



PERTH & KINROSS INTEGRATION JOINT BOARD

15 February 2019

2019/20 CORE HEALTH & SOCIAL CARE BUDGET

Report by Chief Financial Officer (Report No. G/19/31)

PURPOSE OF THE REPORT

This report seeks approval from the Integration Joint Board (IJB) to the issue of a budget requisition for 2019/20 to Perth & Kinross Council (PKC) and NHS Tayside (NHST) in respect of Core Health and Social Care Services.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- 1.1 Note the significant cost, demand and service pressures for 2019/20 and for 2020/21 and 2021/22.
- 1.2 Note the savings that have been identified across the 3 year period.
- 1.3 Note the intensive scrutiny and review that has been undertaken by the IJB Budget Review Group.
- 1.4 Approve the issue of a budget requisition to PKC and NHST in respect of Core Health and Social Care Services.
- 1.5 Note the further work being undertaken to develop a 3 Year Financial Plan for GP Prescribing and Hosted Services in order that a further budget requisition be issued to NHS Tayside following the March IJB Meeting.

2. DEVELOPMENT OF 3 YEAR FINANCIAL PLAN FOR CORE SERVICES COST AND DEMAND PRESSURES

- 2.1 A very detailed analysis of cost pressures has been undertaken across Core Hospital and Social Care Services. Pressures of £21.6m have been identified with £11.3m pressures anticipated in Year 1. Table 1 below provides a summary of the 2019/20 pressures whilst Appendix 1 sets out estimated pressures over the 3 year period.

- 2.2 Whilst the 3 Year Financial Plan has been developed on an integrated basis across core health and social care services, it has been important for both PKC and NHST that we are able to present the pressures in relation to each of the devolved budgets.

Table 1 - Summary of Cost and Demand Pressures 2019/20

	Social Care	Core Health	Total
	£m	£m	£m
B/F Budget Shortfall 18/19	2.2	-	2.2
Pay/Price Pressures	3.6	0.7	4.3
Demand Pressures	3.4	0.6	4.0
Essential Service Developments	0.1	0.7	0.8
Total	9.3	2.0	11.3

- 2.3 B/F Budget Shortfall 2018/19 - A recurring budget pressure rolling forward from 2018/19 of £2.2m relates to:
- £1.5m underlying recurring gap in the Social Care budget in 2018/19 offset by PKC through the use of non-recurring reserves;
 - £0.4m recurring impact of the decision by PKC during 2018/19 to postpone a move to COSLA Income Charging rates;
 - £0.3m recurring gap in the budget savings anticipated from PKC Corporate Savings initiatives not deliverable in 2018/19.
- 2.4 Pay/Price Pressures- In addition to pay uplifts for NHST and PKC employed staff estimated at £1.3m for 2019/20, further significant pressures arise from Scottish Government lead uplifts/commitments as follows:
- Living Wage (£0.8m)
 - Free Personal Care Over 65 (£0.1m)
 - National Care Home Contract Uplift (£1.0m)
 - Free Personal Care Under 65 (£0.8m)
 - Carers Act (£0.3m)

The increase in expenditure arising from these commitments is unavoidable, placing a significant pressure on the social care budget.

- 2.5 Demand Pressures: The significant impact of demographic growth on demand for social care services has been very real in 2018/19. The £2m overspend on Social Care Services forecast at Month 6 is driven by:
- a stepped increase in the demand for Care at Home
 - the demand for OT Equipment
 - the numbers and the complexity of the care packages required for people with very complex Mental Health and Learning Disability needs.

Our cost pressures for 2019/20) must take account of the unanticipated increase during 2018/19 for these areas as well as further growth anticipated during 2019/20 and beyond across:

- Care at Home (£1.0m)
- Care Home Placements (£0.2m)
- Learning Disability and Mental Health Care Packages (£2.8m)

Our estimated demand pressures have been calculated on a gross basis. Our transformational approach to shifting the balance of care and radically redesigning our service models to both improve outcomes and drive financial sustainability are included separately in the 3 Year Financial Plan as part of our savings proposals.

- 2.6 Essential Service Developments: The Perth & Kinross Health and Social Care Partnership (PKHSCP) Older People and Unscheduled Care Programme Board have recommended that over 2019/20 and 20/21 a £1.4m investment is made in enhanced community support, predominantly increased health professional capacity in teams to keep people at home for longer and shift the balance from expensive bed-based care. The 2019/20 Pressures therefore include £0.8m essential investment which is fundamental to a wider 3 year 'Invest to Save' strategy that will enable a re-profiling of bed based care in 2020/21 and 2021/22 and thereafter, delivery of significant savings.

3 MEETING THE FINANCIAL CHALLENGE : SAVINGS

- 3.1 Significant work has been undertaken to identify transformation and efficiency plans to respond to the level of pressures whilst in parallel delivering the core Strategic aims of the IJB. Table 1 below sets out the 3 Year savings that have been identified.

Table 2 - 3 Year Savings Programme

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Older People and Unscheduled Care	1.7	1.8	1.3	4.8
Mental Health and Wellbeing	0.9	0.6	0.8	2.3
Total Savings	2.6	2.4	2.1	7.1

- 3.2 The development of savings and transformation proposals has been led by PKHSCP's Executive Management Team (EMT) supported by each of the Strategic Programme Boards. Our further programme of transformation builds on successful delivery of a very significant programme of savings across core budgets over the last 3 Years.
- 3.3 For Older People and Unscheduled Care, the savings proposals are part of a 3 year invest to save strategy which through upfront investment in community based teams will deliver a fundamental shift in the balance of care with a reprofiling of beds and a delivery of significant savings in Years 2 and 3.
- 3.4 For Mental Health and Wellbeing, the savings proposals focus on a radical redesign of our Learning Disability Community Care Service Models. In addition, a review of care pathways and community investment will lead to a

shift from bed based models within Learning Disabilities and General Adult Psychiatry.

- 3.5 We have undertaken a review of all other partnership wide budgets and identified a number of further opportunities for efficiency from corporate management and commissioned services.

4. ROLE OF IJB BUDGET REVIEW GROUP

- 4.1 The IJB Budget Review Group (BRG) was established during 2017/18. It is chaired by the Councillor Callum Purves with membership from across the voting membership of the IJB including the Chair and Vice Chair. It met 7 times between April 2018 and January 2019 with the clear aim of ensuring intense scrutiny, review and challenge of all pressures and savings proposals. Most importantly, the IJB BRG have sought sufficient information to be assured that savings proposals protect the safety of service users, maintain patient flow through unscheduled care and remain consistent with/not conflicting with the IJB's core strategic aims. Considering the pace of recruitment and the requirement of organisation change policy, this intensive process has led to both the rephrasing of savings and inclusion of further opportunities.
- 4.2 The pressures and savings set out above have all been supported through the IJB BRG process and can now be recommended to the IJB.

5 IJB FINANCIAL PLAN 2019/20 AND BUDGET REQUISITION TO PKC/NHST

- 5.1 A summary of the 3 Year Financial Plan for Core Health & Social Care Services based on the pressures and savings outlined above is set out at Appendix 1.
- 5.2 Table 3 below summarises the 2019/20 Financial Plan and sets out a gap overall between pressures and savings of £8.7m. In line with the budget setting requirements of both NHST and PKC, it has been split by devolved budget. This gap represents the increase in budget the IJB consider to be required from both parent bodies to deliver its Strategic Plan.
- 5.3 Section 9.15 of the Perth & Kinross Integration Joint Board Integration Scheme sets out that both Partners will consider the IJB's proposed Budget Requisitions through their budget setting processes and will confirm the actual Budget Requisition to the Integration Joint Board the day after the Council Tax legally requires to be set each year. The proposed budget requisitions to both Perth & Kinross Council is set out below however it is important to note that it will ultimately be for the parent bodies to decide the level of budget to be made available.
- 5.4 For Perth & Kinross Council, income of £4.3m is anticipated in relation to the IJB's anticipated share of the 2019/20 £160m Social Care Allocation which has been included in the Scottish Government Settlement to Local Authorities.

This will therefore form part of the overall budget requisition to Perth & Kinross Council.

- 5.5 Over and above this, additional recurring budget of £3.2m is required to deliver a balanced budget that supports delivery of strategic plan priorities for the residents of Perth & Kinross. In total therefore a budget requisition for additional recurring budget of £7.5m should be requested from Perth & Kinross Council for 2019/20 to support delivery of services in line with the strategic priorities agreed by both parent bodies.
- 5.6 For NHS Tayside, income of £1.2m being PKIJB's share of the overall general uplift to NHS Tayside from the Scottish Government. In addition £0.4m requires to be included in the requisition in line with NHST's previous agreement to fund a number of complex care packages. Pressures of £0.475m have been included in the 2019/20 Financial Plan and this part of the requisition will mean the budget is transferred from NHST to PKHSCP who will meet the costs of those particular packages moving forward.
- A further requisition is likely to be required once the fair split of the £2.2m NHS Tayside additional NRAC funding for 2019/20 is agreed.
- 5.7 Within Core Health Services, the overall surplus in savings delivered after taking into account agreed additional funding, will be earmarked pending discussions around the sufficiency of the GP Prescribing budget and the need to achieve financial balance.

Table 3 2019/20 Summary Financial Plan Core Services

	£m	£m	£m
	Social Care	Health	Total
Pressures	9.3	2.0	11.3
Savings	(1.8)	(0.8)	(2.6)
Gap	7.5	1.2	8.7
Budget Requisition:-			
Scottish Government Allocation	(4.3)		(4.3)
Additional Budget required through requisition	(3.2)	(1.6)	(4.8)
Ring fence for GP Prescribing		0.4	0.4
Net deficit/surplus	0	0	0

6. GP PRESCRIBING AND HOSTED SERVICES

- 6.1 As part of the financial planning process, a 3 Year Financial Plan is being developed for both GP Prescribing and for Hosted Services including Inpatient Mental Health and Prison Healthcare. For both, we are significantly reliant on collaborative working across Tayside and support from the corporate functions of NHST. Both plans remain under development and the IJB Budget Review Group will meet during February to scrutinise pressures and savings opportunities. Until there is a developed financial plan for both areas it is prudent to ring fence the over delivery on health savings expected to be delivered above.

7. CONCLUSION

- 7.1 The scale of social care pressures identified in the Year 1 of the Financial Plan is unprecedented and despite a radical 3 Year efficiency programme it is not possible to identify sufficient savings to deliver financial balance across Core Services in 2019/20 without significant compromise to the priorities of the 2016-19 strategic plan. Budget requisitions should now be issued to both NHST and PKC to reflect the recurring gap in the Financial Plan for Year 1 for Core Health and Social Care Services. It is however for the parent bodies to decide on the level of budget that will be made available. If this does not meet the level of the requisition made by the IJB then review of strategic priorities will be required.

Author(s)

Name	Designation	Contact Details
Jane M Smith	Chief Financial Officer	janemsmith@nhs.net

APPENDICES

1. Estimated Pressures Over 3 Year Period