Dear Sir/Madam

I write in response to your correspondence received on 4 April 2018 regarding pre-budget scrutiny for the 2019-20 budget and the request for a representative from East Ayrshire Integration Joint Board (IJB) to give evidence at the Committee on 22 May. As per previous correspondence, I can confirm my attendance as witness in my capacity as Chief Officer to East Ayrshire IJB.

In advance of attending the Committee on 22 May 2018, a further request was made to provide information on specific points which I now provide below:

**Budget Setting Timeframes**

Q: What is the process for agreeing the budget?

A: The IJB formally reports to East Ayrshire Council and NHS Ayrshire & Arran twice a year on performance and Strategic Priorities. Following confirmation of their final Scottish Government annual financial settlements and consideration of Strategic Plan priorities, Integration Scheme commitments, and demand factors, the Council and NHS Board agree their delegated budgets to the IJB. As below, the timescales for approval of delegated budgets varies between the Parties.

Q: What are the timescales for agreeing the 2018-19 budget?

A: East Ayrshire Council formally approved its delegated budget to the IJB on 22 February 2018. NHS Ayrshire & Arran approved a draft rollover budget at its Board meeting on 26 March 2018. This is to allow completion of ongoing work in respect of the efficiency programme and the uncertainty around pay discussions. The IJB approved a draft Annual Budget for 2018/19 at its meeting on 26 April 2018 with the recommendation that a further report will be tabled for consideration / approval following agreement of the final NHS delegated sum.
Q: What are the challenges in agreeing the budget? (for example, the Committee has previously heard about challenges resulting from different NHS and local authority budget setting cycles)

A: Due to the timescale for approval of NHS delegated budgets in particular it has not been possible to seek approval of the Annual Budget in advance of 1 April since the inception of East Ayrshire IJB. The current uncertainty around the final NHS delegated sum for 2018/19 represents a financial and service risk in terms of the requirement to set a balanced budget in line with strategic planning priorities. Closer alignment of timescales (possibly at a national level) would enable IJBs to seek approval of balanced budgets in advance of the commencement of the new financial year. This would enable IJBs to proceed with service planning to mitigate significant cost and volume pressures and deliver cash releasing efficiency savings to achieve financial balance within the required timescale. An additional consideration is that annual setting of budgets does not facilitate medium to longer term strategic planning.

Set Aside Budgets

Q: To what extent are set aside budgets operating as intended?

A: The Set Aside resources included in the tables at 1 and 2 of the separate summary return (2 May 2018 submission) for 2016/17 is the sum included in the Annual Accounts. The 2017/18 sum is draft at this stage and is also shown in 2018/19. IJBs are jointly responsible with NHS for planning services around the identified Set Aside resource as opposed to directly managing the budget. It follows that the Set Aside resource was not formally delegated to the IJB and was not reported within in-year financial management reports. This also applies to the 2017/18 and 2018/19 indicative figures.

Q: Is the set aside budget seen to be under the control of the IA?

A: As above IJBs are jointly responsible with NHS for planning services around the planned Set Aside Resource. This is reflected in a Joint Lead responsibility in Ayrshire and Arran for Unscheduled Care between the Chief Officer of East Ayrshire IJB and the Director of Acute Services NHS Ayrshire & Arran. The Set Aside resource has not been formally delegated to the IJB and is not reported within in-year financial management reports.

Q: Has the set aside budget changed since the IA was established?

A: Set Aside budgets reflect total Acute hospital activity in Unscheduled Care, but when split to IJB level were not allocated by NRAC formula. Following Scottish Government notification to NHS Directors of Finance that work is to be undertaken to ensure that Set Aside figures included in 2017/18 Annual Accounts are wholly robust, work has been undertaken to recalculate Set Aside sums based on updated activity levels across the three Ayrshire Partnerships in 2017/18. The separate summary return includes indicative figures for 2017/18 and 2018/19 which are greater than the Set Aside sum included in the 2016/17 Annual Accounts.
Q: How is management of the set aside budget supporting any shift in the balance of care?

A: The data in respect of Ministerial Strategic Group Integration Indicators including Unscheduled Care performance is monitored at Director Level on a monthly basis. Trajectories have been set for improvement across 2018/19. Proposals are being developed to align the activity trajectory with financial planning. For a Board like NHS Ayrshire & Arran where Acute Hospitals serve more than one IJB Set Aside resource can only be released when the totality of activity across the IJBs allow.

Shifting the Balance of Care

Q: Has your IA been able to achieve any shift in the balance of care?

A: Since a baseline of 2015 we can evidence through the Ministerial Strategic Group Indicators a reduction in Unscheduled bed days in Acute, Mental Health and Geriatric Long Stay hospitals. This is supported by reduction in delays people experience in delayed discharge including the most complex discharges. Within social care we are seeing a shift from care home admission to care at home and although anecdotal at present we believe early discharge from hospital is a significant factor in this.

Q: How has this been achieved?

A: Within the hospital environment improvement has been made with the Partnership team embedded in the hospital supporting Early Referral to Social Work and also Discharge to Assess initiatives. We have also dedicated a Mental Health Officer post to support the most complex discharges particularly through the Adults with Incapacity Guardianship process. Outwith the hospital setting our community front door approach is receiving national recognition for person centred interventions that focus on the priorities of individuals rather than service centred responses.

Q: What factors might inhibit or facilitate a further shift in the balance of care?

A: Agreed Pan Ayrshire investment by NHS Ayrshire & Arran in enhanced Intermediate Care and Rehabilitation will support improvement both in preventing admission and facilitating early discharge. Agreed pathways for frail older people that see a joint response across Acute, Primary and Community will provide both an improved patient experience and also reduce either preventable admissions or the length of time people stay in hospital. Inhibitors to progress include the ability to bridge finance new services that give patients / Communities / GPs confidence that there are realistic and safe alternatives to hospital care. This includes the availability of high quality social care services.

Efficiency Savings

Q: What efficiency savings does your IA expect to achieve in 2018-19?

A: The draft Annual Budget 2018/19 report to the IJB highlights that efficiency savings of £5.017m are required to offset 2017/18 baseline pressures, as well as increased cost and volume pressures for 2018/19.
This saving will be achieved from a combination of savings in particular budgets, as well as demand management from budget transformation processes.

Q: What proportion do these efficiency savings represent as a proportion of your total budget?

A: 2.2% of draft Annual Budget £228,109m.

Q: In what main service areas will these efficiency savings be delivered?

A: Various heading across all service areas including:

- Children’s Health and Community Justice Services £0.707m
- Community Health and Care Services £3.814m
- Primary Care and Out of Hours Services £0.361m
- Service Strategy (support services) £0.135m

I hope that this information provides assurance of actions of East Ayrshire IJB and I look forward to answering any questions the Committee may have on 22 May. If you require further information on any of the above in advance of then, please don’t hesitate to contact me.

Yours sincerely

Eddie Fraser
Chief Officer, East Ayrshire IJB / Director, East Ayrshire HSCP