

Subject: **IJB INTERIM BUDGET 2018/19 PROPOSALS**

Purpose: To seek approval from the IJB of the 2018/19 interim North Ayrshire Health and Social Care Partnership budget proposals

Recommendation: That the Board approves the proposed interim budget for 2018/19 for North Ayrshire Health and Social Care Partnership inclusive of all related pressures and savings

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
IJB	Integration Joint Board
NAHSCP	North Ayrshire Health and Social Care Partnership
NAC	North Ayrshire Council

1.	EXECUTIVE SUMMARY
1.1	This report sets out the proposals for the 2018/19 interim budget for North Ayrshire Health and Social Care Partnership. A follow up report will be brought to the IJB for approval of the finalised Budget once NHS AA has finalised its budgets and contribution to the IJB.
1.2	The IJB is funded by North Ayrshire Council and NHS Ayrshire & Arran.
1.3	<p>NAC set its budget for 2018/19 on 28 February 2018. As part of this it approved a net increase in funding for NAHSCP of £3.496m taking the total contribution for 2018/19 to £90.498m. This element of funding is final.</p> <p>The Scottish Government has also made available £66m (NAC share £1.847m) within the 2018/19 local government settlement to support the cost of the Living Wage (including sleepovers), implementation of the Carers Act, uplift to Free Personal and Nursing Care payments and other general pressures. This has been passported straight to NAHSCP by NAC. This element of funding is also final. See Appendix A</p>
1.4	<p>NHS AA funding levels are currently an interim position, whereby it approved a rollover of the existing IJB budget at its meeting on 26 March 2018. Costs and funding associated with the Agenda for Change pay arrangements remain to be resolved nationally. Also proposed investments including an enhanced intermediate care community rehabilitation service will be considered by the Board in May. Budgets shall be adjusted in-year to reflect pay, prescribing cost pressures and efficiency savings.</p> <p>The interim contribution for 2018/19 is £136.394m (excluding the estimated Set Aside element of £27.765m).</p>

	The NHS base budget will change as there are a number of proposed transfers between the Ayrshire partnerships which remain to be actioned. This shall be tracked and reported back to the IJB in due course.
1.5	The proposed interim budget for the IJB is £256.504m (inclusive of the estimated Set Aside budget of £27.765m). A summary of the 2018/19 interim budget and core funding streams is detailed within Appendix A .
2.	BACKGROUND
2.1	<p>Health and Social Care Partnerships are operating in an increasingly challenging environment. The Partnership's budget is ultimately delegated to it by the Council and NHS. Future funding for all partners is unlikely to keep pace with increasing demand and increasing costs.</p> <p>Analysis and projections of cost pressures were undertaken and the IJB approved a Medium Term Financial Plan (MTFP) in March 2017 which covered the period 2017/18 to 2019/20. The plan is being refreshed to reflect the period up to 2020/21 for presentation to the IJB in May 2018 subject to finalising of the NHS AA budgets.</p>
2.2	We have experienced exceptional demand for services over the last three years, the cost of demand has been higher than the funding the Partnership receives. The political and economic landscape show via projections that this imbalance between money in and money out is likely to continue, making this imbalance unsustainable.
2.3	<p>NAHSCP has developed a robust financial plan for 2018/19 which incorporates base budget spend based on 2017/18, additional pressures in 2018/19, savings to be realised in 2018/19 both with and without the use of the Challenge fund.</p> <p>This IJB and hence NAHSCP must operate within its financial envelope, while targeting resources to support our key priorities per the NAHSCP Strategic Plan.</p>
2.4	<p>To support the IJB to operate within its financial envelope in 2018/19, NAHSCP will:-</p> <ul style="list-style-type: none"> • Bring a transformation and change agenda to the forefront • Look to address current culture, practise and models of care across areas and in ways that focus on a reduction in statutory sector care with primacy being given to self-management, familial support and sign-posting to non-statutory alternatives. • Create a financial framework to allow detailed monitoring of month to month spending allowing early identification of potential overspends and hence allowing early corrective action to be put in place • Maximise savings achievable from the Challenge Fund Phase 1 & 2 • The action plan from the budget management audit will be rolled out to ensure operational budget management arrangements are tightened and fit for purpose to improve financial performance.
3.	PROPOSALS – 2018/19 REVENUE BUDGET
3.1	<p>NAHSCP 2018/19 interim Budget is £228.739m (excluding Set aside element) and £256.504m (including Set Aside budget).</p> <p>A summary of the 2018/19 interim budget and core funding streams are detailed within Appendix A, which is net of pressures and savings which are detailed separately in Section 3.4 of this report.</p>

3.2	The funding from NAC is £90.498m for 2018/19, with the addition of £1.847m passported through to the IJB for North Ayrshire's share of the £66m Scottish Government funding which has been made available to support the cost of the living wage associated with sleepovers, implementation of the Carers Act, uplift to Free Personal and Nursing Care payments and general pressures.
3.3	The funding from NHS AA is interim at this time and is £136.394m for 2018/19 with the addition of the indicative Set Aside budget of £27.765m.
	BUDGET PRESSURES
3.4	NAHSCP pressures are detailed within Appendix B
3.5	<p>Budget pressures for NAC commissioned services total £6.873m. These were developed in consultation with each Head of Service and their relevant Service areas, taking account of historic demand and spend levels.</p> <p>The value of total Pressures requested from NAC were £280k higher than the overall sum awarded by NAC and hence some pressures and savings had to be realigned accordingly. Any realignment will have appropriate plans in place to ensure the revised financial requirements are met.</p>
3.6	<p>Budget pressures for NHS AA commissioned services total £1.608m (interim) and are mainly in relation to payroll increases and associated costs.</p> <p>Prescribing Pressures and savings have been specifically excluded from these interim budget proposals as they are still in flux and an updated position will be brought to the IJB in due course.</p>
	BUDGET SAVINGS
3.7	<p>NAC commissioned services - Savings to be realised are detailed within Appendix Ci where they are split into:</p> <ul style="list-style-type: none"> a) Previously approved by the IJB b) Management action – HSCP can undertake these under delegated authority c) IJB approval required <p>It is important to note that should any of the overall savings proposed (NAC or NHS AA sides) not be acceptable to the IJB and hence not approved then alternative proposals will be required to be agreed, as there is a statutory obligation on the IJB to approve a balanced budget.</p>
3.8	<p>NAC's funding for 2018/19 provides a £3.496m net increase. If all resource pressures totalling £6.873m are accepted by the IJB then the total funding gap required to be balanced is £3.378m.</p> <p>The actual savings proposed total £3.238m, with the addition of £0.140m of the £1.847m passported through from the Scottish Government being utilised in line with it being awarded to contribute towards general pressures also. This achieves the total £3.378m funding gap.</p>

3.9	<p>The Challenge fund is a key enabler to being able to deliver a major element of the NAC commissioned services savings plan as detailed within Section 3.8 above, with Phase 1 required to deliver £1.119m net savings in 2018/19 – See Appendix D</p> <p>Challenge fund Phase 2 monies of up to £0.600m are available to draw down by NAHSCP on submission of appropriate projects for this to be spent on. These projects will be required to deliver part year savings of £0.250m within the 2018/19 savings target. Work is ongoing in creating a programme of transformation that funding shall be drawn down against.</p>
3.10	<p>Equality Impact Assessments (EIAs) have been carried out for all NAC commissioned services related savings. EIA's for NHS AA savings proposals will be carried out once the NHS side of the budget and savings have been finalised.</p>
3.11	<p>NHS AA commissioned services - Savings of £0.690m are to be realised as detailed within Appendix C(ii). Proposals worth £0.350m have previously been approved by the IJB as shown and are being actioned. The remaining £0.340m of savings are still being finalised alongside the NHS side of the Budget and will be detailed in the follow up report showing the final budget in due course.</p>
3.12	<p>For 2018/19 NHS AA have indicated that a 1% Cash Releasing Efficiency Saving (CRES) is required by NAHSCP which equates to £0.690m (excluding Prescribing savings).</p>
3.13	<p>Prescribing Pressures and savings have been specifically excluded from these interim budget proposals as they are still in flux and an updated position will be brought to the IJB in due course.</p> <p>The Clinical Director is preparing an initial action plan outlining how the CRES Prescribing savings targets are to be achieved. This will be a key component of a system-wide approach to delivery of Prescribing CRES recognising cost drivers within Acute, Primary and Secondary Care, as well as external factors like price increases due to short supply of drugs.</p>
3.14	<p>CRES savings not achieved in prior years 2016/17 and 2017/18 totalling £2.557m require to be carried forward into 2018/19, for which proposals still require to be developed.</p>
	<p><u>Anticipated Outcomes</u></p>
3.15	<p>There are a number of outcomes anticipated in relation to the 2018/19 interim Budget:-</p> <ul style="list-style-type: none"> • Transformation and Change will figure at the forefront of the IJB and NAHSCP agenda throughout 2018/19 and beyond. • The IJB and NAHSCP are to operate within the 2018/19 interim budget and overall financial envelope. • Financial governance will be enhanced across those authorised to approve budgets to ensure robust control of expenditure. • Financial performance monitoring will be enhanced via a detailed financial framework tracker allowing early detection of adverse spend and corrective action being agreed and deployed.

	<ul style="list-style-type: none"> • All savings, including the Challenge fund projects will be delivered per the agreed timetable to realise appropriate savings for 2018/19 and beyond. • Financial resources shall be effectively targeted to improve the health and care outcomes for the people of North Ayrshire.
	<u>Measuring Impact</u>
3.16	<ul style="list-style-type: none"> • A financial framework tracker will be used to monitor all key budget spend areas on a monthly basis focused on highlighting those areas not performing as required, reasons why and agreeing early corrective action. • Full year financial outturn forecasts will be compiled monthly with variance analysis and relevant explanations. • Detailed monthly financial review sessions will be undertaken with the Director, all Heads of Service and relevant senior managers in NAHSCP to ensure timely action is being taken where needed to stay within budgets. • Regular financial performance reports will be presented to the IJB to ensure it is kept fully informed of performance and importantly any major areas of concern requiring corrective action. • Monthly monitoring and progress of all savings and Challenge fund projects will be undertaken and reported on alongside budgetary performance, with any projects delivering adversely versus the agreed plans being highlighted at the earliest opportunity and having corrective action agreed accordingly.
4.	IMPLICATIONS
Financial:	<p>It is fundamental that the IJB and NAHSCP can operate within their 2018/19 interim Budget levels and deliver services whilst remaining within the financial envelope. Failure to do so could result in overspends which will not only breach the IJB's statutory obligations but result in additional debts alongside prior year debts, being owed to either one of or both NAC and NHS AA. This would also potentially have implications for future year Budgets also.</p> <p>To ensure areas associated with overspends in prior year 2017/18 are brought back in line with approved budget levels for 2018/19. All savings and Challenge fund projects are delivered on time and to the planned values.</p> <p>Appendix A shows the overall IJB Budget and funding streams Appendix B shows the overall Pressures both NAC and NHS AA Appendix C(i) shows the NAC commissioned services savings Appendix C(ii) shows the NHS AA commissioned services savings Appendix D shows the Challenge fund projects & related savings</p>
Human Resources:	<p>The proposed Council services savings result in a net increase in staffing of 16.7 FTE in 2018/19, this is due to investment in Challenge Fund projects which will deliver savings.</p> <p>The Council, as employer negotiates with trade union representatives on the overall workforce impact of the Council</p>

	<p>budget proposals. Trade Union discussions have yet to take place around the new savings as they are still under development but they will be undertaken in due course.</p> <p>There are likely to be workforce implications as part of the NHS savings. These savings are being developed however there will be full consultation with the Trade Unions as appropriate.</p>
Legal:	The IJB has a statutory obligation to set a balanced budget.
Equality:	<p>Equality Impact Assessments (EIAs) have been carried out for all NAC commissioned services related savings.</p> <p>EIA's for NHS AA savings proposals are also being carried out once the NHS side of the budget and savings have been finalised.</p>
Children and Young People	Approval of relevant pressures will allow continued and greater investment in early intervention and prevention in relation to children and young people, hence reducing the future likelihood of the need for accommodating them.
Environmental & Sustainability:	There are no environmental & sustainability implications.
Key Priorities:	The interim Budget proposals support delivery of the HSCP Strategic Plan Priorities.
Risk Implications:	Failure to operate within the 2018/19 interim Budget and overall financial envelope could result in another year of substantial overspend, which would cause the IJB to breach its statutory duties and possibly increase its existing prior years debts and savings commitments to both NAC and NHA AA.
Community Benefits:	Effective delivery of services as per the 2018/19 interim Budget should allow key strategic priorities to be met which should maximise benefits for the North Ayrshire community as a whole, but also benefit those areas of the community most in need.

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	√
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

5.	CONSULTATION
5.1	This report has been produced in consultation with relevant budget holders, the NAHSCP Senior Management Team and the Directors of Finance of NAC and NHS AA.
6.	CONCLUSION
6.1	That the IJB approves the proposed interim budget for 2018/19 for North Ayrshire Health and Social Care Partnership inclusive of all related pressures and savings

For more information please contact Shahid Hanif, Interim Chief Finance & Transformation Officer on 01294 324954 or shahidhanif@north-ayrshire.qcsx.gov.uk

**North Ayrshire Health and Social Care Partnership
2018/19 Budget**

Appendix A

	NAC 2018/19 £000's	NHS 2018/19 £000's	IJB COMBINED 2018/19 £000's
Expenditure			
Community Care and Health	44,305	21,040	65,345
Mental Health Services	14,108	58,180	72,288
Children Services and Criminal Justice	30,364	5,563	35,927
Primary Care inc prescribing	-	47,582	47,582
Management and Support	3,307	2,202	5,509
Change Programme	(326)	1,827	1,501
Carers Act and FPC	587	-	587
Total Health and Social Care Partnership	92,345	136,394	228,739
Plus Set Aside	-	27,765	27,765
GRAND TOTAL	92,345	164,159	256,504

	NAC 2018/19 £000's	NHS 2018/19 £000's	IJB COMBINED 2018/19 £000's
Funding			
North Ayrshire Council	90,498	-	90,498
Scottish Govt funding re Living Wage, Carers Act and FPC 2018/19	1,847	-	1,847
NHS:	-	-	-
a) NHS Ayrshire and Arran Health Board	-	126,194	126,194
b) Scottish Govt funding re Living Wage 2016/17 and 2017/18	-	10,200	10,200
c) Set Aside	-	27,765	27,765
TOTAL	92,345	164,159	256,504

This assumes that the repayments on the carried forward deficit are not commenced until at least 2019/20

Breakdown of the NAHSCP share of the £66m Scottish Government Funding

	Share of £66m £ m
Scottish Government Additional Funding	1.847
<u>Funding components</u>	
Carers Act 2016	0.532
Living Wage - adult social care	0.840
Living Wage - sleepovers	0.280
Free Personal Care uplift	0.056
General Pressures	0.140
TOTAL	1.847

North Ayrshire Health and Social Care Partnership 2018/19 Demand Pressures

Appendix B

a) Council Commissioned Services

Ref	Demand Pressure	2018/19 £000's
1a	2017/18 Demand Pressure - LD Care Packages	500
1b	2017/18 Demand Pressure - Fostering	566
1c	2017/18 Demand Pressure - Residential Schools	1,823
2	Demographic and Demand Pressure - Older People - care at home	659
3	Demographic and Demand Pressure - Mental Health - specific cases	349
4	Demographic and Demand Pressure - Learning Disability - transition cases	480
5	Demographic and Demand Pressure - Children - fostering, adoption & kinship	352
6	National Care Home Contract Inflationary increase 3.39%	490
7	Contract Inflation Outwith the Living Wage and NCHC increase	319
8	Impact of auto enrolment pension increases for personal assistants employed via Direct Payments	45
9	Pay Award	1,172
10	Auto enrolment for Council staff	118
	TOTAL	6,873

b) NHS Commissioned Services

Ref	Demand Pressure	2018/19 £000's
11	Staffing Pressure - Continuation of jointly funded post with Ayrshire College	22
12	Pay Award	1,496
13	Care Packages - Adults £57K and Children £33K	90
	TOTAL	1,608

Note - A Prescribing pressure of £3.444m is not included within the proposed interim budget. This is due to ongoing work on the prescribing savings which will reduce but not eliminate this pressure. An update on the 18/19 prescribing budget will be reported to a future IJB and reflected in the finalised 2018/19 Budget.

North Ayrshire Health and Social Care Partnership
2018/19 Savings

Appendix C (i)

Council Commissioned Services

a) Already agreed by the IJB

No.	Service	Sub Division	Description	RAG Status	2018/19 £000's
1	Mental Health	MH Challenge Fund	Mental Health - Challenge Fund Projects	Green	226
2	Community Care & Health	Comm Care - Challenge Fund	Community Care & Health Challenge Fund Projects	Green	381
3	Children & Criminal Justice	Children - Challenge Fund	Children & Criminal Justice Challenge Fund Projects	Green	519
4	Change and Improvement	Change Programme	Integrated Care Fund - reduction in spend and discontinued projects	Green	218
5	Planning and Performance	Change Team	Change Team Restructure	Green	108
		TOTAL			1,452

b) Management Action - HSCP can undertake these under delegated authority

No.	Service	Sub Division	Description	RAG Status	2018/19 £000's
6	Community Care & Health	Community Care Services	Withdrawal of funding to Crossroads, Largs	Green	14
7	Children and Criminal Justice	Intervention Services	Reallocation of Partnership Forum budget with associated savings	Green	40
8	Cross Service	Management and Support	Staff Mileage - 10% reduction across the partnership	Green	40
9	Management and Support	Management and Support	Planning and Performance Team - reduction in staffing	Green	37
10	Community Care & Health	Income	Additional projected income	Green	155
11	Mental Health	Community Mental Health	Redesign and recommission a mental health support service at a reduced cost.	Amber	30
12	Mental Health	Learning Disability	Reduction in Caley Court Learning Disability Team.	Amber	48
13	Mental Health	Learning Disability	Reduction in staff at Hazeldene Day service	Amber	35
14	Community Care & Health	Integrated Island Services	Reduction in staff from the Arran social work team	Amber	13
15	Children and Criminal Justice	Policy and Practice	To reduce the Learning and Development team	Amber	75
16	Children and Criminal Justice	Children Services	Reduction in staffing Children Services	Amber	25
17	Management & Support	Cross Service	Review all support secondments/posts which could be provided by parent organisations to the HSCP.	Amber	50
		TOTAL			562

c) IJB Approval Required

No.	Service	Sub Division	Description	RAG Status	2018/19
18	Children and Criminal Justice	Intervention Services	To discontinue the mentoring project for young people	Green	25
19	Community Care & Health	Community Care Services	Harbour Centre Day Service, Alzheimers - closure of weekend service	Green	8
20	Cross Service	Cross Service	Bring forward phase 2 Challenge Fund savings from 2019/20 to 2018/19	Green	250
21	Management and Support	Management and Support	Cap respite across all services to 35 days	Green	200
22	Management & Support	Cross Service	Operational savings generated by the business support review.	Amber	150
23	Community Care & Health	Locality Services	Reduction in Care Home Placements - proposal to reduce 25 placements.	Red	391
24	Community Care & Health	Community Care	Managing Care at Home demand	Red	200
		TOTAL			1,224

	GRAND TOTAL	Council Commissioned Services		3,238
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NHS Ayrshire and Arran - Commissioned Services

a) Already approved by the IJB

Service	Sub Division	Description	RAG Status	2018/19
Change and Improvement	Change Programme	Integrated Care Fund - reduction in spend and discontinued projects	Green	242
Planning and Performance	Change Team	Change Team Restructure	Green	108
	TOTAL			350

Service	Sub Division	Description	RAG Status	2018/19
		Savings Proposals currently being finalised *		340

GRAND TOTAL	NHS Commissioned Services		690
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Note (i) - * A number of smaller projects are currently being progressed from these proposals as they are within the delegated authority of the HSCP to be able to action

Note (ii) - Non achieved NHS CRES savings of £2.557m carried forward from 2016/7 and 2017/18 are still to be achieved and these are not reflected in the information above.

Note (iii) - Prescribing savings are not included within the proposed interim budget. This is due to ongoing work on the savings. An update on the 18/19 prescribing budget will be reported to a future IJB and reflected in the finalised 2018/19 Budget.

North Ayrshire Health and Social Care Partnership 2018/19 Challenge Fund

Appendix D

Phase 1 - funding awarded

Reference Number	Summary Description of Proposal	2018/19 Cost			Savings			Net 2018/19 Savings	Net 2019/20 Savings
		Challenge Fund	Funded from Savings	Total	Phase 1 2018/19 Delivery	Phase 1 2019/20 Delivery	Total	Net 2018/19 Savings	Net 2019/20 Savings
CF6	Review Physical Disabilities Caseload - review every package of care currently offered	26,686	-	26,686	200,000	-	200,000	200,000	-
CF7	Investment in Universal Early Years	105,333	52,667	158,000	100,000	250,000	350,000	47,333	144,667
CF8	School-based Approach to Reducing Looked After (LAC)/Looked After and Accommodated Numbers(LAAC)	60,671	94,234	154,904	200,000	151,000	351,000	105,766	90,329
CF9	Reduction in Needs for Residential School placements enhancing our community supports with a new team.	125,994	195,692	321,686	536,000	335,000	871,000	340,308	209,006
CF10	Equipment and Adaptations	-	-	-	-	-	-	-	-
CF11	Pilot Step Up/Step Down Beds in Care Home Setting	-	-	-	-	-	-	-	-
CF12	Develop Reablement and Assessment Capacity within Care at Home	142,114	47,371	189,486	228,000	-	228,000	180,629	142,114
CF13	Pilot Sickness Absence Taskforce within the HSCP	125,000	25,000	150,000	100,000	200,000	300,000	75,000	75,000
CF16	Pilot a New Approach to Sleepover Provision within Learning Disabilities	22,500	-	22,500	-	-	-	-	-
CF17	Expansion of the Multi Agency Assessment and Screening Hub (MAASH)	34,178	11,393	45,571	37,000	37,000	74,000	25,607	2,822
CF18	Leadership Secondment to Implement Learning Disability Strategy and new Pan Ayrshire approach	30,000	30,000	60,000	256,000	150,000	406,000	226,000	120,000
CF22	HR and Support to all projects	81,492	81,492	162,985	-	-	-	81,492	81,492
		753,969	537,849	1,291,817	1,657,000	1,123,000	2,780,000	1,119,151	418,217
Comm Care & Health		168,800	47,371	216,172	428,000	-	428,000	380,629	142,114
Children		326,176	353,985	680,161	873,000	773,000	1,646,000	519,015	446,824
MH		52,500	30,000	82,500	256,000	150,000	406,000	226,000	120,000
Other		206,493	106,492	312,985	100,000	200,000	300,000	6,492	6,493
		753,969	537,849	1,291,817	1,657,000	1,123,000	2,780,000	1,119,151	418,217