AGENDA ITEM NO: 5

Report To:	**Inverclyde Integration Joint Board**	**Date: 29 January 2019**
Report By:	**Louise Long** **Corporate Director, (Chief Officer)** **Inverclyde Health & Social Care Partnership**	**Report No: IJB/05/2019/LA**
Contact Officer	**Lesley Aird** **Chief Financial Officer**	**Contact No: 01475 715381**
Subject:	**SET ASIDE BUDGETS**	

1.0 PURPOSE

1.1 The purpose of this report is to provide additional information to the Board on Unscheduled Care/Set Aside Budgets and their application.

2.0 SUMMARY

2.1 At its November 2018 meeting, the IJB discussed the funding letter from NHSGG&C and in particular the reduction in the notional Set Aside budget. It was agreed that a further report would come to this meeting on issues relating to set aside activities. Since then a further funding update has been received confirming that our notional Set Aside budget for 2018/19 is being maintained at £16.439m.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Integration Joint Board

1. notes the report, and the updated funding letter from NHSGG&C and
2. instructs the Chief Officer and Chief Financial Officer to continue discussions with NHSGG&C on set aside budget resource transfer protocols.

Louise Long
Corporate Director (Chief Officer)

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

4.1 Since the IJB was formed in 2016/17 it has had a notional "set aside" budget. The value of this was initially based on activity data from 2014/15. For the past 3 years the budget has remained static at £16.439m and at year-end the actuals have been reported as in line with budget. In October, the Health Board issued an in year funding update letter and the Set Aside amount had been uplifted to reflect the 2017/18 and 2018/19 funding uplifts but reduced based on reduced activity to a final figure of £16.211m. In December the Health Board issued a further letter confirming that the 2018/19 notional Set Aside for Inverclyde would be maintained at £16.439m.

4.2 The IJB was advised that discussions were ongoing with the Health Board about the Set Aside budget and the IJB requested a follow up report to its January 2019 meeting.

5.0 EXPLANATION OF THE SET ASIDE CALCULATION

5.1 The set aside budget is a mathematical calculation which is designed to estimate the consumption of Acute unscheduled care services by the HSCP.

5.2 HSCP set aside budgets are recalculated annually based on information released by ISD. The 2018/19 budgets are based on a 3 year rolling average for each HSCP's activity for the in scope specialities and this activity is then costed using Cost Book expenditure.

5.3 As the ISD budgets are based on 2016/17 activity, the total set aside budget is reallocated in proportion to the 3 year rolling average activity for each HSCP.

5.4 <u>Services included in the calculation</u>

Activity in relation to all unscheduled care is included in the overall Set Aside activity calculations. This is driven primarily from Accident and Emergency attendances and admissions and occupied bed days resulting from these.

5.5 <u>Inverclyde's Set Aside Budget</u>

The notional Budget 2016/17 to 2018/19 was £16.439m (based on 2014/15 ISD data). The in year allocation letter in 2018/19 from the Health Board reduced this to £16.211m (based on 2016/17 data from ISD including the uplifts for 2017/18 and 2018/19). The meant a net decrease of £0.228m in the notional budget.

5.6 <u>Financial Improvement Plan</u>

The Health Board, like all public sector bodies, has been undertaking a number of savings exercises over the past few years over all services including Acute and Set Aside functions within that. The most recent and significant of these is the recent FIP work. Savings targets of £62.1m for 2017/18 and £67.0m for 2018/19 were agreed against Acute Services and of these £6.279m for 2017/18 and £10.830m for 2018/19 relate to Set Aside Services.

5.7 A significant amount of further work will be required to agree a methodology for allocating these Set Aside savings to individual IJBs. The nature of the savings means this allocation cannot be a straight pro rata to each IJB as some savings will be more or less applicable to each. For example, one of the FIP savings relates to improved delayed discharge performance. Inverclyde is already performing well in this area compared to a number of the other HSCP s so there is no target set against Inverclyde for this particular issue therefore any share of the financial saving should not be levied against Inverclyde either. The mechanisms for this will need to be agreed through the existing Set Aside group, on which there are representatives from each IJB and it is likely that national

guidance will be required to ensure consistency across Scotland.

5.8 Set Aside Progress to Date and Timeframe

Currently, each IJB has been using a notional sum for Set Aside within their accounts derived from previous datasets provided by ISD.

5.9 The mechanism by which the set aside budget would be implemented has not been described or agreed either locally or nationally. Nationally a pilot is being set up in Lanarkshire to look at implementing the roll out of Set Aside to IJBs. The results of that pilot are expected to inform and guide similar works in other Health Boards but at this stage there is no known timescale for completion of this work.

5.10 Within GG&C a group was set up early in 2017/18 to look at implementing the statutory guidance. This group comprised representatives of the following groups: Health Board Finance, IJB Chief Finance Officers, Scottish Government representatives plus Information Services and Planning staff.

5.11 Since October 2018 there have been monthly meetings between the Health Board Finance Team, the 6 IJB CFOs and 6 IJB Planning reps together with Paul Leak from Scottish Government and ISD reps to move this forward within GG&C.

5.12 The focus to date has been around agreeing the data to be used to better understand the baseline bed capacity used by Integration Authority residents. That element of the work is now almost complete and we have finalised datasets covering the last 2 full financial years since the opening of the Queen Elizabeth University Hospital. There is a requirement to have the datasets from 2014/15 onwards to enable the 3 year rolling average calculations to take place. That data is now being collated.

5.13 Once the full datasets have been agreed these will be used to calculate the baseline sums for set aside to identify an appropriate tariff (cost per bed day). The datasets have been developed to ensure that regular, up-to-date information can easily be provided on a monthly basis to monitor performance against plan once the new arrangements are agreed and in place.

5.14 Agreeing a methodology for quantifying the resource release from set aside budgets linked to projected changes in bed capacity is more complex. This will be developed on the basis of manageable change i.e if an IJB is able to free up 6 beds that may not create a saving as 6 beds would not be enough to close a ward. In such a scenario, plans will need to be considered across a number of the IJBs and agreements reached on a level of change which can reasonably be expected to release genuine cost reductions and/or shifts in service/care. There is an added problem as such changes will undoubtedly require a transitional period during which dual running costs will be inevitable as we move from current arrangements to new ones which will be problematic in the current financial climate. In terms of developing IJBs will be required to collaborate in their planning work with others such as NHS Board and other IJBs.

5.15 The datasets have been developed to ensure that regular, up-to-date information can easily be provided on a monthly basis to monitor performance against plan once the new arrangements are agreed and in place.

5.16 An accountability framework will require to be drawn up to clarify the relevant risk sharing arrangements when we get to that stage which will require to be agreed by the 6 IJBs, informed by the joined-up commissioning plans.

6.0 NEXT STEPS

6.1 Any reduction in the notional budget based on reduced set aside activity with no agreed resource transfer potentially acts as a disincentive to IJBs to manage or reduce their set aside activity. The Chief Officer and Chief Financial Officer have been in discussion with

the Health Board about potential changes in the notional Set Aside budget and the implications of this for Inverclyde and other IJBs within GG&C.

6.2 Going forward, those discussions will continue with a view to come to an agreement on a resource transfer package within agreed parameters if IJBs can demonstrate planned and consistent activity changes which reduce demand and cost pressures on the Acute service. However, there had been an increase in activity across GG&C.

6.3 Latest activity figures show that Inverclyde's unscheduled care (Set Aside) usage is decreasing but has not been replicated across other partnerships. This decrease is expected to continue as the impact of our Primary Care work and other local measures continue to have a positive impact on shifting the balance of care. It is therefore vital that a resource transfer model is agreed to ensure that the shift is funded.

6.4 While Set Aside budgets remain notional, the costs that Inverclyde is incurring with its enhanced primary care support, Step Up beds and other initiatives which are reducing demand on Set Aside services are real. The saving to acute services linked to these changes is also real. Inverclyde is looking for an agreement with the Health Board that some of the actual savings generated will be transferred to the IJB to fund the initiatives that are delivering the savings. Discussions with Health colleagues will continue to move toward delivering this in 2019/20.

7.0 IMPLICATIONS

7.1 FINANCE

There are no direct financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

LEGAL

7.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

7.3 There are no specific human resources implications arising from this report.

EQUALITIES

7.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 How does this report address our Equality Outcomes?

There are no Equalities Outcomes implications within this report.

Equalities Outcome	**Implications**
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

7.6 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

There are no clinical or care governance issues within this report.

7.7 **NATIONAL WELLBEING OUTCOMES**

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	**Implications**
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None

Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

8.0 CONSULTATION

8.1 This report has been prepared by the IJB Chief Financial Officer in consultation with the Chief Officer and the Health Board's Director of Finance.

9.0 BACKGROUND PAPERS

9.1 None.