NORTH AYRSHIRE
Health and Social Care Partnership

Integration Joint Board
21 June 2018

Subject:	**IJB SET ASIDE ARRANGEMENTS**
Purpose:	To seek approval from the Integration Joint Board (IJB) for the response to the Finance Development Group request regards progress made to date in implementing the statutory guidance on establishing set aside arrangements with NHS Ayrshire and Arran.
Recommendation:	That the IJB approves the response sent to the Finance Development Group's request to outline progress in implementing the statutory guidance on establishing set aside arrangements with NHS Ayrshire and Arran.

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership
IJB	Integration Joint Board
FDG	Finance Development Group
CIPFA	Chartered Institute for Public Finance & Accountancy
COSLA	Convention of Scottish Local Authorities

1.	**EXECUTIVE SUMMARY**
1.1	A request was received on 12 April 2018 from Christine McLaughlin (Director, Health Finance, Scottish Government) on behalf of the Finance Development Group (FDG) which has been established to support implementation of the financial aspects of the health and social care integration legislation and associated guidance.
1.2	The FDG includes representation from NHS Boards, Integration Authorities, Local Authorities, Audit Scotland, CIPFA, COSLA and Scottish Government.
1.3	The FDG asked for a response agreed by both the IJB and NHS Ayrshire and Arran on what progress has been made to date versus the six steps laid out in statutory guidance for implementing set aside budget arrangements in relation to the full pathway of care, including the acute hospital component. A copy of the request from FDG is attached as Appendix A.
1.4	A single Pan Ayrshire collegiate response was submitted to the FDG on 18 May 2018 representing North Ayrshire HSCP, East Ayrshire HSCP, South Ayrshire HSCP and NHS Ayrshire and Arran. All the respective parties provided appropriate input to the response that was submitted. A copy of the response to the FDG is attached at Appendix B.

1.5	In summary the response reflected the fact that substantial work has been done in implementing the six steps outlined in the statutory guidance. However there still remains much work to be done, including development of a model that will help inform wider system changes.
2.	**BACKGROUND**
2.1	The Executive Summary highlights the background to this report.
2.2	The Statutory guidance on the use of delegated hospital budgets outlines six key steps for implementing the Set Aside arrangements, which are summarised as follows: 1. A group should be established comprising the hospital director and finance leads, and the Chief Officers and Chief Finance Officers of the IJB's whose populations use the hospital services. 2. The base line bed days used by the IJB residents in the ten speciality areas should be quantified and the relevant budgets mapped to the bed capacity. 3. A method should be agreed for quantifying how the sum set aside will change with projected changes in bed capacity. 4. A plan should be developed and agreed that sets out the capacity levels required by each IJB. 5. Regular information should be provided to the group to monitor performance against the plan. 6. As the plan for hospital capacity is a joint risk held by the IJB and the Health Board an accountability framework should be agreed that clarifies relevant risk sharing arrangements.
3.	**PROPOSALS**
3.1	Key highlights from the collective response **(see Appendix B)** to the FDG regards the six steps for implementing set aside arrangements are: 1. A Strategic Planning and Operational Group meet on a weekly basis and has been established for over three years. 2. Baseline data was set in 2015/16 in respect of the ten specialities and resulting set aside budget. 3. In the first three years the sum set aside has been updated to reflect actual usage. In future the intention is to take a 'commissioning' type approach, with Mental Health Inpatient beds being chosen to develop a model which shall inform wider system changes. 4. Ministerial Steering Group (MSG) performance indicators have been utilised to set trajectories. This in turn through our Unscheduled Care plans is being utilised to transfer into bed capacity. 5. The level of acute activity and the impact on hospital capacity is reported to each Health and Social Care Partnership quarterly by the Health Board alongside bi-monthly updates on the set aside budget via the Budget Monitoring Report to the IJB. 6. The 2015 Integration Schemes provide a framework for Risk Management, specific arrangements for the variation in activity in Unscheduled Care and therefore the set aside budget are detailed in the finance section of the Integration Scheme. The need for and development of an accountability framework is also being reviewed across the three IJB's and Health Board.

3.2	It is proposed that the IJB approve the collective response sent to the Finance Development Group regards progress made versus the statutory guidance via implementing the six steps for set aside arrangements.
	Anticipated Outcomes
3.3	The response to the request, coupled with the responses across Scotland will allow the FDG to assess and compare progress across all IJB's and Health Boards. Locally Pan Ayrshire it will provide focus across all four organisations to maintain the momentum around further developing our set aside arrangements to achieve the effective outcomes needed.
	Measuring Impact
3.4	The Set Aside arrangements are getting an ever increasing profile and as a result progress is being continually assessed and monitored by the three IJB's and the Health Board concerned, to ensure we are progressing towards key shared objectives.
4.	**IMPLICATIONS**

Financial:	No direct implications
Human Resources:	No direct implications
Legal:	No direct implications
Equality:	No direct implications
Children and Young People	No direct implications
Environmental & Sustainability:	No direct implications
Key Priorities:	The set aside arrangements being implemented per the six steps laid out in statutory guidance support delivery of the HSCP Strategic Plan Priorities.
Risk Implications:	Failure to make progress in implementing effective set aside arrangements with NHS Ayrshire and Arran could result in ineffective allocation of resources to meet strategic priorities of both the IJB and the Health Board.
Community Benefits:	None

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 the Director of NAHSCP and members of the senior management team.
6.	**CONCLUSION**
6.1	That the IJB approves the response sent to the Finance Development Group's request to outline progress in implementing the statutory guidance on establishing set aside arrangements with NHS Ayrshire and Arran.

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

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Integration Authority Chief Officers
Health Board Chief Executives

Cc Local Authority Chief Executives
Integration Authority Chief Finance Officers
Health Board Directors of Finance

12 April 2018

Dear Colleagues

Progress establishing set aside arrangements – integrated budgets

As you will be aware, a Finance Development Group (FDG) has been established to support implementation of the financial aspects of the health and social care integration legislation and associated guidance. The FDG includes representation from NHS Boards, Integration Authorities, local authorities, Audit Scotland, CIPFA, COSLA and Scottish Government. At the most recent meeting, the group agreed that there was a need to understand the progress that is being made towards planning across the full pathway of care, including the acute hospital component and the way in which the statutory guidance on the use of delegated hospital budgets is being applied in practice.

The statutory guidance sets out six key steps for implementing the arrangements, as follows:

1. A group should be established comprising the hospital sector director and finance leads, and the Chief Officers and Chief Finance Officers of the Integration Authorities, whose populations use the hospital services, including those with a material level of cross boundary flow. The purpose of the group is to develop an understanding of the baseline bed capacity used by Integration Authority residents in the delegated specialties and the resource affected; to develop projections and agree a plan for the capacity that will be needed in future; and to monitor implementation of the plan.

2. The baseline bed days used by Integration Authority residents in the ten specialties should be quantified and the relevant budgets mapped to the bed capacity. The resulting amounts would then be the baseline sum set aside.

3. A method should be agreed for quantifying how the sum set aside will change with projected changes in bed capacity. This should be at two levels of detail: one allowing for the development of outline plans, giving an initial indication of the potential resource implications; and a more comprehensive analysis of agreed changes in capacity, that takes into account cost behaviour and timing of resource changes. Although ultimately left to local decision, the guidance recommends that a similar process to the one successfully used for Learning Disability Same As You (LDSAY) should be used for the more detailed modelling.

4. A plan should be developed and agreed that sets out the capacity levels required by each Integration Authority (taking into account both the impact of redesign and of demographic change) and the resource changes entailed by the capacity changes.

5. Regular information should be provided to the group to monitor performance against the plan.

6. As the plan for hospital capacity is a joint risk held by the Integration Authorities and the Health Board an accountability framework should be agreed that clarifies relevant risk sharing arrangements.

I am writing to you in my role as Chair of the FDG to request information on the development of your local arrangements for this key part of the legislation. I would be grateful if you could provide a response, agreed by both the Integration Authority and NHS Board. which sets out your assessment of your partnership's progress in implementing these six recommendations and plans for this financial year 2018/19. It would be helpful if you could identify any areas that would support further progress when responding.

Responses should be sent to Eilidh.love@gov.scot on completion, by close on 18th May. Please let me know if this timescale presents any practical difficulties.

Yours sincerely

Christine McLaughlin

CHRISTINE MCLAUGHLIN

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Private and Confidential

Christine McLaughlin
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Scottish Government

Via Email:
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Dear Christine

Progress Establishing Set Aside Arrangements – Integrated Budgets – NHS Ayrshire & Arran / East, North & South Ayrshire IJB

Thank you for your letter dated 12 April 2018.

I have set out below our progress in relation to each of the six steps.

1. In Ayrshire and Arran a Strategic Planning and Operational Group meet on a weekly basis. This comprises the three IJB Chief Officers, the Director of Acute Services, the Director of Transformational & Sustainability, NHSAA. The group has been established for over three years and is supported by pan Ayrshire meetings of Chief Finance Officers and Planning and Performance Leads. This provides oversight of planning and decision making that directly impacts on investment or disinvestment plans from an operational perspective.

   The group has continued to develop and hone regular reports to the NHS Board and IJB governance arrangements around Unscheduled Care and is making good use of the Ministerial Steering Group (MSG) performance indicators. The MSG trajectories are being viewed as a significant enabler with all three Ayrshire Partnerships collaborating on setting trajectories to reduce, for example, the use of unscheduled bed days and make progress on delayed discharge.

   The setting of the MSG trajectories has also helped bring more deliberation to our Unscheduled Care planning, with assumptions around impact being more robustly tested than ever before.

2. Baseline data was set in 2015/16 in respect of the ten specialties and resulting set aside budget. Further analysis of bed use by speciality and by Partnership area is currently being developed. This is taking into account historical data to ensure accuracy at Partnership level.

High level information is currently available to each Partnership relating to the value of the sum set aside and we are currently working with our data analysts to break this down further by specialty.

3. In the first three years of operation, the set aside value has been updated to reflect actual usage. This has therefore reflected the impact of service changes. The set aside has altered with 'actual' rather than 'projected' changes in bed capacity.

   In future we are intending to take a 'commissioning' type approach, recognising future planning is not solely about the value of the set aside changing with bed numbers, it is also about how this value is released to support care closer to home when the bed numbers go down, or indeed, how the value should increase if the balance between planned and unscheduled care changes in the acute setting.

   In order to develop a model that will help inform wider system changes, we have agreed to begin with the use of Mental Health Inpatient beds. Some significant work has already been done to quantify usage across the three Partnership areas and we are now working on the sum set aside values relating to that usage. The trajectories set by each Partnership to reduce the use of Mental Health Inpatient bed days can then be assigned a monetary cash-releasing value, depending on the extent of the impact of those trajectories being met and where savings can be safely made from the inpatient service.

   This approach will allow us to test the community mental health and inpatient plans to jointly deliver the reduction in bed days used. It will also allow us to work through the principles relating to planning and shifting financial resource which will inform the wider sum set aside relating to unscheduled general medical and geriatric bed days.

   In relation to that wider unscheduled care work the three Ayrshire Partnerships are working with acute colleagues in NHS Ayrshire & Arran to deliver the agreed Pan-Ayrshire Model for Enhanced Intermediate Care and Rehabilitation over 2018/2019. This model focuses on providing high quality care and support through pro-active early intervention and preventative action to stop older people and people with complex needs becoming unwell in the first place and supporting them to manage their conditions more effectively.

   This business case for the Pan-Ayrshire Model for Enhanced Intermediate Care and Rehabilitation proposed enhancements to the existing Intermediate Care services to offer 7 day working. This plan will reshape existing service provision through Partnership based Intermediate Care and Rehabilitation Hubs whilst working with Acute Care of Elderly (ACE) Practitioners and specialists based in the Acute Hospitals in order to get people home as soon as possible.

   Together, these changes will improve care quality and people's experience of care and begin to bring about the whole-system change in the use of local services required as part of the wider New Models of Care for Older People and People with Complex Needs.

   The assumptions that underpinned the business case were approved by the NHS Ayrshire & Arran Scrutiny Panel resulting in cost avoidance of £4,052,014 for an

investment of £2,516,175 to employ an additional 51.4 WTE staff. This equates to the closure of 22 unfunded UHA beds and unfunded 46 UHC beds.

In addition, a joint unscheduled care plan for each of the general hospital sites in Ayrshire has been developed to further reduce the bed usage.

4. As outlined in Section 1, the MSG Indicators have been utilised to set Partnership trajectories. This, in turn through our Unscheduled Care plans is being utilised to transfer into bed capacity. Any resource change, entailed by the capacity changes needs impacted on to be in a context of a £7m overspend on additional bed capacity to meet unplanned demand in Unscheduled Care. We recognise this is an area that requires improvement.

   We are collectively committed to agreeing the principles that will underpin what is required to improve this position. This includes progression of the workstreams highlighted in section 3.

5. Monitoring information is provided in line with 1 and 3 above. The level of acute activity and the impact on hospital capacity is reported to Partnerships quarterly.

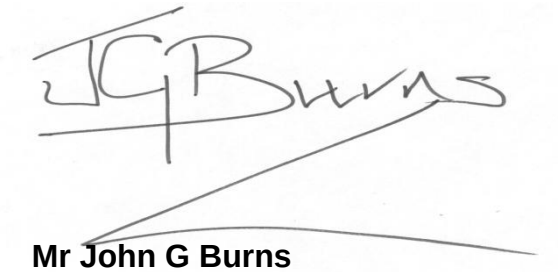
   The Budget Management Report to the IJB has a section on the Set Aside budget and reports the unfunded bed position / demand levels for acute care.

6. The 2015 Integration Schemes provide a framework for Risk Management, specific arrangements for the variation in activity in Unscheduled Care and therefore the Set Aside budget are detailed in the finance section of the Integration Scheme. The three Ayrshire Partnerships, in conjunction with NHS Ayrshire & Arran, are further committed to developing an accountability framework. Following a review of East and North's Integration Schemes in 2017, it became increasingly clear that such a framework will be required as we further develop our plans around unscheduled care, the sum set aside and our aspirations to shift the balance towards more health and social care being provided via the community.

Please note that the information noted above has yet to be shared formally with the Integration Joint Board and the NHS Board. Unfortunately, the timing of meetings has prevented us sharing our self-assessment with our respective Boards. Nevertheless, the operational Directors are in agreement as to our progress to date and the approach being taken, and the response will be shared with the three IJBs and the NHS Board for approval in June. Clearly if there are any significant changes as a result of this, we will alert you immediately.

Kind regards

Yours sincerely



Mr John G Burns
Chief Executive