

Integration Joint Board

9 March 2017

Agenda Item No.

Subject: Medium Term Financial Plan 2017-18 to 2019-20

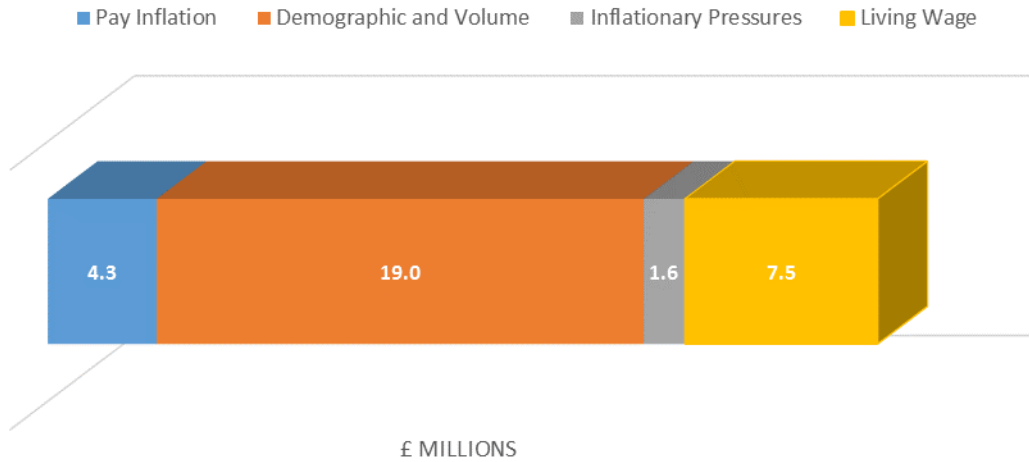
Purpose: To update the Integration Joint Board (IJB) on the Medium Term Financial Plan for 2017-18 to 2019-20 including the proposed budget for 2017-18.

Recommendation: That the Board:

- (a) **notes** the medium term financial plan 2017-18 to 2019-20
- (b) **approves** the proposed budget for 2017-18 including all savings and pressures to deliver a balanced budget for the IJB.
- (c) **notes** that savings of £1.2m remain to be identified and will be the subject of a separate report to the IJB.
- (d) **notes** the indicative funding gap identified for 2018-19 and 2019-20
- (e) **notes** the proposed increase to the hourly rate paid to registered providers of care at home and housing support services from £15.51 to £15.86 to reflect the increase to living wage
- (f) **approve** the proposed challenge fund projects for submission to North Ayrshire Council for approval, as outlined in Appendix 2 of the Medium Term Financial Plan
- (g) **considers** the equality impact of any proposed service changes
- (h) **approves** the final ICF project funding for 2016/17.
- (i) **approves** the proposals for the delayed discharge funding for 2016/17.

1.	EXECUTIVE SUMMARY
1.1	This report updates the IJB on the Medium Term Financial Plan for 2017-18 to 2019-20. This is the first medium term financial plan for the Partnership and will provide key information on the financial position of the Partnership over the next three years and whether spending is sustainable over this period of time. Crucially it will identify the financial challenges which will be faced by the Partnership enabling the Partnership to see the impact of current and future decisions on its medium term financial health. It will also be used to identify pressure points and inform decisions which are required to ensure the Partnership remains financially sustainable.
1.2	The Medium Term Financial Plan will be the basis on which budgets will be approved for 2017-18 and will secure funding of £227.5m to deliver services in support of the Strategic Plan. To deliver a balanced budget in 2017-18 there is a requirement to make savings of £9.8m, of which £8.6m has been identified within

	<p>this report. The balance of £1.2m will be identified as a priority by the management team and will be the subject of a separate report to the IJB.</p>
1.3	<p>As a Partnership we recognise that things need to change and we are committed to delivering services in a different way which will not only meet demand but deliver further on the national commitment to shift the balance to a community setting. In support of this North Ayrshire Council, working with the Partnership, has established a jointly funded £4m Challenge Fund which will be accessed by the Partnership to undertake transformation projects.</p>
2.	<p>BACKGROUND</p>
2.1	<p>Medium term financial planning is an important part of the Partnerships strategic planning process and is integral to the delivery of our ambitions whilst ensuring that the Partnership remains financially sustainable.</p>
2.1	<p>North Ayrshire Health and Social Care Partnership is facing significant challenges as a result of a combination of financial pressures caused by real term reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies. If nothing else changes spend would need to increase by 16% by 2020 to cope with current and anticipated future pressures.</p>
2.2	<p>In December 2016, the Scottish Government published the Health and Social Care Delivery Plan which sets out the programme for further enhancing health and social care services. Critical to this is shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes when that is the best thing to do. This provides a clear impetus to the wider goal of the majority of the health budget being spent in the community by 2021.</p>
2.3	<p>Within this local and national context it is essential that the Partnership develops and maintains a medium term financial plan to enable it to direct finances at the services which will deliver the greatest impact, support a shift in the balance of care and will set the context for annual budgets. The ability to plan based on the totality of resources across the health and care system to meet the needs of local people is one of the hallmarks of integrated care. Medium term financial planning is key to supporting this process and identifying the transformation which is required to provide sustainable services to the local community over the medium term.</p>
2.4	<p>This will be the first medium term financial plan for the Partnership and will provide key information on the financial position of the Partnership over the next three years and whether spending is sustainable over this period of time. Crucially it will identify the financial challenges which will be faced by the Partnership enabling the Partnership to see the impact of current and future decisions on its medium term financial health. It will also be used to identify pressure points and inform decisions which are required to ensure the Partnership remains financially sustainable.</p>
3.	<p>MEDIUM TERM FINANCIAL PLAN</p>
3.1	<p>The medium term financial plan has been prepared adopting the following approach:-</p> <ul style="list-style-type: none"> • a recurring base budget of £214m has been confirmed with partners and is the starting position for the plan • a detailed analysis of cost and demand pressures has been undertaken to inform projections for the next three years

	<ul style="list-style-type: none"> a review of funding assumptions has also been undertaken to determine the level of funding available for service delivery active engagement with partner bodies has taken place to ensure plans are prepared on the most robust information available. 												
3.2	<p>This detailed analysis identified cost and demand pressures of £32.4m over the next three years.</p> <p style="text-align: center;">UNDERSTANDING THE GAP: COSTS AND DEMAND</p>  <table border="1"> <thead> <tr> <th>Category</th> <th>Value (£ MILLIONS)</th> </tr> </thead> <tbody> <tr> <td>Pay Inflation</td> <td>4.3</td> </tr> <tr> <td>Demographic and Volume</td> <td>19.0</td> </tr> <tr> <td>Inflationary Pressures</td> <td>1.6</td> </tr> <tr> <td>Living Wage</td> <td>7.5</td> </tr> <tr> <td>Total</td> <td>32.4</td> </tr> </tbody> </table>	Category	Value (£ MILLIONS)	Pay Inflation	4.3	Demographic and Volume	19.0	Inflationary Pressures	1.6	Living Wage	7.5	Total	32.4
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3.3	<p>These are detailed in Appendix 1 of the Medium Term Financial Plan. The main assumptions and pressures identified are :-</p> <ul style="list-style-type: none"> the costs of continuing the current level of service; inflationary pressures including pay and contractual inflation; introduction of the apprenticeship levy to both partner bodies; current increases in demand and anticipated increases in demand for services linked to demography and local pressures; cost of fully meeting demand for Care at Home and Care Homes cost of implementing living wage for both partner bodies and also for social care workers of private providers. The IJB is asked to note the proposed increase to the hourly rate paid to registered providers of care at home and housing support services from £15.51 to £15.86. 												
3.4	<p>For 2017/18, North Ayrshire Council has confirmed that there will be an increase in core funding to the Partnership of £3m. NHS Ayrshire and Arran will increase their contribution by £1.3m, of which £0.3m is offered on a non-recurring basis. In 2017/18 the Scottish Government specified minimum levels of funding which both Councils and Health Boards could make to Health and Social Care Partnerships. The IJB should note that both of these offers of funding are higher than the minimal level specified.</p>												
3.5	<p>The Medium Term Financial Plan makes assumptions about funding contributions beyond 2017-18 from the Council and the Health Board based on information available in relation to demand and cost pressures and estimated levels of funding reductions from the Council and the Health Board using their budget planning assumptions. Taking all of this into account it is assumed that there will be a net reduction in funding of £10.1m from the Council between 2018-19 and 2019-20 and a net reduction in funding of £6.5m from Health.</p>												

3.6	The implementation of the Living Wage represents a significant pressure for the Partnership. This has been a Scottish Government commitment which to date has had additional government funding to support delivery. The medium term financial plan assumes that this will continue moving forward and will represent an additional £7.5m to match fund the cost of implementing this national initiative.																																																				
3.7	As part of the re-design of community justice in Scotland, Community Justice Authority's (CJA's) will be dis-established on 31 March 2017. Thereafter, Community Justice Ayrshire will discharge the duties under the Community Justice (Scotland) Act 2016. Scottish Government have allocated £3.7m for the discharge of these duties and this is included within the plan.																																																				
3.8	In 2016-17 the funding allocation from the Health Board was issued during 2016-17. This delay in funding confirmation required a different approach to be taken to savings in 2016-17 with some being identified on a non-recurring basis. A review of these savings has been undertaken and confirms that £1.1m of alternative savings need to be identified in 2017-18 to replace savings which are not deliverable on a permanent basis moving forward. £0.8m can be used again in 2017-18 but on a non-recurring basis and will need to be replaced with recurring savings from 2018-19. The implications of this has been factored into the Medium Term Financial Plan.																																																				
3.9	<p>Taking sections 3.1-3.8 into account, this results in unfunded cost and demand pressures of £39.2m over the next three financial years. The impact in each of the financial years is outlined in the table below.</p> <table><tr><td></td><td>2017/18</td><td>2018/19</td><td>2019/20</td></tr><tr><td>Expenditure</td><td>£millions</td><td>£millions</td><td>£millions</td></tr><tr><td>Opening Budget</td><td>214.0</td><td>233.3</td><td>242.6</td></tr><tr><td>Cost and Demand Pressures</td><td>14.6</td><td>8.6</td><td>9.3</td></tr><tr><td>Non Recurring Saving</td><td>1.1</td><td>0.7</td><td>0.0</td></tr><tr><td>Criminal Justice</td><td>3.7</td><td>0.0</td><td>0.0</td></tr><tr><td>Total Health and Social Care Partnership</td><td>233.3</td><td>242.6</td><td>251.9</td></tr><tr><td>Funding</td><td></td><td></td><td></td></tr><tr><td>North Ayrshire Council</td><td>-90.2</td><td>-84.5</td><td>-80.1</td></tr><tr><td>NHS Ayrshire and Arran Health Board</td><td>-131.7</td><td>-128.2</td><td>-125.1</td></tr><tr><td>Scottish Government - Living Wage</td><td>-2.9</td><td>-5.1</td><td>-7.5</td></tr><tr><td>Total</td><td>-224.9</td><td>-217.8</td><td>-212.7</td></tr><tr><td>Budget Shortfall</td><td>8.4</td><td>24.9</td><td>39.2</td></tr></table>		2017/18	2018/19	2019/20	Expenditure	£millions	£millions	£millions	Opening Budget	214.0	233.3	242.6	Cost and Demand Pressures	14.6	8.6	9.3	Non Recurring Saving	1.1	0.7	0.0	Criminal Justice	3.7	0.0	0.0	Total Health and Social Care Partnership	233.3	242.6	251.9	Funding				North Ayrshire Council	-90.2	-84.5	-80.1	NHS Ayrshire and Arran Health Board	-131.7	-128.2	-125.1	Scottish Government - Living Wage	-2.9	-5.1	-7.5	Total	-224.9	-217.8	-212.7	Budget Shortfall	8.4	24.9	39.2
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3.10	The funding gap identified over the next three years presents a significant challenge. Despite the challenging backdrop there is a real opportunity to change things for the better. By developing our current system to be innovative and forward-thinking, making the most of new technology and supporting our people to live well for longer, the Partnership can ensure that everyone has a better experience of health and care and the opportunity to be independent for as long as possible for them.																																																				
3.11	As noted at paragraph 3.9 there is a funding gap in each of the financial years 2017-18 to 2019-20. There is a requirement to set a balanced budget for 2017-18. The Partnership has developed plans over the medium term to start to bridge this financial gap. This has been developed along five main strands :-																																																				

	<ul style="list-style-type: none"> • Transformation Programme • Efficiency Savings • Prevention and Early Intervention • Lead Partnership Mental Health Recovery Plan • Continued Wait Listing in Services to Manage Spend within Available Resources
3.12	This has identified £15.3m of options which will start to address this gap. Of this £8.6m relates to 2017-18. Full details can be found in Appendix 2 to 7 of the Medium Term Financial Plan.
3.13	As a Partnership we recognise that things need to change and are committed to delivering services in a different way which will not only meet demand but deliver further on the national commitment to shift the balance of care to a community setting.
3.14	In support of this North Ayrshire Council, working with the Partnership has established a Challenge Fund which will be accessed by the Partnership to undertake transformation projects. This fund will be jointly funded by the Council and the Partnership. It will be used to pilot new models for delivery which will seek to deliver innovative services for the local community, within a community setting, whilst also delivering a service which is financially sustainable moving forward. The total fund available will be £4m, with £1.4m funded by the Partnership. The Partnership's contribution will be made through the re-investment of some of the savings identified at 3.12.
3.15	Appendix 8 of the Medium Term Financial Plan identifies the projects which are proposed to be accessed from the Challenge Fund. This appendix also includes details of the financial impact expected from each of the projects. Monitoring and evaluation of all projects will be essential to ensure the impact of this investment is maximised. Projects will only be funded on a recurring basis if the evaluation demonstrates that projects have delivered the outcomes expected.
3.16	It is estimated that these projects will mitigate future demand, and have the potential to deliver £5.5m savings across the Health System. As these projects are still subject to approval, the impact on this Medium Term Financial Plan, has not been reflected, however this will inform future updates. Discussions with Partners will also take place in relation to gain share of savings secured.
3.17	Demand for services within Care Homes and Care at Home has been higher than availability for a number of years. This service has benefited from significant investment in the past and continues to modernise and improve its approaches to care, to increase efficiency which mitigates the impact of the increasing demand and reduces the number of people on the waiting list. A waiting list for Care Homes and Care at Home has been in place during 2016-17, due to the exceptional demand which has been experienced within this service. The Medium Term Financial Plan assumes that this level of increased demand will continue in 2017-18 to 2019-20. At the end of March 2017 it is estimated that there will be a waiting list of 80 for these services and if demand continues to rise and no further investment is made this could reach 320 by the end of March 2018. The budget proposed for 2017-18 will see an increase in core investment within Care at Home of £1m, which will be used to increase existing capacity while progressing our programme of modernisation. With this investment the estimated waiting list at the end of March 2018 is 220.

	There are a number of projects proposed within the Challenge Fund which will also have a positive impact on the capacity of the Care at Home services and is projected to enable a further reduction in the waiting list to a maximum of 150 by the end of March 2018, with further opportunities in 2018-19 and 2019-20. While there will continue to be a waiting list during 2017-18, this planned investment and actions will seek to drive this and the associated waiting times down further.			
3.17	Section 3.9 identified the need for £8.4m to meet demand and cost pressures in 2017-18 and section 3.14 identified the proposal to deliver £1.4m in savings to provide funding for a challenge fund. This represents a total savings requirement in 2017-18 of £9.8m. Of the £15.3m of savings identified at 3.12, £8.6m relates to 2017-18. This leaves a remaining balance of £1.2m of savings still to be identified for 2017-18. Discussions are underway with Partners to secure the balance of this saving linked to the new model of care work underway in Community Care and Health.			
		2017/18	2018/19	2019/20
	Expenditure	£millions	£millions	£millions
	Budget Shortfall Identified	8.4	24.9	39.2
	Add : Challenge Fund - NAHSCP Contribution	1.4		
	Less : Savings Options	-8.6	-12.9	-15.3
	Revised Shortfall	1.2	11.9	23.9
3.18	The Partnership Management Team will identify, as a priority, the remaining savings of £1.2m, to deliver a balanced budget for 2017-18. When this £1.2m is identified for 2017-18, this leaves a gap of £23.9m. The table below summarises the position for 2017-18 to 2019-20.			
		2017/18	2018/19	2019/20
	Expenditure	£millions	£millions	£millions
	Community Care and Health	62.9	65.7	69.8
	Mental Health Services	70.5	72.1	72.4
	Children Services and Criminal Justice	34.9	35.7	36.7
	Primary Care	48.0	50.1	52.4
	Management and Support	4.8	4.9	4.9
	Change Programme	3.5	3.6	3.7
	Challenge Fund	4.0		
	Savings Still to be Identified	-1.2		
	Total Health and Social Care Partnership	227.5	232.1	240.0
	Funding			
	North Ayrshire Council	-92.8	-84.5	-80.1
	NHS Ayrshire and Arran Health Board	-131.7	-130.4	-128.5
	Scottish Government - Living Wage	-2.9	-5.1	-7.5
	Total	-227.5	-220.0	-216.1
	In Year Budget Shortfall	0.0	12.2	23.9

3.19	The Partnership is expected to close 2016-17 with a deficit position of £2.6m, which will increase the funding gap to £26.5m. Subject to approval, the Challenge Fund has the potential to deliver savings which will contribute to the reduction of this deficit position in 2017-18. This will be assessed once final proposals have been agreed.
3.20	This Medium Term Financial Plan is the first stage in developing the Partnership's financial strategy to meet this challenge and this will continue to be developed over the next twelve months.
3.21	Equality Impact Assessments (EIAs) have been carried out for all developed savings proposals. An EIA screening has taken place for each saving. Copies of the detailed assessments are available to members through the HSCP offices.
4.	INTEGRATED CARE FUND
4.1	Appendix 2 contains information on the proposed use of ICF Funding for 2017-18. There is an uncommitted balance of £0.056m and it is recommended that this is used to support teams around GP practices.
5.	DELAYED DISCHARGE FUNDING
	Delayed discharge funding is used to prevent delays in discharge and prevent admissions to hospital and attendances at A&E. Combined these actions should reduce pressure across the system. Appendix 3 outlines the proposed use of the 2017-18 allocation.
3.2	<u>Anticipated Outcomes</u>
	The approval of the budget for 2017-18 will enable services to plan based on the funding which is available. The development of the Medium Term Financial Plan will provide key information on the financial position of the Partnership over the next three years and whether spending is sustainable over this period of time. Crucially it will identify the financial challenges which will be faced by the Partnership enabling the Partnership to see the impact of current and future decisions on its medium term financial health. It will also be used to identify pressure points and inform decisions which are required to ensure the Partnership remains financially sustainable.
3.3	<u>Measuring Impact</u>
	The IJB will be presented with 4 financial reports during 2017-18 where financial performance against the budget will be measured.

4.	IMPLICATIONS
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Financial :	<p>The financial implications are as outlined in the report. IJB Members require to approve a package of efficiencies and savings totalling £8.6m for 2017-18. A further £1.2m still requires to be identified and will be a priority for the Management Team and will be the subject of separate update to the IJB.</p> <p>A number of assumptions have been made which underpin the Medium Term Financial Plan, including assumptions about</p>
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	demographic and cost pressures, and funding levels from partners. It is essential that these are kept under review by the Management Team. The Medium Term Financial Plan identifies an overall gap of £26.5m to 2019/20 and the Management Team will continue to develop plans to bridge this gap.
Human Resources :	The proposed savings for 2017-18 result in a reduction in staffing of 19 FTE. Any reduction to the work force will be dealt with through effective management of vacancies, redeployment, voluntary early retirement and voluntary redundancy. This will be effected by engagement and participation with the Trade Unions on a Service by Service basis to develop and agree implementation plans.
Legal :	The IJB has a legal requirement to set a balanced budget for 2017-18.
Equality :	Equality impact assessments have been carried out for all defined savings proposals. Copies of the detailed assessments are available to members through the HSCP offices.
Environmental & Sustainability :	There are no environmental & sustainability implications.
Key Priorities :	The delivery of a balanced budget will support the delivery of the Partnerships Strategic Plan.
Risk Implications :	The unidentified savings of £1.2m represents a risk to the Partnership as any delay in agreeing these may have implications for delivery during 2017-18. This has been prioritised for action by the Senior Management Team to minimise this risk and secure delivery in 2017-18.
Community Benefits :	None

5.	CONSULTATION
5.1	The Medium Term Financial Plan has been produced in consultation with relevant budget holders, the Partnership Senior Management Team and the NHS Ayrshire and Arran and North Ayrshire Council.
6.	CONCLUSION
6.1	<p>That the Board:</p> <p>(a) notes the medium term financial plan 2017-18 to 2019-20.</p> <p>(b) approves the proposed budget for 2017-18 including all savings and pressures to deliver a balanced budget for the IJB.</p> <p>(c) notes that savings of £1.2m remain to be identified and will be the subject of a separate report to the IJB.</p> <p>(d) notes the indicative funding gap identified for 2018-19 and 2019-20.</p> <p>(e) notes the proposed increase to the hourly rate paid to registered providers of care at home and housing support services from £15.51 to £15.86 to reflect the increase to the living wage.</p>

	<p>(f) approves the proposed challenge fund projects for submission to North Ayrshire Council for approval, as outlined in Appendix 8 of the Medium Term Financial Plan</p> <p>(g) approves the final ICF project funding for 2017-18</p> <p>(h) approves the proposals for the delayed discharges funding for 2017-18</p>

For more information please contact Margaret Hogg on 01294 324560 or MargaretHogg@north-ayrshire.gcsx.gov.uk



NORTH AYRSHIRE
Health and Social Care Partnership

Medium Term Financial Plan 2017-18 to 2019-20



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1. Executive Summary

Key Messages

- North Ayrshire Health and Social Care Partnership is facing significant challenges and if nothing else changes spending would need to increase by 16% by 2020.
- This Medium Term Financial Plan will provide the financial context for the Partnership, inform future decisions and start to identify a high level plan to bridge the financial gaps moving forward and deliver on the national commitment to shift the balance of care by 2021.
- Taking into account costs, demands, estimated changes to funding and assuming nothing else changes the funding shortfall over the next three financial years will be £39.2m.
- A number of options have been identified which will deliver £15.3m of savings.
- A £4m Challenge Fund has been established to support transformation and is jointly funded by North Ayrshire Council and the Partnership.
- A shift in the balance of care to a community setting is planned as part of the Models of Care Programme, delivering a shift of £2.9m of Health resources.
- The plan secures a balanced budget for 2017-18.
- A gap of £23.9m is required to be addressed between 2018-19 and 2019-20.
- The Partnership is expected to close 2016-17 with a deficit position of £2.6m, which will increase the funding gap to £26.5m.

Introduction

- 1.1 Caring together is at the heart of the North Ayrshire Health and Social Care Partnership (the Partnership). The Partnership works closely with partners, people who use our services, carers and families, staff and stakeholders to deliver a person centred approach which will shape the future of health and social care services.
- 1.2 In 2016 the Partnership launched a refreshed Strategic Plan which outlines our ambitions for 2016 – 2018. The Strategic Plan sets the key strategic priorities which will ensure that we deliver our vision that:-

“All people who live in North Ayrshire are able to have a safe, healthy and active life”

- 1.3 In December 2016, the Scottish Government published the Health and Social Care Delivery Plan which sets out the programme for further enhancing health and social care services. Critical to this is shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes when that is the best thing to do. This provides a clear impetus to the wider goal of the majority of the health budget being spent in the community by 2021.

- 1.4 The Medium Term Financial Plan is key to supporting the delivery of the strategic plan and setting out our plans to start to deliver a shift in the balance of care. The ability to plan based on the totality of resources across the health and care system to meet the needs of local people is one of the hallmarks of integrated care. Medium term financial planning is key to supporting this process and identifying the transformation which is required to provide sustainable services to the local community over the medium term.

Overview

- 1.5 North Ayrshire Health and Social Care Partnership is facing significant challenges as a result of a combination of financial pressures caused by real term reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies. If nothing else changes spend would need to increase by 16% by 2020.
- 1.6 This Medium Term Financial Plan will:-
- provide the financial context for the Partnership;
 - inform current and future decisions including where we start to shift the balance of care and
 - outline a high level plan to start to bridge the financial gaps which have been identified moving forward.
- 1.7 The Medium Term Financial Plan has been developed in conjunction with our Partners. This approach has been invaluable, resulting in a Plan which supports delivery of our common objectives and will deliver the best outcomes for the people of North Ayrshire.
- 1.8 The Partnership will have an estimated base budget of £214m for 2017-18. A number of areas have been explored to understand the scale of the financial challenge:-
- a detailed analysis of costs and demands
 - an assessment of increases and reduction in funding from partners
 - a review of non-recurring 2016-17 savings and the implications for future years

Taking into account the issues identified and assuming nothing else changes the funding shortfall over the next three financial years will be £39.2m.

- 1.9 The Partnership will need to develop plans over the medium term to bridge this financial gap. A medium term strategy has been developed along five main strands:-
- (i) Transformation Programme
 - (ii) Efficiency Savings
 - (iii) Prevention and Early Intervention
 - (iv) Lead Partnership Mental Health Recovery Plan
 - (v) Wait Listing in Services to Manage Spend Within Available Resources

- 1.10 This has identified a number of options which will deliver savings of £15.3m. It will also secure investment of £2.9m which will be targeted at changing how we deliver services and start to deliver a shift in the balance of care.
- 1.11 As a Partnership we recognise that things need to change and are committed to delivering services in a different way which will not only meet demand but deliver further on the national commitment to shift the balance of care to a community setting.
- 1.12 North Ayrshire Council, working with the Partnership, has established a Challenge Fund which will be accessed by the Partnership to undertake transformation projects. This fund will be jointly funded by the Council and the Partnership and will deliver £4m of investment targeted at transforming the way in which services are delivered. It will be used to pilot new models for delivery which will seek to deliver innovative services for the local community, within a community setting, whilst also delivering a service which is financially sustainable moving forward.
- 1.13 The plan delivers a balanced budget for 2017-18, recognising that plans need to be finalised around a balance of savings to be identified of £1.2m. A gap remains of £26.5m, including the opening deficit position of £2.6m, which is required to be addressed between 2018-19 and 2019-20. This Medium Term Financial Plan is the first stage in developing the Partnership's financial strategy to meet this challenge and this will continue to be developed over the next twelve months.

2. Purposes and Approach

Key Messages

- The Medium Term Financial Plan is an important part of the strategic planning process.
- Spending would need to increase by 16% by 2020 if nothing else changes.
- The Medium Term Financial Plan will provide the financial context for the Partnership, inform future decisions and deliver a high level action plan to address the financial challenges moving forward.
- This document will be used to engage with partner bodies in relation to securing funding and support decisions in relation to service commissioning including delivery of a shift in the balance of care to a community setting.

Purpose of the Plan

- 2.1 The Medium Term Financial Plan is an important part of the Partnerships strategic planning process and is integral to the delivery of our ambitions whilst ensuring as an organisation that we remain financially sustainable.
- 2.2 The recent Report on Social Work¹ in Scotland recognised that current approaches to delivering health and social care are not sustainable in the long term. The report highlighted the significant level of challenges faced by Health and Social Care Partnerships because of a combination of financial pressures caused by a real-terms reduction in funding, increased demographic pressures and the cost of implementing new legislation and policies. Audit Scotland concluded that if Health and Social Care Partnerships continue to provide services in the same way, spending would need to increase by 16%-21% by 2020. This plans identifies that if nothing else changes spending in North Ayrshire would need to increase by 16% by 2020.
- 2.3 In December 2016, the Scottish Government published the Health and Social Care Delivery Plan which sets out the programme for further enhancing health and social care services. Critical to this is shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes when that is the best thing to do. As a result people should only stay in hospital for as long as necessary and get more appropriate care in a more homely setting, giving a clear impetus to the wider goal of the majority of the health budget being spent in the community by 2021.
- 2.4 Within this local and national context it is essential that the Partnership develops and maintains a medium term financial plan to enable it to direct finances at the services which

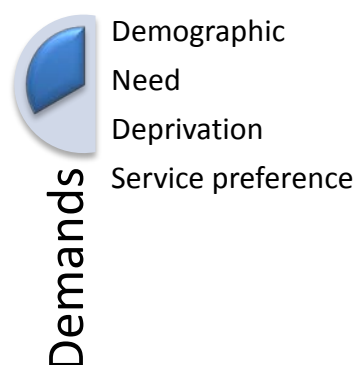
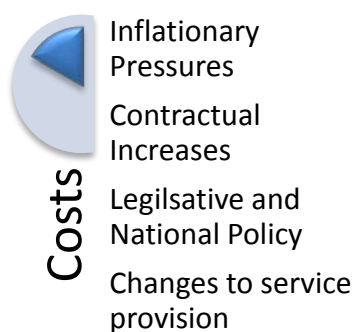
¹ Social Work in Scotland, Accounts Commission September 2016

will deliver the greatest impact, support a shift in the balance of care and will set the context for annual budgets. In preparing the plan it is essential that we understand the scale of the financial challenge and the impact that this has not only on the Partnership, but also the impact on the wider system and our other Partners.

- 2.5 This will be the first medium term financial plan for the Partnership and will provide key information on the financial position of the Partnership over the next three years and whether spending is sustainable over this period of time. Crucially it will identify the financial challenges which will be faced by the Partnership enabling the Partnership to see the impact of current and future decisions on its medium term financial health. It will also be used to identify pressure points and inform decisions which are required to ensure the Partnership remains financially sustainable.

Approach to the Development of the Medium Term Financial Plan

- 2.6 In preparing the medium term financial plan the following approach has been adopted:-
- A base budget for 2017-18 has been determined and will be used as the basis for the medium term financial plan
 - A detailed analysis of cost and demand pressures has been undertaken to inform projections for the next three years
 - A review of funding assumptions has also been undertaken to determine the level of funding available for service delivery
 - Active engagement with partner bodies has taken place to ensure plans are prepared on the most robust information available.
- 2.7 The pressures which the Partnership will experience can be categorised into the following main headings and have been considered to provide a robust financial plan for the future.



Benefits of the Plan

2.8 Preparation of this medium term financial plan will secure a number of benefits for the Partnership:-

- it will provide the financial context for the Partnership and will inform future decision making
- it provides a document which will be used for engaging with partner bodies in relation to the securing of future funding
- it will detail at a high level the plans which will require to be considered further, some of which will be linked to transformation, to secure financial sustainability
- it supports Partnership decisions in relation to service commissioning including delivery of shift in the balance of care to a community setting

3 North Ayrshire in Context

Key Messages

- The Partnership is ambitious about what it wants to achieve for the residents of North Ayrshire and has identified five key priorities.
- The Partnership has delivered early success and can see the benefits of an integrated system.
- However, demand for health and social care is growing. Our population has also changed and faces many challenges.
- To date the demands on services have outstripped any financial gains which have been made as a result of the successes delivered by the Partnership.
- The Partnership is facing a number of financial challenges which need to be considered as part of the medium term financial plan.

Vision and Strategic Priorities

3.1 The Partnership has identified five key priorities which are the focus in delivering our vision:-

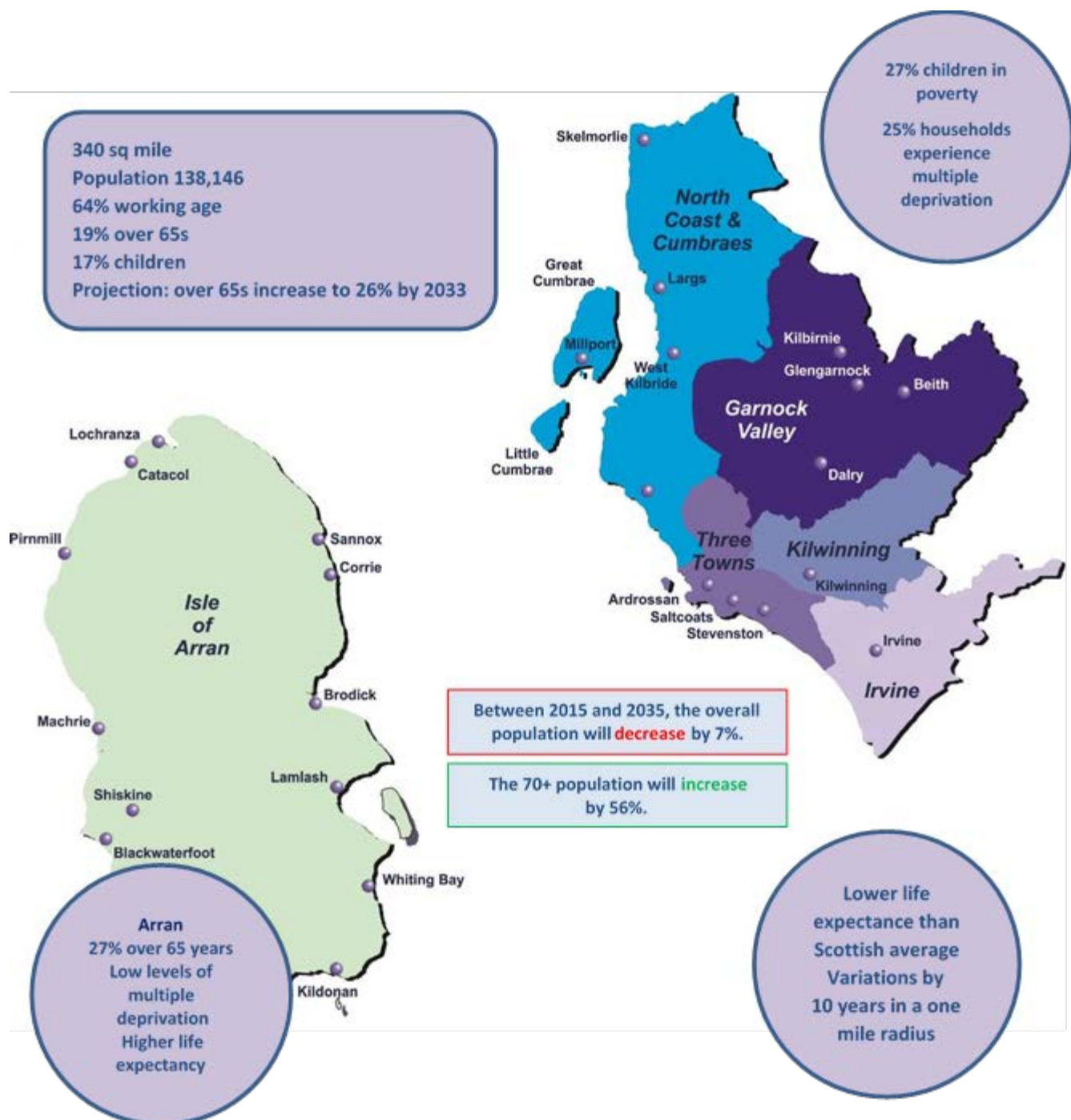


North Ayrshire HSCP and the Local Landscape

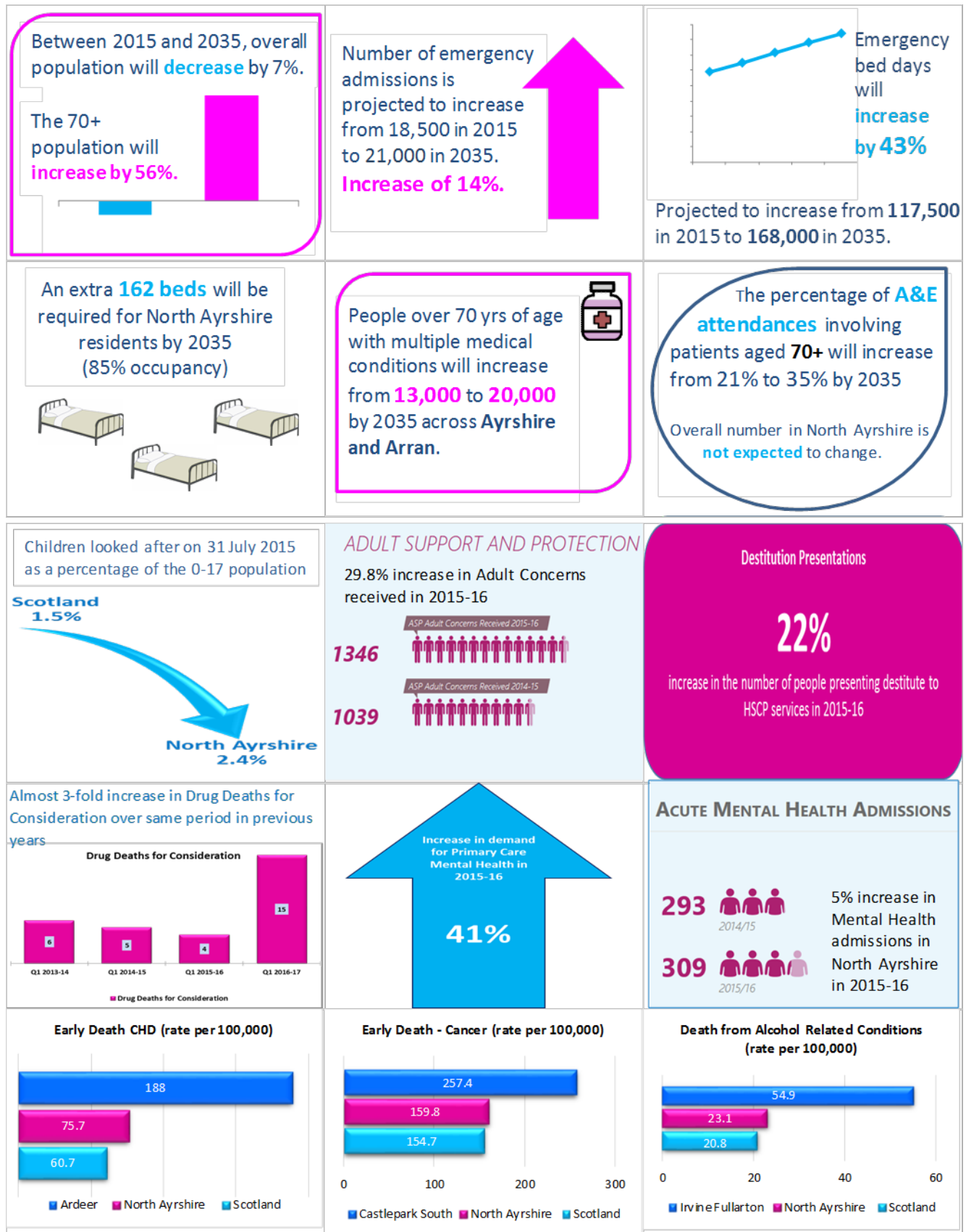
3.2 The Partnership is ambitious about what it wants to achieve for the residents of North Ayrshire. The benefits of integrated system working is already being evidenced and an example of this is in supporting older people to remain at home or get home from hospital as

soon as possible. The partnership has also embarked on a significant change programme including the opening of Woodland View, our integrated addictions service (NADARS) and the development of five community connector roles in primary care.

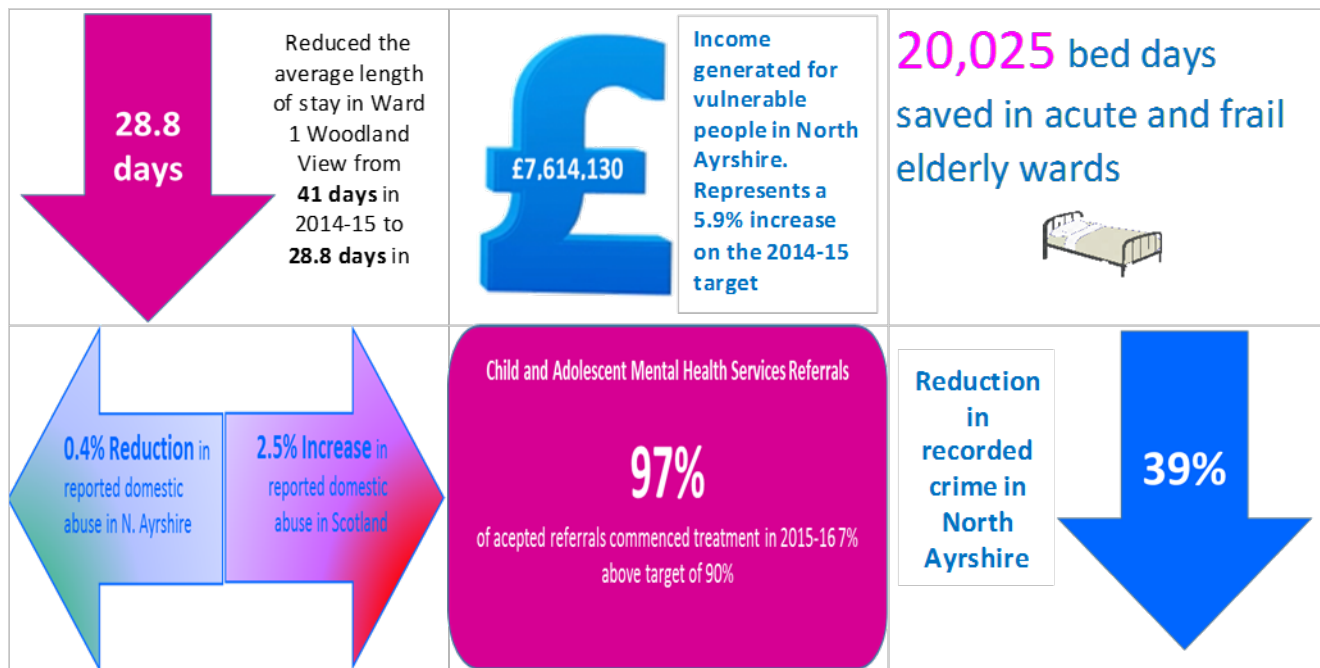
- 3.3 However demand for health and social care is growing. Our population is also changing and facing many challenges. North Ayrshire is one of five local authorities with the highest concentration of multiple deprivation in Scotland, but there are significant variations both within and between communities, this is particularly notable in the overall demographic difference between our mainland and island communities.



3.4 This impacts on current and future pressures and demands for services and some of the challenges are illustrated below.



3.5 As a Partnership we are ambitious about what we want to achieve. We have worked hard to deliver early success and some examples can be seen below.



3.6 However to date the demands on services have outstripped any financial gains which have been made as a result of the successes delivered by the Partnership.

3.7 In 2015-16 the Partnership overspent by £2.1m, the majority of which was linked to an increase in the number of children accessing a range of support measures including those with complex needs. As part of the budget for 2016-17 additional investment has been made in this area, however despite this, pressures continues to increase in a number of key areas:-

- a further increase in the number of children requiring support with complex needs
- increase in demand for Care at Home services for Older People
- high level of sickness absence and delays in filling vacancies which has increased the need for the use of bank and agency staff

3.8 This presents the Partnership with a number of financial challenges which need to be considered as part of the medium term financial plan.

4 Understanding the Financial Challenge

Key Messages

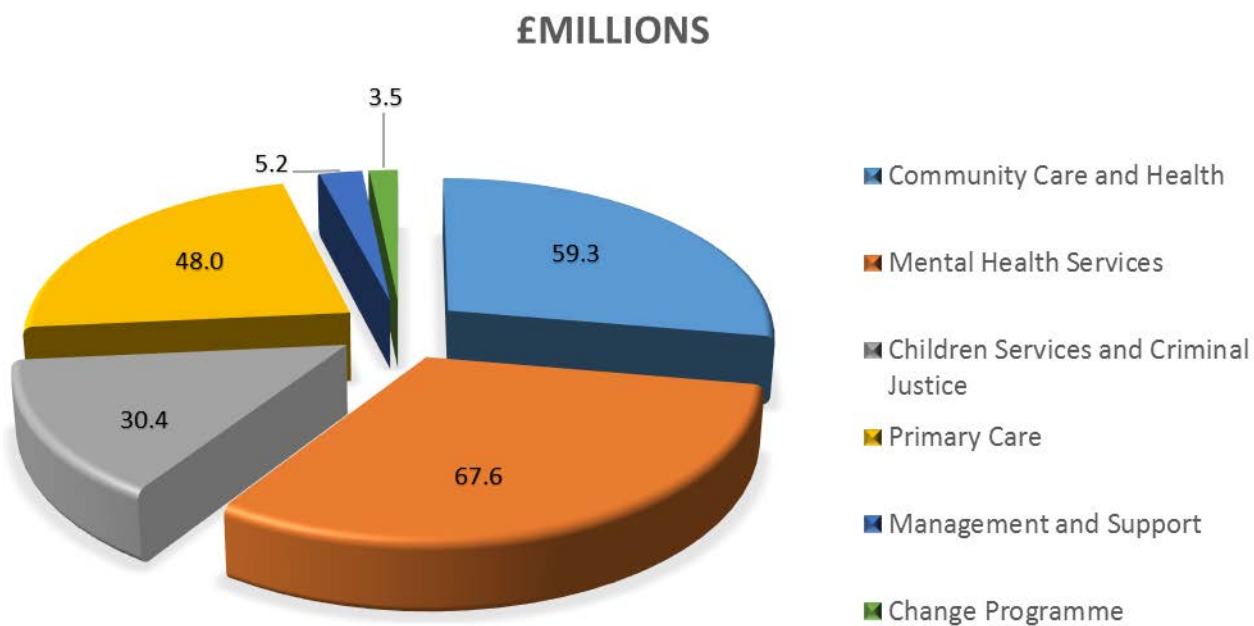
- The Partnership will open with a deficit position of £2.6m
- The Partnership will have an estimated starting base line budget of £214m for 2017-18
- Demand and cost pressures of £32.4m are estimated over the next three years
- Based on partner body planning assumptions it is estimated that funding will reduce by £12.8m over the next three years and reflects estimated savings targets of partner bodies
- Full funding for the delivery of Living Wage and the transfer of the Community Justice Authority by the Scottish Government is assumed
- New savings totalling £1.9m require to be identified to replace 2016-17 savings which are not deliverable on a recurring basis
- Taking all of this into account and assuming no further action, the Partnership will have a funding shortfall of £39.2m over the next three years

Opening Position

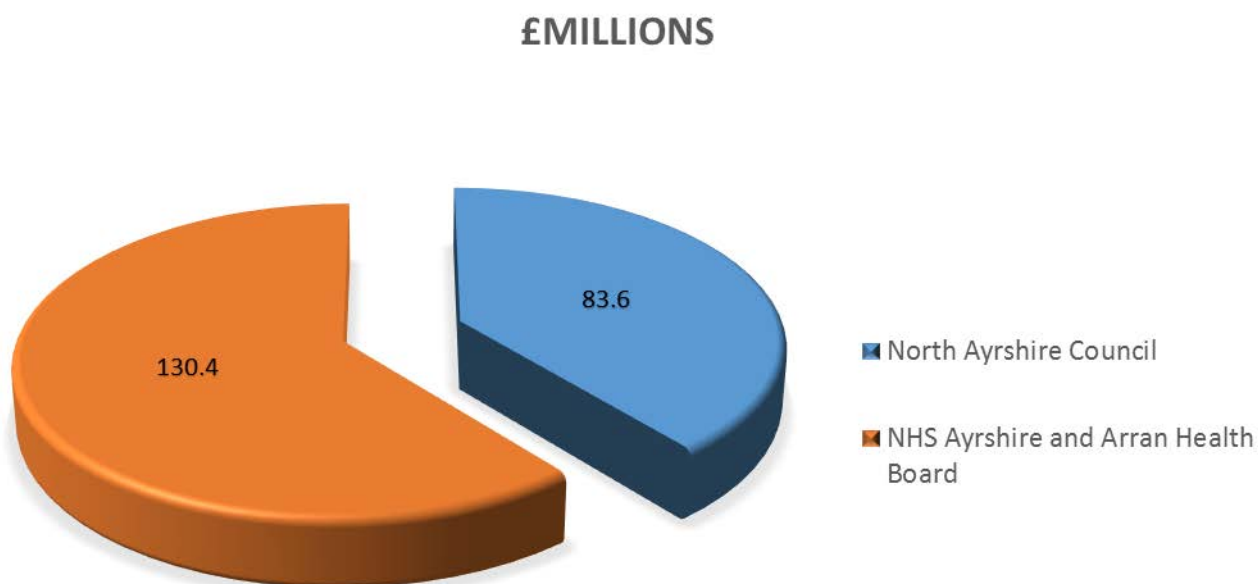
- 4.1 In 2016/17 the Partnership is estimated to end the financial year in a deficit position of £2.6m. This will be the opening position for the Medium Term Financial Plan. This position will require to be recovered over time and robust financial plans are required which will not only recover this deficit position but will also ensure delivery of a balanced budget going forward. This Medium Term Financial Plan is the first step in securing this.

Base Line Budget

- 4.2 In 2016/17 the Partnership has a budget of £215.5m, of which £1.5m is non-recurring. This provides the partnership with a starting base line budget of £214m. This is summarised on the next page.



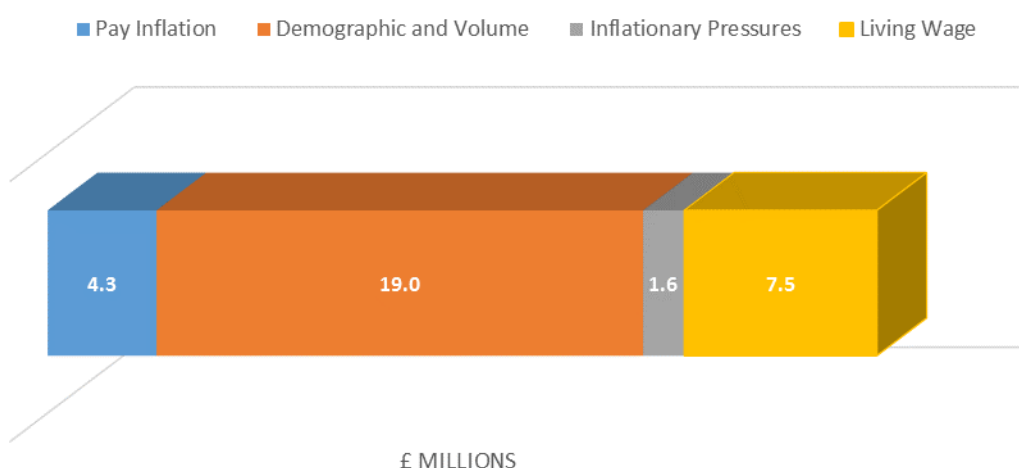
4.2 This is funded through budgets delegated from both the Council and the Health Board and is illustrated below:-



Understanding the Gap: Costs and Demands

- 4.3 A detailed analysis of costs and demands has been undertaken for the partnership and assuming nothing else changes an additional £32.4m would be required to meet current and anticipated costs and demands for the next three years. These are illustrated below and are detailed in Appendix 1.

UNDERSTANDING THE GAP: COSTS AND DEMAND



- 4.4 The main cost pressures and demands can be summarised as:-

a. Pay Inflation

The assumptions for pay reflect the current inflationary assumptions of both Partner bodies. It also reflects costs associated with the new apprenticeship levy which is being implemented by the UK Government and requires employers to pay 0.5% of their pay bill to support the national funding of apprentices. Employers will be liable to pay this from 2017-18. It also includes the implications of auto enrolment linked to pensions and living wage for both Partner bodies.

b. Demographic and Volume

This reflects increases anticipated across all services including Older People, Mental Health, Learning Disability and Children. Population Projections published by the National Records for Scotland (NRS) and where not available proxy populations have been used to estimate anticipated demographic pressures to forecast the impact on demand until 2019-20. As a result of the exceptional pressures experienced within Older People and Children Services local information has been used. The following increases in demand for services over the next three years have been assumed within the plan:-

- Older People – 11% per annum
- Mental Health – 3.1% - 3.5% per annum
- Learning Disability – 2.1% - 2.4% per annum

- Children Services – 2.1% to 2.3% per annum,

Prescribing costs have been updated to reflect demand and cost pressures and the plan also reflects the exceptional pressures experienced within Older People and Children Services in 2016-17. During 2016-17 services within Older People have operated with a waiting list. The Medium Term Financial Plan builds in the cost of fully meeting this demand. The financial viability of meeting this is considered as part of Chapter 5.

In 2016-17 Lead Partnership Mental Health Services is forecast to overspend by £1.4m. The 2016-17 overspend has been reduced using non-recurring solutions. This plan estimates on a recurring basis that £2.1m of cost and demand pressures exist within Lead Partnership Mental Health linked mainly to unfunded services within Woodland View and costs linked to high level of sickness absence which has increased the need for the use of bank and agency staff. These have been reflected as cost and demand pressures in the analysis above. Funding of £0.800m has been secured for Woodland View and is reflected in the funding outlined at 4.9. Full mitigation has been identified for the remaining cost and demand pressures and is detailed in section 5 of this plan.

c. Inflationary Pressures

Inflationary pressures reflect anticipated annual increases to payments to third parties and in the main reflect anticipated increases to the National Care Home Contract, fees for fostering, adoption and kinship.

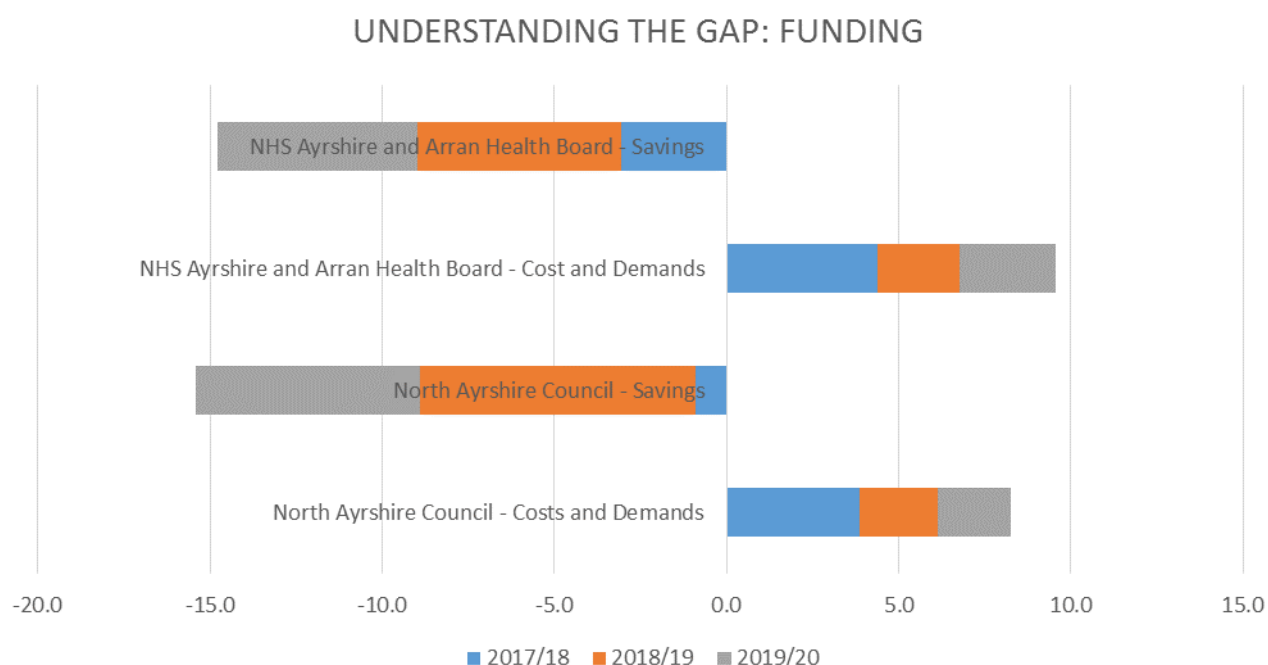
d. Living Wage

The pressures linked to the Living Wage reflects the full year implications of moving to £8.25 for social care workers for private providers in 2016-17 and £8.45 from 1 May 2017. Further increases have been assumed for 2018-19 and 2019-20 to reflect the national commitment to reach a national living wage of £9.00 by 2020.

Understanding the Gap: Funding

- 4.5 Partners' contributions to the Partnership are contingent on the respective financial planning and budget setting processes of the Council and the Health Board and the financial settlements which each body gets from Scottish Government.
- 4.6 The partnership has engaged actively in both budget setting processes. As part of this process the partnership has submitted bids for additional funding based on a number of factors including :-
 - Activity changes such as demographic changes and increased care levels.
 - Cost inflation including pay and supply cost increases
 - Legal requirements including the full year impact of living wage.

- 4.7 The Integration Scheme sets out responsibility for funding contributions with inflationary pressures being the sole responsibility of individual partner bodies to consider, and demographic pressures being a joint responsibility of all partner bodies to consider. As part of the respective partner budget setting processes, the Council and the Health Board have evaluated the requests for changes to funding contributions against their own priorities.
- 4.8 Partner Bodies will also require to consider the level of savings to be applied based on planning assumptions linked to levels of Scottish Government funding and other pressures faced by each body. The Partnership has also been actively involved in this process.
- 4.9 For 2017/18, North Ayrshire Council has confirmed that there will be an increase in core funding to the Partnership of £3m. NHS Ayrshire and Arran will increase their contribution by £1.3m, of which £0.3m is offered on a non-recurring basis.
- 4.10 The Medium Term Financial Plan makes assumptions about future funding contributions from the Council and Health based on information available in relation to demand and cost pressures and estimated levels of savings from the Council and the Health Board using their budget planning funding assumptions. Taking all of this into account it is assumed that there will be a net reduction in funding of £10.1m from the Council between 2018-19 and 2019-20 and a net reduction in funding of £6.5m from Health. The movement in funding is illustrated below.



- 4.11 As part of the re-design of community justice in Scotland, Community Justice Authority's (CJA's) will be dis-established on 31 March 2017. Thereafter, Community Justice Ayrshire will

discharge the duties under the Community Justice (Scotland) Act 2016. Scottish Government have allocated £3.7m for the discharge of these duties and this is included within the plan.

4.12 The implementation of the Living Wage represents a significant pressure for the Partnership. This has been a Scottish Government commitment which to date has had additional government funding to support delivery. The medium term financial plan assumes that this will continue moving forward and will represent an additional £7.5m to match fund the cost of implementing this national initiative.

4.13 The net impact of section 4.4 to 4.12 on funding is outlined below:-

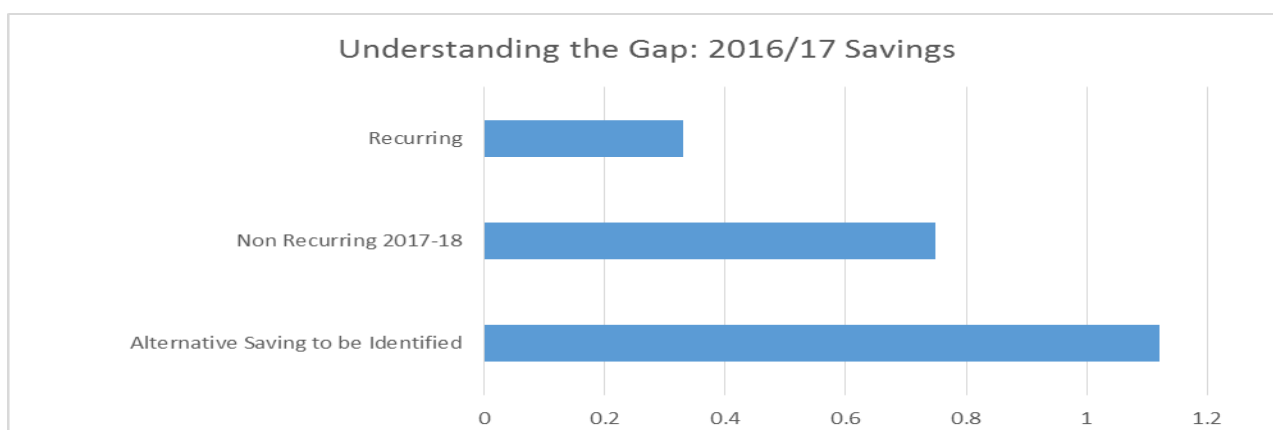
	2017/18	2018/19	2019/20
	£millions	£millions	£millions
North Ayrshire Council			
Baseline Funding	83.6	90.2	84.5
Add Funding for Criminal Justice Authority	3.7	0	0
Add Funding Assumed for Cost and Demand Pressures	3.9	2.3	2.1
Less Funding Reduction Assumed for Savings	-0.9	-8.0	-6.5
Total Funding	90.2	84.5	80.1

	2017/18	2018/19	2019/20
	£millions	£millions	£millions
NHS Ayrshire and Arran Health Board			
Baseline Funding	130.4	131.7	128.2
Add Funding Assumed for Cost and Demand Pressures	4.4	2.4	2.8
Less Funding Reduction Assumed for Savings	-3.0	-5.9	-5.9
Total Funding	131.7	128.2	125.1

	2017/18	2018/19	2019/20
	£millions	£millions	£millions
Scottish Government			
Living Wage	2.9	5.1	7.5

Understanding the Gap: 2016-17 Savings

4.14 In 2016-17 the funding allocation from the Health Board was issued during 2016-17. This delay in funding confirmation required a different approach to be taken to savings in 2016-17 with some being identified on a non-recurring basis. As part of the development of the medium term financial plan these have been reviewed. The outcome of this review is summarised below.



- 4.15 This confirms that £1.1m of alternative savings need to be identified in 2017-18 to replace savings which are not deliverable on a permanent basis moving forward. £0.8m can be used again in 2017-18 but on a non-recurring basis and will need to be replaced with recurring savings from 2018-19. The implications of this has been factored into the Medium Term Financial Plan.
- 4.16 Taking into account the issues identified in this section and assuming that nothing else changes the financial pressures for the Partnership over the next three financial years will be £39.2m.

	£millions
Costs and Demand	32.4
Estimated Net Reduction in Funding from Partner Bodies (excluding CJA)	12.4
Estimated Funding from Scottish Government	-7.5
2016/17 Non Recurring Savings	1.9
Total	39.2

- 4.17 This results in a funding shortfall of £39.2m which needs to be delivered from savings as shown below:-

	2017/18 £millions	2018/19 £millions	2019/20 £millions
Expenditure			
Opening Budget	214.0	233.3	242.6
Cost and Demand Pressures	14.6	8.6	9.3
Non Recurring Saving	1.1	0.7	0.0
Criminal Justice	3.7	0.0	0.0
Total Health and Social Care Partnership	233.3	242.6	251.9
Funding			
North Ayrshire Council	-90.2	-84.5	-80.1
NHS Ayrshire and Arran Health Board	-131.7	-128.2	-125.1
Scottish Government - Living Wage	-2.9	-5.1	-7.5
Total	-224.9	-217.8	-212.7
Budget Shortfall	8.4	24.9	39.2

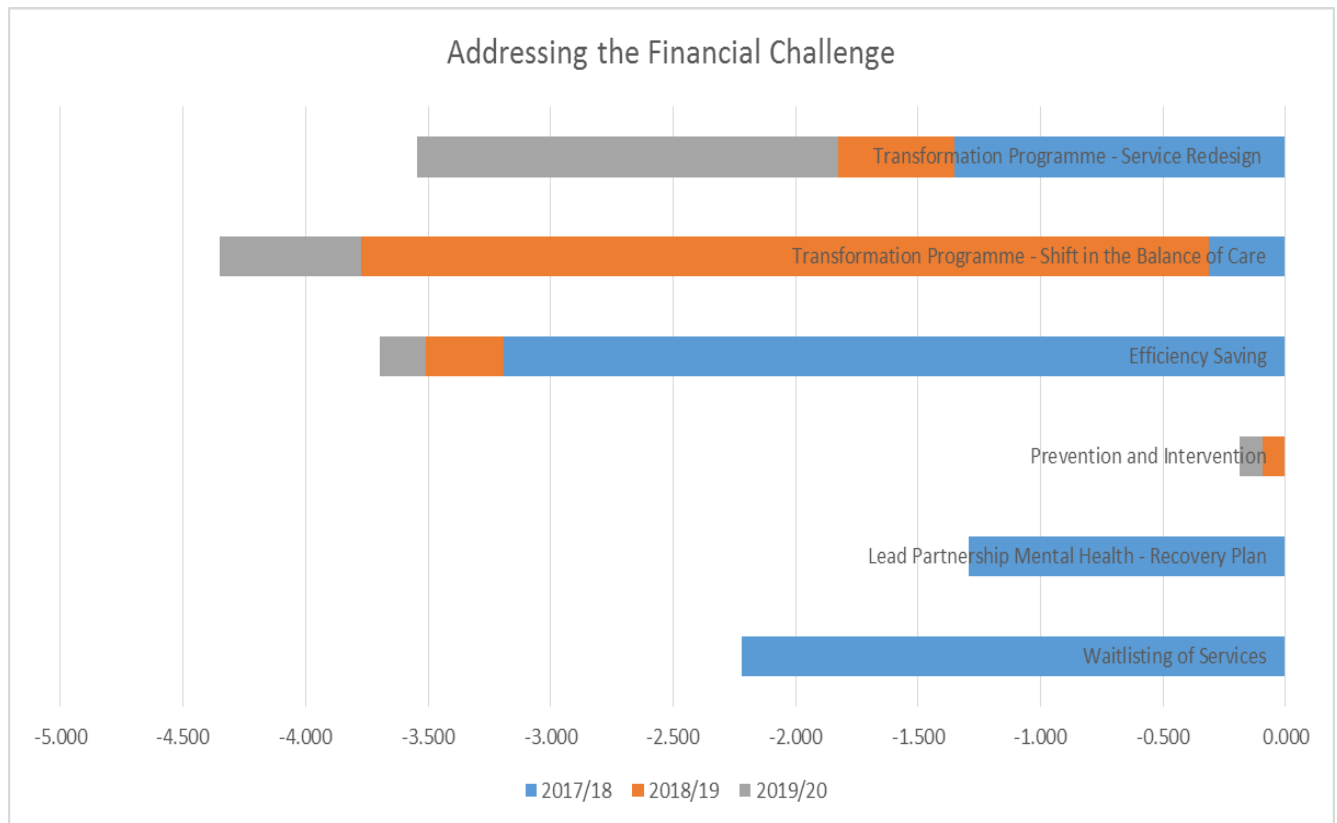
5 Addressing the Financial Challenge – The Medium Term Plan

Key Messages

- A medium term financial strategy has been built around 5 main strands to start to address the financial challenge.
- A transformation programme linked to service re-design has been identified which will be targeted with delivering £3.5m of savings
- A transformation programme linked to a shift in the balance of care will be targeted with delivering a saving of £4.3m, but will also see £2.9m of net funding shift from other partner bodies
- A programme of efficiency measures will target delivery of £3.7m
- A programme of prevention and early intervention will be targeted with delivering £0.2m
- A mental health recovery plan is in place to secure a balanced budget for 2017-18
- The need to continue to wait list £2.2m of services to work towards a balanced budget in 2017-18
- Savings of £1.2m still require to be identified to deliver a balanced budget in 2017-18 and discussions are underway with Partners.
- Further work is required to bridge the remaining gap of £26.5m over the next three years.
- To assist with this work a £4m Challenge Fund is to be created to support the Partnership to undertake transformation projects which have the potential to deliver £5.5m savings across the Health System.

Addressing the Financial Challenge

- 5.1 The Partnership will need to develop plans over the medium term to bridge the financial gap. A Medium Term Strategy has been developed along five main strands. These are:-
- (i) Transformation Programme
 - (ii) Efficiency Savings
 - (iii) Prevention and Early Intervention
 - (iv) Lead Partnership Mental Health Recovery Plan
 - (v) Wait listing in Services to Manage Spend Within Available Resources
- 5.2 Detailed plans have been developed for these and can be seen in Appendix 2 - 7, and are summarised in the diagram opposite.



Transformation Programme

- 5.3 The funding gap identified over the next three years presents a significant challenge. Despite the challenging backdrop there is a real opportunity to change things for the better. By developing our current system to be innovative and forward-thinking, making the most of new technology and supporting our people to live well for longer, the Partnership can ensure that everyone has a better experience of health and care and the opportunity to be independent for as long as possible for them.

(a) Transformation Programme – Service Redesign

The Partnership continues to develop its transformational change and service redesign programme and is targeting the delivery of £3.5m over the next three years. Mental Health Services will deliver £2.1m linked mainly to the delivery of a new supported accommodation model for Physical Disability and Mental Health and the delivery of a pan-Ayrshire community mental health rehabilitation facility, residential supported accommodation and a learning disability day service at Tarryholme Drive. £0.8m will be targeted within Children Services and Criminal Justice and will be delivered through service re-design and the use of cost effective delivery models which are aligned to delivery of either the same or improved outcomes. Community Care and Health is targeted with delivering £0.6m mainly through the development of a commissioning plan for the Care of the Elderly supported by a redesign of the service to better meet the needs of users. These are detailed in Appendix 2.

£0.5m of these savings is dependent on capital investment being secured for the development of a new supported accommodation model which will provide a more person-centred approach to service users and realise savings in relation to some of the more substantial care packages. The options for delivery of this accommodation are being explored and detailed discussions are under way with a number of partners.

(b) Transformation Programme – Shift in the Balance of Care

The underlying principle of integration is to shift the balance of care to enable individuals to live within their own home as long as possible. To support this there needs to be a shift in the balance of the care and also the funding to enable it to be delivered.

Community Care and Health have well developed plans for transformational change which are centred round the review of services for older people and people with complex care needs and will deliver a shift in the balance of resources to enable people to be supported to remain within their own home for longer. This is reflected in the Transformation Programme which has been submitted to the Scottish Government by Health. This transformation is focused in the following main areas:-

(i) Care Home Placements – Reduction in Length of Stay – net saving of £0.7m

Through the introduction of a more proactive care and support service at home, it is planned to support residents in their homes for longer, reducing the length of stay in care homes. This proposal will deliver a shift in the balance of care and deliver an increase in capacity within Care Homes delivering support to a further 375 people, reducing the need for Care Home places.

(ii) Transformation Programme – New Models of Care for Older People and People with Complex Needs – Shift in Resource £2.9m, Saving of £3.3m

The Partnership has been leading a transformation programme which is looking at care pathways for health and social care services for older people and people with complex care needs. This work has been done in conjunction with NHS Ayrshire and Arran and East Ayrshire Health and Social Care Partnership and South Ayrshire Health and Social Care Partnership. The programme is still being developed but based on current progress has identified proposals which will see a shift in resources into community care services for all partnerships, of which £2.9m will be received by the North Partnership.

Details of these proposals are included within Appendix 3 and will see the reconfiguration of services within Health which will enable investment in care in a community setting which will start to deliver a shift in the balance of care, whilst also delivering estimated savings of £3.3m to the partnership.

(iii) Creation of a New HSCP Hub (Arran) – Net Saving of £0.3m

There is an opportunity to reconfigure beds at Arran War Memorial Hospital and the delivery of an alternative service delivery model through District Nursing which better meet the needs and improve outcomes for service users.

5.4 In summary these proposals deliver:-

- Savings of £4.3m for the Partnership
- A shift in resources of £2.9m from other partner bodies to support new service delivery models

More detailed can be found in Appendix 3.

Efficiency Savings

5.5 A total of £3.7m of efficiency savings will be targeted for delivery from a range of measures. This reflects some of the new ways of working which have been established as a result of integration and will result in a reduction in management and business support costs linked to service delivery. Savings will also be delivered through the roll out of self-directed support, procurement savings, saving in prescribing costs and income maximisation. These are detailed in Appendix 4.

5.6 £0.2m of these savings are dependent on capital investment being secured to create amenity housing hubs in Largs, Dalry and Three Towns. This will offer an opportunity to consolidate services onto to one site, providing a focal point for a variety of services including Care at Home, District Nursing, Elderly Mental Health and Social Work. These capital plans will not be approved until later this year.

Prevention and Early Intervention

5.7 The Partnership has many initiatives which are centred round prevention and early intervention, however the ability to undertake this with sufficient scale and in a way that outstrips demand and therefore has an impact on financial budgets can be a challenge. The plan recognises some further work which has been undertaken by Children Services and Criminal Justice targeting savings of £0.2m over the next three years. This work will centre on providing support at an early stage to enable children to stay within their family home and reduce the need for support through adoption and kinship. Full details are included within Appendix 5.

Lead Partnership Mental Health – Recovery Plan

5.8 Mental Health Services are managed by the Partnership on a Lead Partnership arrangement on behalf of East and South Health and Social Care Partnerships. Where an overspend cannot be avoided a recovery plan is required to be agreed across the three partners. Proposals have

been developed which will deliver full mitigation in 2017-18 for the unfunded overspend of £1.3m and are focused on five main areas:-

- Staffing and practice review which will result in staffing levels being reduced to budgeted WTE levels
- An external review of services to maximise the deployment of the workforce and deliver new ways of working
- Development of a Social Firm/Public Social Partnership for the delivery of Acorn Enterprises
- Increase in charging income for beds not fully utilised by the three Partnerships
- Increase in payroll turnover to reflect currently levels of turnover within the service

Full details are included within Appendix 6.

Wait Listing in Services

- 5.9 As a Partnership we have a requirement to set a balanced budget for 2017-18. Taking into account the cost and demand pressures, the level of funding which will be available and the level of savings which can be secured, we have no alternative for 2017-18 but to consider the continuation of wait listing for services for care at home and care homes.
- 5.10 Demand for services within Care Homes and Care at Home has been higher than availability for a number of years. This service has benefited from significant investment in the past and continues to modernise and improve its approaches to care, to increase efficiency which mitigates the impact of the increasing demand and reduces the number of people on the waiting list. A waiting list for Care Homes and Care at Home has been in place during 2016-17, due to the exceptional demand which has been experienced within this service. The Medium Term Financial Plan assumes that this level of increased demand will continue in 2017-18 to 2019-20. At the end of March 2017 it is estimated that there will be a waiting list of 80 for these services and if demand continues to rise and no further investment is made this could reach 320 by the end of March 2018. The budget proposed for 2017-18 will see an increase in core investment within Care at Home of £1m, which will be used to increase existing capacity while progressing our programme of modernisation. With this investment the estimated waiting list at the end of March 2018 is 220.
- 5.11 While there will continue to be a waiting list during 2017-18, this planned investment and actions will seek to drive this and the associated waiting times down further. Full details are included in Appendix 7.

Health and Social Care Partnership Challenge Fund

- 5.12 As a Partnership we recognise that things need to change and are committed to delivering services in a different way which will not only meet demand but deliver further on the national commitment to shift the balance of care to a community setting.

- 5.13 In support of this North Ayrshire Council, working with the Partnership has established a Challenge Fund which will be accessed by the Partnership to undertake transformation projects. This fund will be jointly funded by the Council and the Partnership. It will be used to pilot new models for delivery which will seek to deliver innovative services for the local community, within a community setting, whilst also delivering a service which is financially sustainable moving forward. The total fund available will be £4m, with £1.4m funded by the Partnership. The Partnership's contribution will be made through the re-investment of some of the savings identified at sections 5.3 to 5.7.
- 5.14 Appendix 8 identifies the projects which are proposed to be accessed from the Challenge Fund. This appendix also includes details of the financial impact expected from each of the projects. Monitoring and evaluation of all projects will be essential to ensure the impact of this investment is maximised. Projects will only be funded on a recurring basis if the evaluation demonstrates that projects have delivered the outcomes expected.
- 5.15 It is estimated that these projects will mitigate future demand, and have the potential to deliver £5.5m savings across the Health System. As these projects are still subject to approval, the impact on this Medium Term Financial Plan, has not been reflected, however this will inform future updates. Discussions with Partners will also take place in relation to gain share of savings secured
- 5.16 There are a number of projects proposed within the Challenge Fund which will also have a positive impact on the capacity of the Care at Home services and is projected to enable a further reduction in the waiting list to a maximum of 150 by the end of March 2018, with further opportunities in 2018-19 and 2019-20.

Summary Budget Position for the Health and Social Care Partnership

- 5.17 Chapter 4 identified pressures of £39.2m over the next three years. Chapter 5 has identified £15.3m of options which will start to address this gap. Of this £8.6m relates to 2017-18. Section 4 identified the need for £8.4m to meet demand and cost pressures in 2017-18 and section 5.13 identified the proposal to re-invest £1.4m in savings to provide funding for a challenge fund. This represents a total savings requirement in 2017-18 of £9.8m. This leaves a remaining balance of £1.2m of savings still to be identified for 2017-18. Discussions are underway with Partners to secure the balance of this saving, linked to the new model of care work underway in Community Care and Health.

	2017/18 £millions	2018/19 £millions	2019/20 £millions
Expenditure			
Budget Shortfall Identified	8.4	24.9	39.2
Add : Challenge Fund - NAHSCP Contribution	1.4		
Less : Savings Options	-8.6	-12.9	-15.3
Revised Shortfall	1.2	11.9	23.9

5.18 Assuming this £1.2m is identified for 2017-18, this leaves a gap of £23.7m by 2019-20. The table below summarises the position for 2017-18 to 2019-20.

	2017/18 £millions	2018/19 £millions	2019/20 £millions
Expenditure			
Community Care and Health	62.9	65.7	69.8
Mental Health Services	70.5	72.1	72.4
Children Services and Criminal Justice	34.9	35.7	36.7
Primary Care	48.0	50.1	52.4
Management and Support	4.8	4.9	4.9
Change Programme	3.5	3.6	3.7
Challenge Fund	4.0		
Savings Still to be Identified	-1.2		
Total Health and Social Care Partnership	227.5	232.1	240.0
Funding			
North Ayrshire Council	-92.8	-84.5	-80.1
NHS Ayrshire and Arran Health Board	-131.7	-130.4	-128.5
Scottish Government - Living Wage	-2.9	-5.1	-7.5
Total	-227.5	-220.0	-216.1
In Year Budget Shortfall	0.0	12.2	23.9

5.19 The Partnership is expected to close 2016-17 with a deficit position of £2.6m, which will increase the funding gap to £26.5m. Subject to approval, the Challenge Fund has the potential to deliver savings which will contribute to the reduction of this deficit position in 2017-18. This will be assessed once final proposals have been agreed.

Next Steps

5.20 This Medium Term Financial Plan is the first stage in developing the Partnership's financial strategy to meet this challenge and this will continue to be developed over the next twelve

months. All services will be involved in developing plans to secure a financial plan which is sustainable over the longer term and this engagement with teams has already commenced.

Appendix One

Cost and Demand Pressures	2017-18 £million	2018-19 £million	2019-20 £million
National Care Home Contract Inflation	0.439	0.461	0.472
Contract for Community Alarm Provision	0.044	0.000	0.000
Employee Inflation	1.537	1.485	1.253
Demographic Pressure - Older People	3.943	2.042	2.267
Demographic Pressure - Mental Health	0.037	0.037	0.037
Demographic Pressure - Learning Disability	0.311	0.285	0.311
Demographic Pressure - Children	0.032	0.032	0.032
Community Equipment - Demand and Volume	0.211	0.011	0.010
Children's Residential School Accommodation	0.600	0.000	0.000
looked After and Accomodated Children - Inflationary Increase	0.070	0.070	0.070
Kinship - Increased Demand	0.000	0.069	0.069
Mental Health Officer Practice Assessor Post	0.045	0.000	0.000
Sheltered Housing Hubs - Vennel Gardens, Montgomery Court, Three Towns, Largs and Dalry	0.160	0.080	0.160
Living Wage - Increase to External Providers	2.920	2.213	2.390
Mental Health - Woodland View	0.800	0.000	0.000
Mental Health - Lead Partnership - Cost and Demand Pressures	1.292	0.000	0.000
Immunisation Nursing	0.101	0.000	0.000
Childrens Care Packages- Demand	0.018	0.000	0.000
Adult Care Packages - Demand	0.125	-0.125	0.000
Daldorch House - Income Shortfall	0.135	-0.135	0.000
Opiate Replacement Therapy - Phase 2 and 3	0.297	0.000	0.000
Prescribing - Demand, Volume, Price	2.101	2.100	2.243
Total	15.218	8.625	9.314

Appendix Two

Transformation Programme - Service Redesign	2017-18 £million	2018-19 £million	2019-20 £million
Childrens Unit - Service Redesign	-0.327	-0.327	0.000
Foster Care Services - Realignment from External to Internal Carer Provision	-0.092	0.000	0.000
Children with Disabilities - Reduction in Demand for Residential Placements	0.000	0.000	-0.090
Commissioning Plans for Care of the Elderly	-0.496	0.000	0.000
Review and Redesign Day Care for Older People	-0.050	0.000	0.000
Develop respite Provision at Lady Margaret	0.000	0.000	-0.045
Develop Employability Skills within Learning Disabilities	-0.060	0.000	0.000
Tarryholme Drive Development	0.000	-0.148	-1.084
Review and redesign of Arrol Park linked to the Tarryholme Drive Development	-0.125	0.000	0.000
Physical Disability and Mental Health - New Supported Accommodation Model	0.000	0.000	-0.500
Review of Psychology Services	-0.200	0.000	0.000
Total	-1.350	-0.475	-1.719

Appendix Three

Transformation Programme - Shift in the Balance of Care	2017-18 £million	2018-19 £million	2019-20 £million
Shift in Care from Care Homes to Care at Home - Net Saving	0.000	-0.362	-0.362
New Models of Care for Older People and People with Complex Needs	-0.312	-2.783	-0.213
Reconfiguration of Arran War Memorial and Delivery of An Alternative Model Through District Nursing - Net Saving	0.000	-0.318	0.000
Total	-0.312	-3.463	-0.575

Appendix Four

Efficiency Savings	2017-18 £million	2018-19 £million	2019-20 £million
A Review of Management and Support in Children Services	-0.065	0.000	0.000
Full Year Impact of Contract Savings - SACRO and Family Support	-0.076	0.000	0.000
Alignment and Rationalisation of Learning Development Functions in Children Services	-0.050	0.000	0.000
Roll Out of SDS in Children Services	-0.017	-0.017	-0.017
Efficiency of Service Delivery Linked to Amenity Housing Developments at Largs, Dalry and Three Towns	0.000	-0.093	-0.066
Review of Charging Policy	-0.100	-0.080	-0.080
A Review of Management and Support Across the Partnership	-0.080	0.000	0.000
New Ways of Working Across the Partnership	-0.050	0.000	0.000
A Review of Fleet Management and Catering Budgets	-0.022	0.000	0.000
Increase of Charging for CPI	0.000	-0.027	-0.026
Workforce Modelling	-0.100	0.000	0.000
A Review of Partnership Support Functions	-0.075	0.000	0.000
A Review of Sleepover Provision in Learning Disabilities	-0.151	0.000	0.000
Introduction of SDS in Learning Disabilities	-0.100	0.000	0.000
Mental Health - Baseline Budget Adjustment	-0.060	0.000	0.000
Integration of Teams - Management and Support	-0.050	-0.100	0.000
Contract Savings in Mental Health	-0.050	0.000	0.000
Substitute Prescribing Costs	-0.030	0.000	0.000
Prescribing Budget - Annual Efficiency Review	-1.346	0.000	0.000
Prescribing Incentive Scheme	-0.770	0.000	0.000
Total	-3.192	-0.317	-0.189

Appendix Five

Prevention and Intervention	2017-18 £million	2018-19 £million	2019-20 £million
Reduction of Care and Alternative Family Placements Through Early Intervention	0.000	-0.092	-0.096
Total	0.000	-0.092	-0.096

Appendix Six

Lead Partnership - Mental Health Recovery Plan	2017-18 £million	2018-19 £million	2019-20 £million
Enhanced Observations	-0.050	0.000	0.000
Reduction in Sickness Absence	-0.388	0.000	0.000
External Review Work	-0.125	0.000	0.000
Acorn Enterprises	-0.110	0.000	0.000
Charging Income - Low Secure Bed and Forensic Rehab Bed	-0.370	0.000	0.000
Payroll Turnover Target	-0.249	0.000	0.000
Total	-1.292	0.000	0.000

Appendix Seven

Wait Listing in Services	2017-18 £million	2018-19 £million	2019-20 £million
Older People Care at Home and Care Home - Waitlist for Services Based on Core Funding*	-2.222	0.000	0.000
Total	-2.222	0.000	0.000

* There are a number of projects proposed within the Challenge Fund which will also have a positive impact on the capacity of the Care at Home services and is projected to enable a further reduction in the waiting list by more than 50% to 150 by the end of March 2018, with further opportunities in 2018-19 and 2019-20. This has not been factored into the Medium Term Financial Plan at this stage.

Appendix Eight

Challenge Fund Proposals	Year One Investment £million	Year One Saving £million	Year Two Investment £million	Year Two Saving £million
Tackling Inequalities				
A Review of Thresholds/Criteria Across Mental Health and Community Care	0.130	0.500	0.000	0.500
Undertake a Review and Development of a Charging Policy across the HSCP	0.080	0.100	0.000	0.200
Review Physical Disabilities Caseload and Support Packages	0.070	0.200	0.000	0.200
School-based Approach to Reducing Looked After/Looked After and Accommodated Numbers	0.120	0.351	0.120	0.351
Reduction in Needs for Residential School	0.258	0.435	0.218	0.871
Sub Total	0.658	1.586	0.338	2.122
Prevention and Early Intervention				
Equipment and Aids and Adaptations - Investment in Waiting List	0.250	0.000	0.000	0.000
Pilot Step Up/Step Down Beds in Care Home Setting	0.303	0.600	0.303	0.600
Develop Reablement and Assessment Capacity within Care at Home	0.187	0.228	0.187	0.228
Pilot a Sickness Absence Taskforce within the HSCP	0.150	0.100	0.150	0.300
Intervention in Universal Early Years	0.158	0.350	0.158	0.350
Sub Total	1.048	1.278	0.798	1.478
Bringing Services Together				
Reduction of Bureaucracy	0.200	0.000	0.000	0.000
Mainstream Rapid Response Service in Irvine and Rollout to Three Towns and Garnock Valley	0.200	2.662	0.200	2.662
Transfer of Community Alarm Call Handling Service to East Ayrshire on a Lead Partnership Agreement	0.200	0.178	0.000	0.178
Pilot a New Approach to Sleepover Provision within Learning Disability	0.045	0.250	0.000	0.250
Expansion of MAASH with an Additional Social Worker to Support the Processing of Adult Concern Referrals	0.043	0.074	0.043	0.074
Leadership Secondment to Implement Learning Disability Strategy	0.060	0.406	0.060	0.406
Sub Total	0.748	3.570	0.303	3.570
Engaging Communities				
Roll Out of Self Directed Support in Health and Community Care, Children Services and Mental Health	0.130	0.300	0.000	0.300
Sub Total	0.130	0.300	0.000	0.300
Mental Health and Wellbeing				
Pilot Multi Disciplinary Team Work and Introduction of Mental Health and Wellbeing Workers Around General Practice	0.376	0.000	0.376	0.000
Pilot a See and Treat Centre - Three Towns	0.300	0.175	0.300	0.175
Development of a Families First Approach within Mental Health	0.395	0.424	0.395	0.424
Sub Total	1.071	0.599	1.071	0.599
Total	3.655	7.333	2.510	8.069

Integrated Care Fund
2017/18 Budget

APPENDIX TWO

Theme	Project Details	Sector	2017/18 Budget
Funding Previously Agreed to 31/3/18	BRC - Home from Hospital	NAC	£93,848
	Foodtrain	Third Sector	£75,000
	Staying connected, Good Neighbours, Home from Hospital, On Ward	Third Sector	£38,610
	Funding Previously Agreed to 31/3/18		£207,458
Partnership Enablers	TSI Capacity	Third Sector	£48,000
	Independent Sector Development Worker Pan Ayrshire	Independent	£21,000
	TSI Development Worker	Third Sector	£60,000
	Partnership Enablers Total		£129,000
Social Enterprise Development Opportunity	Recovery Café	Third Sector	£15,000
	Social Enterprise Development Opportunity		£15,000
Ideas and Innovation	Community Connectors	NAC/Third Sector	£216,000
	Early Intervention from Custody	NAC	£45,000
	Enhanced end of Life / Palliative Care Facility	Independent	£42,380
	Hepatitis C Support	NAC	£41,000
	Medication for Carers	NHS	£20,000
	Positive Connections	Third Sector	£7,550
	Post Diagnostic Support	NHS	£60,000
	Rehab Health and Wellbeing (HARP)	NHS/Third Sector	£142,000
	Self Management Support	NHS	£2,600
	Talking about Diabetes	NHS	£2,811
	Ideas & Innovation Total		£579,341
RCOP	Dementia Training	NAC	£39,189
	Falls Co-ordinator	NHS	£13,000
	Falls trainer	NAC	£14,000
	Medication for ICES	NHS	£25,000
	Telecare Technician	NAC	£26,000
	Heart Failure Nurse (One third)	NHS	£15,000
	RCOP Total		£132,189
Engagement and Locality Planning	Engagement (Primary Care) / GP Engagement	NHS	£18,000
	Locality Forums	NAC	£35,000
	Participatory Budgeting	NAC	£60,000
	Design Costs	NAC	£10,000
	Engagement and Locality Planning Total		£123,000
Teams around GPs	ANP x 2	NHS	£95,112
	Services to Redburn	NHS	£12,000
	GP Services Fullarton	NHS	£50,000
	Pan Ayrshire Sensory Impairment Service	NAC	£15,800
	Arran District Nurse	NHS	£30,000
	Intermediate Response Team (to attend 999 calls)	NAC	£21,543
	Community Phlebotomy Service	NHS	£54,000
	Buckreddan Care Centre- 2 x GP sessions	NHS	£22,000
	Joint Store Cost	NAC	£100,000
	Hearing Aid Service	NAC	£15,500
	Chest, Heart and Stroke	NHS	£12,500
	Urgent Care Centre	NHS	£300,000
	Teams around GPs Total		£728,455
Change Team	Core Change Team	NHS & NAC	£823,691
	Change Team Total		£823,691
Low Level Mental Health	Mind and be Active (KA Leisure)	NAC	£24,500
	Development of a low level MH services	TBC	£45,000
	12mth post - service spec for low level MH	TBC	£26,044
	Low Level Mental Health Total		£95,544
UNALLOCATED			£56,322
Grand Total			£2,890,000

APPENDIX THREE

Delayed Discharge

DEVELOPMENT	2017/18 Budget
SPOC	£45,670
: 2 WTE Admin Staff Band 3	
Community Intermediate care	£338,000
Bed Based Intermediate Care (Ward 1)	£83,014
: 0.5 WTW Physio Band 5	
: 1.0 WTE OT Band 5	
: 0.64 WTE Rehab Assistant Band 3	
: 1.0 WTE Ward Clerkess Band 2	
Bed based Rehabilitation (Ward 2)	£66,993
: 0.5WTE Physio Band 5	
: 0.5 WTE Dietician Band 5	
: 0.64 WTE Rehab Assistant Band 3	
: 1.0 WTE Ward Clerkess Band 2	
Additional Staffing to cover the whole model	£333,323
: 0.5 WTE salt Band 6	
: 0.5 WTE Dietician Band 6	
: Immediate Response Team	
: Pharmacist on Arran 1 day per week	
: 1.0 WTE Service Manager Band 8a	
: 1.0 WTE Intermediate Care Spec	
: 5 Session GP INPUT	
TOTAL	£867,000