

Report

Financial Plan

Edinburgh Integration Joint Board

13th May 2016

Executive Summary

1. City of Edinburgh Council and NHS Lothian have both issued updates to the indicative resources to be allocated to the IJB. This is a marginal (0.4% for £2.5m) increase over the levels reported to the Board in March.
2. Positive dialogue is continuing with both partners with only 1 material issue still outstanding.

Recommendations

3. It is recommended that the Committee:
 - Notes the update to the indicative resources to be allocated to the IJB by the City of Edinburgh Council and NHS Lothian;
 - Agrees the allocation of the social care fund resources, taking account of Scottish Government requirements; and
 - Agrees the issue of updated directions to the City of Edinburgh Council to reflect the proposed social care fund investments.

Background

4. At its meeting on 11th March the Integration Joint Board agreed to proceed on the basis of indicative allocations from the City of Edinburgh Council (CEC) and NHS Lothian (NHSL).
5. Subsequently, both organisations have updated their financial models and issued revisions which remain subject to ongoing discussion.



Sources of funding

6. Table 1 below sets out the updated funding propositions from CEC and NHSL. This shows a small net increase of £2.5m representing 0.4% of the total budget.
7. The CEC offer has been increased by £0.5m to address a few minor matters identified through the due diligence process. Whilst progress with financial assurance continues to be positive, there is one outstanding issue of potential significance relating to the conditions associated with the social care fund. Whilst the use of this fund is laid out in the formal offer letter to Scottish Local Authorities dated 27th January from Mr John Swinney, the detailed requirements are open to interpretation. The Chief Officer and Interim Chief Finance Officer are in dialogue with the Scottish Government to resolve this.
8. A combination of factors has led to an increase of £2.0m in the NHSL financial settlement. These include: an increased share of uplift; an increase in the share of pan Lothian hosted services; and a share of the reduction in “bundled” allocations introduced by the Scottish Government. NHSL is due to conclude its financial planning process with a final version of the plan being presented to its Finance and Resources Committee in May, following which a final offer letter is expected.

	Financial assurance paper £k	Update £k	Difference £k
City of Edinburgh Council	184,766	185,226	460
NHS Lothian core and hosted	280,231	282,380	2,149
Social Care Fund	20,180	20,180	0
Subtotal	485,177	487,786	2,609
NHS Lothian set aside	89,387	89,232	(155)
Total	574,564	577,018	2,454

Table 1: Summary IJB budget 16/17

Social care fund

9. Edinburgh’s share of the £250m available nationally to enhance social care is £20.2m. As reported above, further work is required to confirm that the proposed CEC settlement meets the criteria laid out by the Scottish Government. However what is clear is that the £250m is to be considered in two halves: one half for additionality or growth and the second for meeting additional pressures, including the implementation of the living wage from 1st October 2016.

10. From these monies the following investments are proposed:
- *Learning disability demographic growth* - £1.9m to cover the increased cost of people as they transition through services. This includes an allowance for children leaving school and for people moving from the family home to supported accommodation. A further piece of work is being undertaken to review the options for people with high support needs; forensic, supervisory or challenging behaviour, or a combination of disabilities;
 - *Charging thresholds* – £0.5m to meet the additional cost of increasing charging thresholds for non-residential care clients;
 - *Care at home* - in line with the provision built in to the proposed new care at home contract, £0.5m to reduce unmet need. The contracts include. The contract, which incorporates a requirement for the waiting list to be reduced by 2,500 hours per week over a two year period, is in the final stages of the tendering process. A report recommending contract awards is being presented to the CEC Finance and Resources Committee on 12th May 2016;
 - *Living wage* - £5.2m to address low pay in the care sector, the full year cost of this is estimated at £8.8m. Details are included in a separate report to the committee; and
 - *Non recurring contribution to savings plans* - £3.5m (representing the difference between the in year and full year cost of implementing the living wage) to be offset against the savings target. This is discussed in more detail in paragraph 16 below.
11. These proposed investments total £11.6m and are summarised in table 2 below, leaving an unallocated balance of £8.6m. Based on the modelling undertaken by CEC, a further £3.5m could be required to fully fund anticipated demographic pressures, giving a residual balance of £5.1m. Proposals, in line with the commitments in the strategic plan, will be presented to the IJB as and when they are developed and it is recommended that these are considered in the context of the prevailing financial position.

	Growth £k	Pressures £k
Available funding	10,090	10,090
Learning disabilities	(1,855)	
Charging thresholds	(522)	
Reduction in care at home waiting list	(470)	
Implementation of living wage (from 1st Oct)		(5,209)
Non recurring contribution to savings		(3,543)
Potential commitments	(2,847)	(8,752)
Balance	7,243	1,338

Table 2: proposed social care fund investments

Directions

12. The financial statement which accompanies the directions is the mechanism by which the IJB allocates the resources it has been provided back to partners to operationally deliver services. This statement shows indicative budgets on a service basis and will require to be adjusted as and when any investment or disinvestment decisions are made. The statement which accompanied the directions issues on 31st March 2016 is included as an appendix to this report.

Savings programme

13. Inherent in the indicative funding settlements from CEC and NHSL is the assumption that IJB will have to realise savings of £32.9m in 2016/17 for the combined budget to balance. This is compounded by the impact of 20% funding reduction for the Edinburgh Drug and Alcohol Partnership, giving a total savings target of £34.3m as summarised in table 3 below:

	£k
NHS Lothian	
Core	(6,847)
Hosted	(5,366)
Set aside	(5,877)
Sub total	(18,090)
CEC	(14,793)
Edinburgh Drug and Alcohol Partnership	(1,380)
Total	(34,263)

Table 3: IJB savings targets for 2016/17

14. Whilst the IJB has responsibility for the full £34.3m, an element of which will be operationally delivered either through NHSL or one of the other Lothian partnerships. This applies where services are hosted (either by NHSL or one of the other Lothian IJBs) and for set aside services, managed on our behalf by NHS Lothian: in total this accounts for savings of £9.3m, leaving Edinburgh Health and Social Care Partnership (EHSCP) with responsibility for delivering savings of £25.0m on behalf of all 4 IJBs.

15. To support delivery, the partnership has developed a programme which is considered to be achievable although, at this stage, many business cases have still to be completed. The schemes identified at this stage are summarised in table 4 below:

	£k
Demand management	3,200
Reablement	761
Organisational review (CEC transformation programme)	5,709
Commercial savings	1,400
Minor CEC schemes	663
Social care fund	3,543
Service reviews (sexual health, rehabilitation, continence)	2,330
Prescribing	1,706
Reduction in management costs	500
HBCCC	1,000
Supplementary staffing	1,000
General Medical Services running costs	500
Edinburgh Drug and Alcohol Partnership	1,380
Total identified	23,692
Outstanding balance	1,344

Table 4: IJB savings programme

16. This proposes a £3.5m contingency from the Social Care Fund on a non recurring basis to allow time for savings from reablement, demand management and alternative business models to be developed and implemented.
17. Full achievement of the savings programme is identified as one of the key risks facing the IJB and, as such, the executive team will ensure a focus on delivery.

Involving people

18. The successful implementation of these recommendations will require the support and co-operation of both CEC and NHSL personnel.

Impact on plans of other parties

19. As above.

Background reading/references

20. None.

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Links to priorities in strategic plan

**Managing our
resources
effectively**

	Indicative Payment to IJB*	Adjustments to payments to/from IJB				Indicative Payment to CEC/NHSL
		Integrated care fund	Delayed discharge funding	Resource Transfer	Social care fund	
	£k	£k	£k	£k	£k	£k
Health and social care services						
Care at Home	68,229	1,820	1,266			71,315
Community Equipment	1,219	182				1,401
Day Services	21,062	183				21,245
Health Improvement/Health Promotion	1,924					1,924
Information & Advice	3,317					3,317
Intermediate Care	1,536	122				1,658
Local Area Co-ordination	1,421	780				2,201
Management	1,839					1,839
Reablement	6,679	1,118				7,797
Rehabilitation	322					322
Residential Care	69,809	67	1,212			71,087
Self Directed Support	13,386					13,386
Social Work and OT Support	1,366	375				1,741
Social work assessment & care management	11,225					11,225
Support Services	3,327	238				3,565
Telecare	92	407				499
Resource transfer	(21,988)			21,988		0
	184,766	5,291	2,478	21,988	0	214,523
<i>*Payment based on original offer. Please note that this subject to due diligence, confirmation of savings plans, realignment following 15-16 outturn and further Council transformation budget transfers</i>						
Health services						
Core						
Community hospitals	10,325		(21)			10,304
Mental health	9,411					9,411
Older people	11,525	743				12,268
Community AHPs	3,684					3,684
General medical services (GMS)	67,223					67,223
Prescribing	75,900					75,900
Resource Transfer	21,988			(21,988)		0
Delayed Discharge	2,457		(2,457)			0
Integrated Care Fund	8,190	(8,190)				0
Integrated Care Fund- to be allocated		2,156	Further directions to follow			2,156
Other Core	8,324					8,324
	219,027	(5,291)	(2,478)	(21,988)	0	189,270
Hosted						
Sexual health	2,436					2,436

AHP services	6,643					6,643
Mental health & substance misuse	22,379					22,379
Rehabilitation medicine	3,203					3,203
Learning disabilities	8,865					8,865
Oral health services	5,584					5,584
Psychology	2,988					2,988
Complex care	1,788					1,788
Unscheduled care	5,164					5,164
Strategic programmes	2,535					2,535
Other hosted	4,675					4,675
	66,260	0	0	0	0	66,260
Social care fund						
Edinburgh share	20,180	Further directions to follow				20,180
Total payment	490,233	(0)	0	0	0	490,233
Set Aside						
A & E (outpatients)	6,394					6,394
Cardiology	15,765					15,765
Diabetes	1,376					1,376
Endocrinology	1,097					1,097
Gastroenterology	4,638					4,638
General Medicine	25,226					25,226
Geriatric Medicine	19,059					19,059
Infectious Disease	8,166					8,166
Rehabilitation Medicine	1,951					1,951
Respiratory Medicine	482					482
Therapies	5,415					5,415
Other	(337)					(337)
	89,232	0	0	0	0	89,232
Grand total	579,465	(0)	0	0	0	579,465