencies and implement significant service changes. A support structure will be developed to mitigate these risks.

The savings set out in Appendix 1 include a risk rating. These risk evaluations take into account both risks associated with deliverability of the saving and/or the impact of the saving on quality of service, delivery of strategic objectives and the whole systems approach that the Partnership has committed to take.

The risk of using non-recurring savings to achieve financial balance in 2018/19 is set out. However, the use of these funds is to give the Partnership sufficient time to deliver significant service changes which should result in future efficiencies.

Consultation

Requirements for consultation on the proposed savings programme will require to be considered.

Equalities Assessment

An equalities assessment will require to be prepared for each of the savings proposals.





Approved for Submission by: Patricia Cassidy, Chief Officer, Falkirk Health and Social Care Partnership





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Date: 18 January 2018

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.

APPENDIX 1

A. SAVINGS 2018/2019					
1. Efficiency Savings					
Ref	Title	Budget £m	Saving Amount £m	Comments	Risk
1.1	High Cost Care Packages	13.920	0.800	Deliverable through reablement informed reviews. Deliverability was previously assessed as low risk in light of 16/17 and 17/18 experience of achieving savings in this area of service. However, the increase in the savings to be achieved requires an amber risk rating. The reason for the amber rating is that a reduction will be required in higher cost mainstream home care packages where the Partnership doesn't yet have the experience and practice base established to give full confidence of short term savings.	
1.2	Reduction in costs relating to sickness absence	-	0.100	This saving will be delivered through a reduction in levels of sickness absence. The reduction will be achieved through a programme of enhanced management of sickness absence and a focus on prevention. This proposed saving has an amber risk for deliverability reflecting known experience of our efforts to reduce sickness absence.	
1.3	Improved rotas at Care Homes for Older People		0.050	This saving will be delivered through reduction in staffing costs derived from more efficient staff deployment. The saving has been given an amber rating as further work is required in this area.	
1.4	Younger Adults Day Services		0.185	The Partnership is currently working through a programme of co-produced redesign of Day Services to improve and build capacity to respond to future demand. A requirement to deliver further savings for	

				this area of provision during 2018/19 could adversely impact the ongoing work to build a new service delivery model. This has resulted in the red risk rating.	
2. Changing Models of Service Delivery					
Ref	Title	Budget £m	Saving Amount £m	Comments	Risk
2.1	Reduction in spend on purchased care home placements	33.958	0.400	This requires to be delivered through redesign enabling more people to be supported in their own homes. This proposed saving has an amber risk reflecting the interdependencies with wider improvement efforts in the area of Care at Home.	
2.2	Provision of Equipment	0.325	0.030	This saving will be delivered through redesign and review, supported by the shift towards reablement, self-management (ADL Smartcare) and revised approach to Eligibility Criteria. This saving has a green risk rating given the enablers referred to above.	
2.3	Older Adults Day Services	2.427	0.200	This saving will be delivered through a combination of increased efficiency in the existing service delivery model and redesign through review of that model. This saving has a green risk rating for deliverability, based on knowledge of existing provision.	
2.4	Older Adults Day Services	2.427	0.200	Additional savings from Older Adults Day Services for both in house and externally commissioned services. This saving has been given a red risk rating because delivery in 2018/19 would not allow for full public consultation and recommissioning of services for individuals.	
3. Increasing Income & Other Savings					
Ref	Title	Budget £m	Saving Amount £m	Comments	Risk

3.1	Application of Integration Funding	-	0.700	<p>A one off application of the IJB's Integration Funding reserves.</p> <p>This type of funding is not sustainable but will buy time to implement more radical service delivery changes.</p>	
Ref	Title	Budget £m	Saving Amount £m	Comments	Risk
3.2	Charging Income	11.161	0.300	This saving would be delivered through a standard rate increase by 3% on all services. This would be in line with state pension increase in 18/19.	
3.3	Supporting People Budget		0.035	Deliverable by reducing spend on the Supporting People budget following partner organisations having ceased their activity in this area of service provision, therefore no longer requiring payment.	
TOTAL			3.000		