

Title/Subject: Falkirk Integration Joint Board Business Case 2018/19
Meeting: Integration Joint Board
Date: 1 December 2017
Submitted By: Chief Finance Officer
Action: For Decision

1. INTRODUCTION

- 1.1. The purpose of this report is to present the business case for the Falkirk Integration Joint Board. If approved, this business case will be submitted to Falkirk Council to consider as part of their budget setting process. The process for submission to the NHS Board is still to be agreed.

2. RECOMMENDATIONS

The IJB is asked to:

- 2.1 Approve the draft programme of savings options set out in Appendix 3 of the Business Plan and note that further detail on these savings, including an equality impact assessment, will be brought to the next IJB meeting.
- 2.2 Approve the Business Plan for submission to Falkirk Council in December 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 Approve the proposal to prepare a costed proposal which identifies support for planning, project management, performance and communications, community capacity building and engagement, to be reviewed with the Chair, Vice Chair and the Chief Executives.

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. This process can be and has been affected by Scottish Government budget decisions. For the 2017/18 budget, the Scottish Government placed restrictions on both Local Authorities and NHS Board in terms of the reduction they could make to payments passed to the IJB. It is anticipated that similar restrictions will be in place for 2018/19. However, it is anticipated that the details of such restrictions will not be known until after the budget settlement in mid December 2017.
- 3.3. The Integrated Resources Advisory Group (IRAG) produced Finance Guidance which set out in more detail the recommended contents of the business case, highlighting that the business case for the IJB should be based on the Strategic Plan.
- 3.4. The IRAG guidance states that:

“The relative proportions of partners’ contributions to the resources within scope of the plan will not influence the proportion of services that will be directed by the IJB through the Strategic Plan, although it is likely that in the first years they will be similar”.

4. THE STRATEGIC PLAN

- 4.1. The IJB approved the Strategic Plan for 2016-19 on 24 March 2016. The vision of the plan is to “enable people to live full, independent and positive lives within supportive communities”. The plan recognised that to do this would we would need to change the way that services are delivered and involve people in how those services are redesigned to meet need.
- 4.2. The Local Delivery Plan will flow from the Strategic Plan and work is underway to finalise this plan. That plan will set out the roadmap to show how the IJB will deliver on the vision of the Strategic Plan. This business case will outline a number of the workstreams that will feature in the Local Delivery Plan.
- 4.3. The IJB approved the Annual Performance Report for 2016/17. This report set out how the Falkirk Health and Social Care Partnership (the Partnership) is working towards meeting the Strategic Plan and the nine National Health and Wellbeing Outcomes set out by the Scottish Government. The Strategic Plan identified five local outcomes which align with those of the Scottish Government. The national and local outcomes are set out in Appendix 1.
- 4.4. The IJB has embarked on a significant programme of transformational change to support delivery of the Strategic Plan outlined below in Table 1. Further detail is shown at Appendix 2.

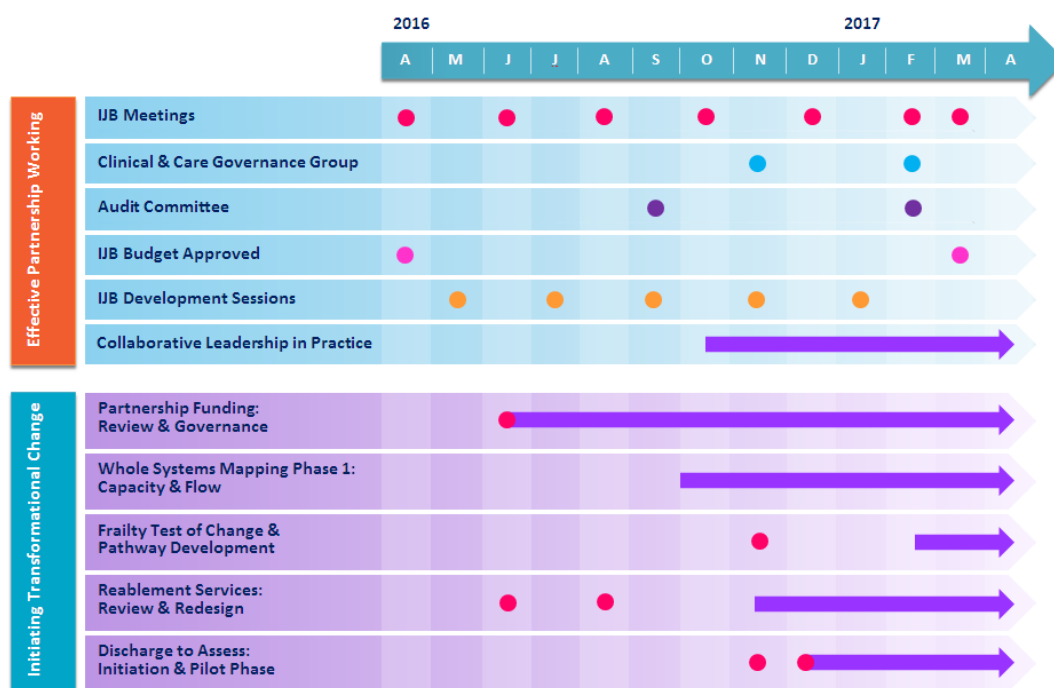


Table 1

- 4.5. To date the Partnership has instigated a significant body of work to help attain the vision set out in the Strategic Plan. These initiatives are relatively new and the outcomes from this work and appropriate performance measures are being developed and refined. Work is ongoing to ensure that these streams of work can be fully evaluated going forward and publically reported.

5. PLANNED WORK FOR 2018/19

- 5.1. For 2018/19, the IJB will continue to build on the work outlined above and at Appendix 2. Critical to this will be further development and implementation of the whole systems approach. This approach will allow the Partnership to better understand the impact that one area of the system has on another. Through this improved understanding improved pathways can be developed that will better meet the needs of patients and clients will improve the efficiency and effectiveness of our health and social care system.

- 5.2. Key work streams that will be taken forward in 2018/19 include:

- Development of the Localities model
- The roll out of the Reablement Pathway
- The Mental Health Services review which ties in with a revised Strategic Commissioning approach. This links with the Falkirk Strategic Outcomes and Local Delivery Plan (SOLD) developed by the Community Planning Partnership for 2016-2020. The plan has four priorities, one of which is to

improve mental health and wellbeing. This priority is being led by the Falkirk Health and Social Care Partnership.

- A review of internally provided Home Care services. Following the implementation of an improved home care information management system, data will be extracted which will help to drive efficiencies and improved work practices across the service. Ongoing provision of the Discharge to Assess service will be considered as part of this work.
- Continuation of the programme of Primary Care Transformation work. This project is fully funded by the Scottish Government to support and deliver the re-design of primary care across Scotland. The project aim is to redesign the future role of the GP to allow them to focus on complex care through the creation of a multi-disciplinary approach involving the right mix of expertise and services. The Primary Care Transformation Board has allocated funding to a number of initiatives in the Falkirk area which will help to deliver the aims of the project.

- 5.3. The delivery of operational services, realisation of budget savings and efficiencies and implementation of transformational change is and will continue to be challenging. This is at a time of continued and increasing demands from the Scottish Government. A significant barrier to achieving the ambitions of the Partnership will be the availability and capacity of staff. The current management resource is not sufficient to deliver the scale of change required. The management team requires more support for planning, project management, performance and communications, community capacity building and engagement. A costed proposal will be prepared and reviewed with the Chair and Vice Chair and the Chief Executives. The proposal will identify available funding.

6. FINANCIAL OUTLOOK FOR 2018/19

- 6.1 The Scottish Government budget and the financial settlements for both the NHS and local government are the most crucial elements of the budget for the IJB. The UK Autumn Budget statement was presented on 22 November but the impact for the Scottish budget is not yet clear. The financial settlements for the NHS and local government will not be known until the draft Scottish budget on 14 December. Once the draft budget is known, it will take some time to work through the detail and assess the impact on the IJB.
- 6.2. The Office of Budget Responsibility (OBR) has revised growth forecasts for the UK for 2017 to 1.5% compared to a forecast of 2% in March. This reduction in the growth forecast continues for each of the next five years and could have significant implications for public finances. It is anticipated that the financial settlement for 2018/19 and 2019/20 will be particularly challenging.

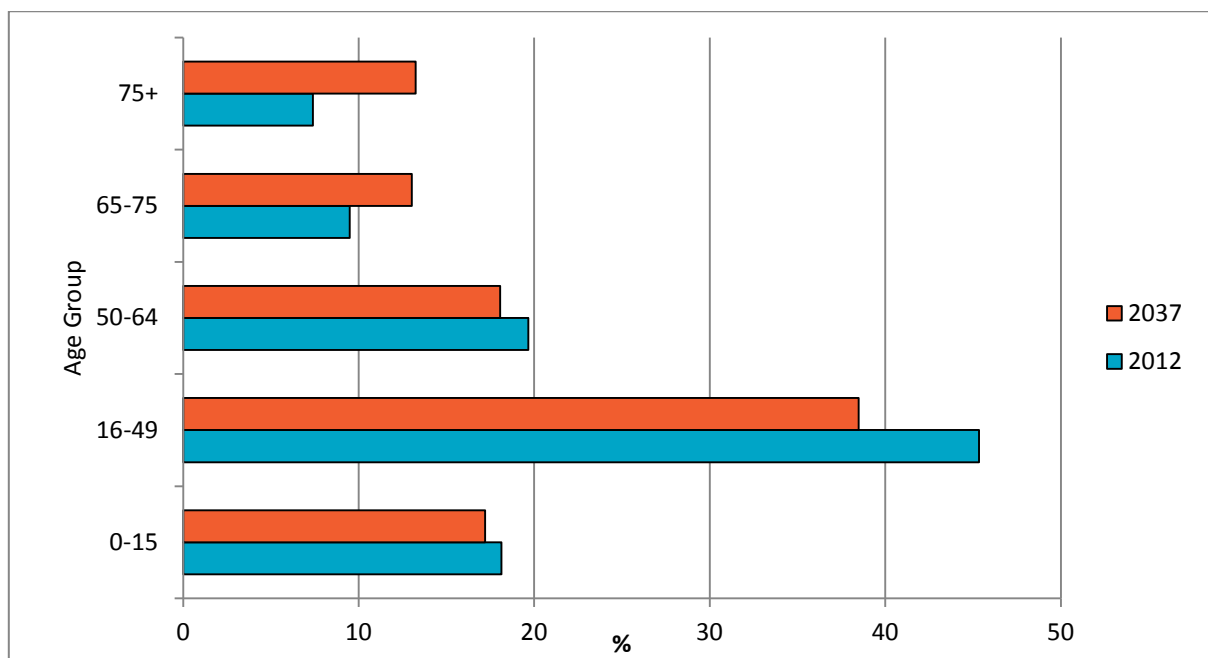
- 6.3. Public sector spending is under significant pressure and strains in the system are beginning to show, not least in Adult Social Care and the NHS. This is at a time when activity levels have continued to grow.

7. KEY CONSIDERATIONS LOCALLY FOR 2018/19

7.1. Demographics

The purpose of this section is to provide an outline of the local activity changes that will impact on resources due to increased demand. A more detailed review of the medium term impact will be presented to the IJB as part of a Medium Term Financial Plan.

- 7.2. The main cost pressure facing the Partnership is the demand projected demographic changes. The Annual Performance Report presented to the Board in August included a projection for the population age distribution in Falkirk from 2012 to 2037.



- 7.3. Along with the increase in the number of people aged 65 or over, is a growing number of people living with long term conditions, multiple conditions and complex needs. This is directly linked to evidence that people tend to develop more conditions as they age. There is also emerging evidence that as the population ages, people will spend significantly more time as “frail” and requiring regular care.

7.4. This change sits alongside a decreasing population of working age adults which creates workforce and recruitment challenges for delivering health and social care.

7.5. In October 2016 the National Records of Scotland published their population projections for all 32 local authorities. Some of the most important figures for the Partnership are noted below:

Age Group	2014	2024	Movement
65-74	15,722	17,876	13.70
75-84	9,199	11,835	28.66
85+	3,023	4,343	43.67
Total	27,944	34,054	21.87

7.6. The Partnership doesn't currently hold data in a format that would allow a more detailed analysis of the likely impact of these projections on service demand. This will be an important area of work going forward.

7.7. **Legislation**

The Carers (Scotland) Act 2016 – the requirements of the Carers (Scotland) Act 2016 (the Act) come into force on 1 April 2018. Health and Social Care Partnerships have been identified as having a major role in the effective implementation of the Act at a local level. The Falkirk Partnership Carers Act Implementation Group has been working through an implementation plan to ensure the Partnership is ready to meet its obligations from 1 April 2018. This is likely to have a financial impact on the Partnership in 2018/19 and beyond (see paragraph 7.15).

7.8. Other pieces of legislation that may impact on the budget for the Partnership are:

- The commitment to extend free personal care for under 65s in some circumstances
- Living wage uplifts – including potentially more significant impact on sleepover costs than originally anticipated
- National care home contract – if this contract cannot be agreed at a national level, local negotiations will have to take place.

7.9. **Cost Inflation**

The inflationary elements that have the biggest impact on the Partnership are:

	2018/19 Assumption
Pay Inflation:	
Adult Social Care	1.8%
NHS Staff	2.0%
Payments to External Providers (Social Care)	2-3%
Prescribing (Primary Care)	5.24%
NHS General Price Inflation	3.00%

- 7.10. The costs associated with these areas are substantial and the percentages provided in the table above are estimates at this time. The most significant variable across the Partnership is the pay award which has not yet been confirmed and many anticipate it will be higher than the levels set out above. Further detail is provided in paragraph 7.13 of this report.
- 7.11. **2018/19 Funding Levels**
The financial outlook for 2018/19 has been outlined at section 6. It is inevitable that the Partnership will need to consider further efficiencies and savings, to be approved by the IJB.
- 7.12. However, in 2017/18 the Scottish Government placed restrictions on both Local Authorities and NHS Boards that limited the amount of reduction that could be made to the payments to the IJB. It is anticipated that similar restrictions will be put in place for 2018/19. An explanation of what that meant for the payments provided to the IJB is given below:

Falkirk Council	<p>In 2017/18 the Scottish Government set a limit on the amount by which the payment from Local Authorities to IJBs could be reduced. This limit was based on a share of £80m, which for Falkirk Council was £2.270m.</p> <p>In the absence of any other data, the same figure has been used to plan for 2018/19.</p> <p>This means that the Falkirk Council can take the figure paid to the IJB in 2017/18 and reduce that by £2.270m.</p> <p>This would mean a minimum payment from Falkirk Council of £58.081m.</p>
NHS Forth Valley	<p>For 2017/18, the Scottish Government ensured that NHS contributions to IJB for delegated health functions had to be maintained at least at 2016/17 cash levels.</p> <p>NHS Forth Valley kept their allocation at 2016/17 cash levels.</p> <p>This effectively meant that all additional cost pressures – demand, inflation etc, would have to be met from savings in 2017/18.</p> <p>It is anticipated that a similar requirement will be put in place for 2018/19.</p>

7.13. A more detailed look at the proposed payments is included in the table below:

	Falkirk Council	NHS Forth Valley	Total
	£m	£m	£m
2017/18 Base Payment (as at 31 July 2017)	60.351	133.393	193.744
Demographic Increase	0.350	-	0.350
Inflationary Elements	2.187	2.897	5.084
Carers Act Impact	0.173	-	0.173
Integration Funding Uplift	(1.000)	-	(1.000)
NHS Recurring 2017/18 Pressures	-	1.100	1.100
Sub Total	62.061	137.390	199.451
Minimum Funding Available	58.081	133.393	191.474
Funding Shortfall	3.980	3.997	7.977

- 7.14. The figures in the table above assume that the funding pressures that the Partnership has experienced in 2017/18 of c£1.1m will remain in 2018/19. This is because recurring savings to mitigate these pressures have not yet been identified. This figure will reduce to the extent that recurring savings are identified and implemented.
- 7.15. The figure included for Carers is a best estimate at this time. It is based on estimated expenditure of £0.534m with estimated funding from the Scottish Government of £0.361m. These figures are based on a percentage of figures prepared on a national basis and are therefore heavily caveated.
- 7.16. The table at 7.13 shows a figure included in the projected funding of £0.350m for demographics on the Adult Social Care side. Whilst a separate figure is not shown on the NHS side, NHS services, and therefore costs, will undoubtedly be impacted by the changing demographics in the area.
- 7.17. Taking the above assumptions into account, the total anticipated savings required for the Falkirk Partnership would be approximately £8m.
- 7.18. **Other Areas To Consider**
Other areas that will continue to be reviewed in order to assess the impact on the Falkirk Partnership include:
- The 2018 General Medical Services Contract in Scotland
 - The closure of Bield Housing with Care (report included on this meeting agenda)
 - The impact of paying the living wage for sleepovers

8. SAVINGS & EFFICIENCIES

- 8.1. Officers of the Partnership have been working on the development of savings options for IJB approval. However, the budget cycles for the Council and the NHS are very different, not least due to the way the Scottish Government allocate funds. Whilst work is ongoing to better align the processes, it is recognised that we are somewhat limited in what we can do at a local level.
- 8.2. **Adult Social Care**
As noted above it is anticipated that Falkirk Council could require savings of up to £4m to be delivered by the Falkirk Partnership in 2018/19. This represents a reduction in funding to the Partnership of c6.6% from 2017/18. Falkirk Council is working on a two year budget covering 2018/19 and 2019/20 which anticipates a £4m saving in each of those years.
- 8.3. It is important to note that areas such as central support recharges, property costs and fleet costs are out of scope for the IJB. Any savings proposed by the IJB will not therefore impact on these areas. In 2017/18 the projected out of scope position for Adult Social Care is an underspend of c£0.440m. The Partnership anticipates that this underspend will be offered as a saving and has been informed that a further £0.400m may be sought. That will potentially bring the full savings requirement for Adult Social Care to c£4.840m in 2018/19.
- 8.4. Adult Social Care has been successful in delivering recurrent savings in recent years. Savings of £1.6m were delivered in 2016/17 and a further £2m is expected to be delivered in 2017/18.
- 8.5. Savings have been developed for Adult Social Care for 2018/19. These savings are included in Appendix 3 and have been discussed with members of the Leadership Team.
- 8.6. The savings at Appendix 3 total £2.3m. This is £1.7m short of the maximum that Falkirk Council can request from the IJB. The savings presented at Appendix 3 represent efficiencies that Adult Social Care are confident can be delivered without negatively impacting on delivery of the Strategic Plan.
- 8.7. If Adult Social Care funding to the IJB is reduced by £4m for 2018/19 this will require very difficult decisions to be taken by the IJB. In addition, the timescale would be problematic in terms of planning, consultation and delivery. It is highly unlikely that there would be sufficient time to develop the appropriate supports to mitigate the impact of significant service changes, which could in turn lead to pressures building in areas such as unmet need and delayed discharge.
- 8.8. The areas set out in paragraphs 8.9 to 8.13 do not represent current proposals. The reason for including them in this report is to set out the rationale for avoiding savings in these areas in 2018/19 and to indicate the direction of travel. In the event that the IJB is asked to save £4m in 2018/19, £1.7m beyond what is currently

identified, further savings proposals will have to be developed which is likely to include these areas.

8.9. Care Home Closures

The Partnership aims to realise some reduction in care home capacity in future years. This would mean that people are living at home for longer and spending a shorter period in a care home setting where appropriate. This approach would reduce demand for care home places and help to free up existing capacity. The aim of the Partnership would be to realise this reduction over a period of time, allowing the appropriate care models, including the Reablement Pathway, and community supports to be in place. If appropriate supports are not in place, there is an increased risk of avoidable hospital admissions, delayed discharges and increased costs across the system. It is anticipated that demand pressures will remain in this area, particularly during the early part of 2018/19, as a result of the closure of Bield Housing.

- 8.10. Care home closure is a significant step that has to be handled sensitively. This should involve a planned lead in period and appropriate consultation and engagement. The scale of expenditure on in house care home provision is substantial. Our capacity to deliver care at home will on a planned basis and over time be enhanced through locality level integration and reablement. People who in the past moved into residential care, rather than nursing care, will be able to remain at home thereby achieving better personal outcomes. It will therefore be necessary to review in house residential provision, with a likelihood of this being an area of provision where savings will require to be made from 2019/20 onwards. There would be a very high risk associated with delivering any related savings in 2018/19 because an accelerated closure programme would not be aligned to the necessary whole system change.

8.11. Home Care

No savings are currently proposed for Home Care. This reflects the need to complete the review of Homecare and to build up capacity in this 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 which also underpins the recommendation that savings are not proposed in Home Care for 2018/19. A further consideration is the impact of demographic change, home care having a pivotal role in responding in particular to the increase in the 75+ population. Any significant reduction of this budget during 2018/19 would significantly impact on the Partnership's ability to achieve the desired shift in the balance of care from acute settings to care at home or in a homely setting.

8.12. Further Savings from Day Services for Young Adults

Substantial savings have been made in Younger Adults Day Services over the two years 2016/17 to 2017/18, amounting to £430k. We are 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 2017/18 would adversely impact the ongoing work to build a new service delivery model.

8.13. High Cost Care Packages

The current proposal of a saving of £0.5 m from higher cost care packages during 2018/19 would bring the total saving in this area to £1.5m over a the three year period starting in 2016/17. It is anticipated that this saving can be delivered on the basis of improved efficiency. There would be considerable risk associated with delivery of a higher amount than the proposed £0.5m, given that increasing efficiency of service delivery is a finite opportunity.

8.14. Further Review of Charging

The savings proposed at Appendix 3 include recommendations for increasing charges. Even with those increases, Falkirk Council remains lower than the Scottish average for a number of social care charges. The recommendations for charges could be revisited and increased if required.

- 8.15. The HSCP is still in an early stage of development and is not yet fully integrated. The Partnership has limited staff resource and capacity that is focussed on delivering the change programme to support the Strategic Plan at the same time as delivering front line services. As a result the team does not have sufficient capacity to manage the planning and engagement processes required to deliver any additional significant service change in 2018/19, without compromising the deliverability of other service changes and improvements.

8.16. NHS & Partnership Savings

Work to develop savings for the NHS arm of the budget is well underway. NHS officers have been going through a prioritisation approach, including a review of service priorities and looking at essential, limited and non essential services. Where services are identified as non essential, discussion is underway around what services or costs could be avoided.

- 8.17. As options are identified, these will be assessed to consider the impact of them, most importantly on safety, the deliverability of them and finally how they fit with national and local strategies.

- 8.18. At a Partnership level efforts to identify savings and to look at opportunities for Partnership wide savings as a result of integration are ongoing. A number of initial meetings have been held and a Leadership Team meeting is scheduled to look over all available options in detail. This meeting will give a clear opportunity for the Team to consider all the options and to assess impact across the whole health and social care system. An updated list of all available options will be presented to the February IJB.

8.19. Areas of the NHS arm of the budget highlighted for possible review include the following:

- Prescribing waste & over-ordering
- Community hospital bed reconfiguration/redesign
- Mental health services redesign
- GP local enhanced services

9. RESERVES

9.1. The reserves position of the Partnership is included in the Financial report also on this agenda. The main available reserve is the Integration Fund of £1.430m which is ring-fenced for Adult Social Care. The savings noted at paragraph 8.5 include application of £0.700m of the Integration Fund reserve. It is recognised that using reserves in this way is not sustainable as it does not address the underlying overspend. However, it is hoped that application of these reserves will allow time to continue with the transformational change required to deliver a sustainable service.

9.2. Investment plans for the remaining £0.730m of the reserve will be brought forward to the IJB. The aim is to use these funds to have enable and drive transformational change for the Partnership and help deliver efficiencies and improved services.

10. CONCLUSIONS

10.1 This Business Plan sets out the challenges facing the Partnership both in terms of finances and the level of change and transformation taking place. The assumptions in the Business Plan have been developed and agreed with Partners but are subject to ongoing review and refinement.

10.2 Savings options have been presented for Adult Social Care only at this stage with the intention of bringing further options to the next meeting of the IJB. These savings options represent what the Partnership views as both achievable and in line with the work set out in the Strategic Plan.

10.3 If approved the Business Plan would be issued to Falkirk Council for consideration as part of their budget process. Any feedback from the Council will be included in a report to the next meeting of the IJB.

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 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

Author – Amanda Templeman, Chief Finance Officer

Date: 20 November 2017

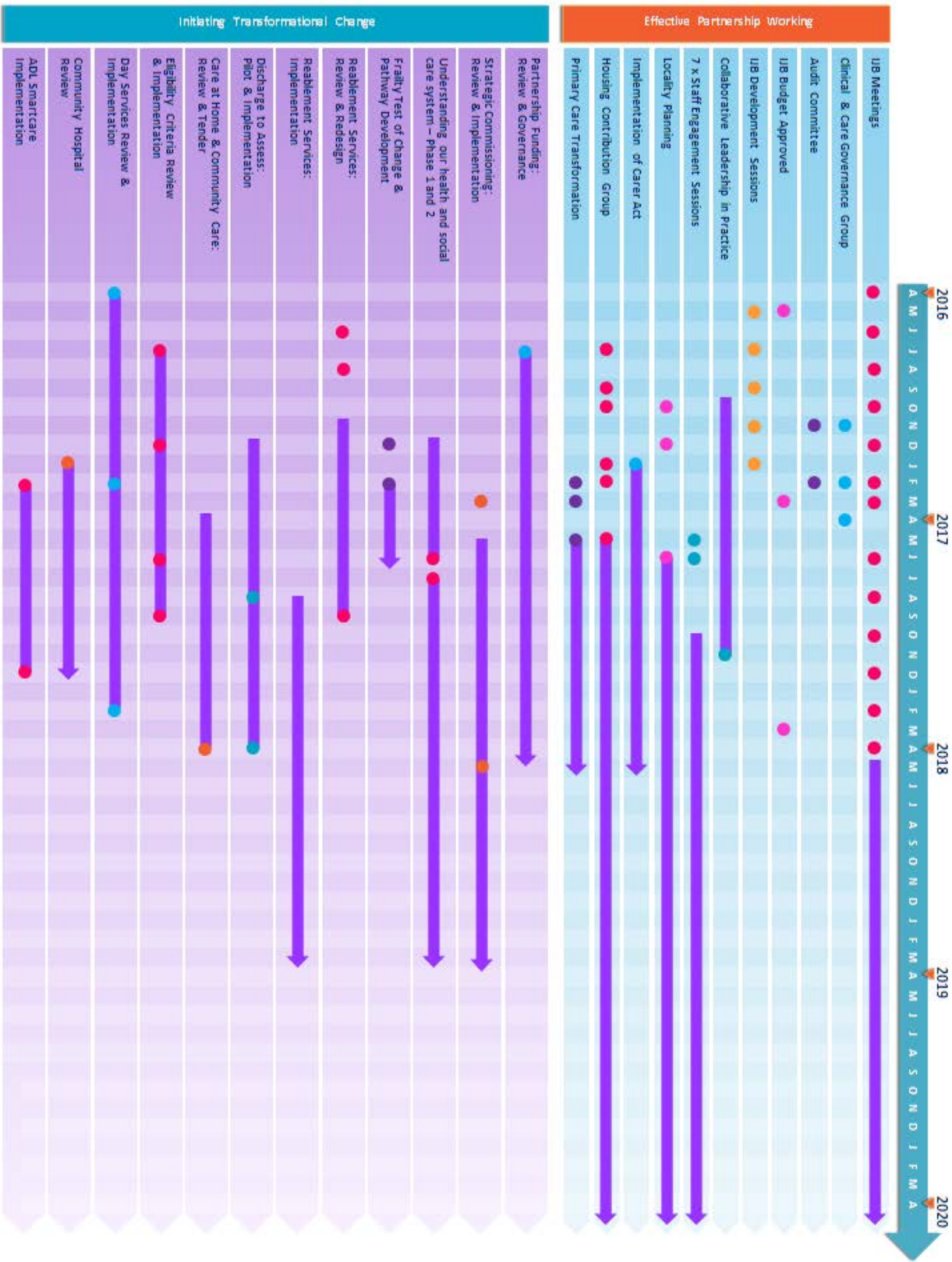
List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.






Falkirk Health and Social Care Partnership Vision:



To enable people to live full independent and positive lives within supportive communities

Local Outcomes	Self management	Autonomy & decision Making	Safe	Service user experience	Community based support
	Individuals, carers and families are enabled to manage their own health, care and wellbeing	Where formal support is needed people should be able to exercise as much control and choice as possible over what is provided	Health and Social care support systems are in place, to help keep people safe and live well for longer	People have a fair and positive experience of health and social care	Informal supports are in place, which enable people, where possible, to live well for longer at home or in homely setting within their community
National Outcomes	1) Healthier living 2) Reduce Inequalities	4) Quality of Life	7) People are safe	3) Positive experience and outcomes 8) Engaged work force 9) Resources are used effectively	2) Independent living 6) Carers are supported

Updated Outline



A. SAVINGS 2018/2019						
1. Efficiency Savings						
	Ref	Title	Budget £'000	Saving Amount £'000	Comments	Risk
	1.1	Supported Living Care Packages	13,920	500	Deliverable through reablement informed reviews. Deliverability is assessed as low risk in light of 16/17 and 17/18 experience of achieving savings in this area of service.	
	1.2	Reduction in costs relating to sickness absence	-	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.	
2. Changing Models of Service Delivery						
	Ref	Title	Budget £'000	Saving Amount £'000	Comments	Risk
	2.1	Reduction in spend on purchased care home placements	33,958	300	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	325	30	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	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.	

3. Increasing Income & Other Savings						
	Ref	Title	Budget £'000	Saving Amount £'000	Comments	Risk
	3.1	Application of Integration Funding	-	700	A one off application of the IJB's Integration Funding reserves. This type of funding is not sustainable but will buy time to implement more radical service delivery changes.	
	3.2	Charging Income	11,161	500	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. The balance of the increase would be delivered by equalisation of day service rates, with all day service being charged at the higher of the two rates currently applied. . In 2017/18 Currently Service Users residents are charged £28 per week for receiving day care if under 65, £5.26 per week if over 65, a differential which lacks a strong rationale. In one neighbouring comparator Partnership area the <i>daily</i> rate is £59.40. This would affect approximate 240 users. The modelling assumes that current year day service rates would be increased in line with Inflation, in the same way as other services.	
TOTAL				2,330		