



Midlothian
Health & Social Care
Partnership

Financial Strategy

2019-22

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1. Purpose of IJB Financial Strategy

The IJB and its partners face a very significant financial challenge over the next few years. This is driven by growing demand, higher costs, increasing expectations for the delivery of health and social care and a reduction, in real terms, of the financial resources available. This document lays out the IJB's financial strategy which describes the principles and mechanisms through which the IJB will control its overall budget whilst managing increases in demand for the services it delivers.

The underlying premise of the financial strategy is that the IJB will take the totality of the financial resources available to it to deliver the outcomes outlined in its Strategic Plan. No longer are these financial resources seen as separate Council and NHS Lothian budgets. Instead, the total resources delegated to the IJB will be applied to ensure that the health and care needs of the people of Midlothian are met. This will involve moving money from current services to new models of care including between health services currently delivered in the NHS and social care currently delivered by the Council.

The Financial Strategy will support the IJB's Annual Financial Plans. The financial strategy articulates, in financial terms, how the strategic plan will be delivered whilst also outlining the measures that will be taken to reduce its costs and ensure that the IJB fulfills its responsibilities to the Midlothian population within the financial resources available to it.

The implementation of the Financial Strategy will be integral to the implementation of the IJB Annual Delivery Plans and the IJB Directions issued each year to NHS Lothian and Midlothian Council. Progress with implementation of the Financial Strategy will be reported in the IJB Annual Accounts and in the IJB Annual Performance Reports.

The overall process begins with the IJB's Strategic Plan laying out the goals and ambitions of the IJB. The Financial Strategy supports the annual financial plan which are then brought together to produce the annual delivery plan. The annual delivery plan is the basis for the IJB Directions – Directions being issued to the operational services in the Council and NHSL which lay out what activity is to be delivered, the financial resources to be used and the outcomes expected. The partners then provide the IJB with its operational delivery plan (implementation of the IJB's Directions) and this process is then monitored during the financial year with the whole process being reviewed in preparation for the next year.

2. Midlothian IJB Vision

The vision and key ambitions of the IJB are laid out in the Midlothian Integration Scheme submitted to Scottish Government in 2015.

The Midlothian Health and Social Care Partnership's vision is that people will lead longer and healthier lives by getting the right advice, care and support, in the right place, at the right time.

While the move towards more integrated services has been a long-standing aspiration, the creation of IJBs was intended to ensure this process is greatly accelerated. The Midlothian IJB will continue to drive forward the process of full integration of the service delivery teams, not just between NHS and Council services but also through moving pan-Lothian services into the locally managed and locally delivered health and care system. The establishment of multi-disciplinary teams delivering care in a community based setting will generate operational and managerial synergies and should reduce costs.

Opportunities will also be sought to strengthen integration with the voluntary sector services, alongside health and social care teams, in the direct delivery of services and in making best use of the collective resources.

3. Achieving the Vision - Shifting the Use of Resources

The IJB aims to achieve this ambitious vision by changing the emphasis of services, placing more importance and a greater proportion of resources on the approaches outlined on the right hand side of the diagram to the right.

These approaches are intended to reduce preventable ill health through healthy lifestyles, immunisation, screening and early intervention. When people do become unwell, greater emphasis will be placed upon supporting their recovery rather than continuing treatment or care and support wherever this is possible. Where care and treatment are required, wherever possible this will be provided to people in their own homes rather than in care homes or hospitals.

Team working will be strengthened and closer relationships will be developed with community planning partners whose services can have a major positive impact on people's health and wellbeing through, for example, access to good housing; support to take physical exercise; and opportunities to have company and meaningful activities.

Shifting Focus

FROM		TO
Treatment and Support		Recovery and Reablement
Failure Demand - Avoidable Ill Health		Prevention - Good Physical and Mental Health
Reactive		Anticipatory Care & Planning for Emergencies
Professional Care		Self-Management and Peer Support
Working in Silos		Team Working at Local Level
Hospitals and Care Homes		Community Based Services
Health & Care Focus		Community Planning
Opportunity Costs		Improved Quality & Access
Reactive Support to Unpaid Carers		Carers are Full Partners in Care

4 The Budget of the IJB

- 4.1 The IJB's budget comprises of the allocations made to it by its partners, Midlothian Council and NHS Lothian. The partners must take into consideration their own allocations, additional demands on services and unavoidable cost increases such as pay awards. At this time of financial constraints, it is inevitable that the allocations made available to the IJB will include the requirement for services to achieve substantial efficiency savings. In particular, the resources available to the Council have actually reduced in real terms which inevitably has an impact on the resources it is able to allocate to the IJB. The process of agreeing the budget involves formal offers to the IJB from both Midlothian Council and NHS Lothian proposing their allocation for the following year and the IJB making a judgement as to whether these proposed allocations are both "fair" and "adequate" (this process is explained in section 4.4).
- 4.2 The budget for Midlothian Council Adult Social Care Services is well-established and is now managed directly by the Midlothian Health and Social Care Partnership. The challenges associated with this budget include the increases in the cost base such as pay awards and uplifts for external providers; and demographic changes such as population increases and the numbers of children with complex needs moving through transition to adult services.
- 4.3 The budget arrangements for NHS Lothian are more complex. They consist of three elements:

Core Services: These are local health services which are managed by the Midlothian Health and Social Care Partnership. These include primary care services, district nursing, community mental health teams, community learning disability teams, and the local community hospital.

Hosted Services: These are services are managed on a pan-Lothian basis. The IJB has a share of the total budget which is broadly based on a population calculation, referred to as NRAC. These services include the mental health and learning disability in-patient services in the Royal Edinburgh Hospital, the rehabilitation in-patient services at the Astley Ainslie Hospital and the sexual health services at Lauriston.

Set Aside budgets: The IJB has functions delegated to it, referred to as unscheduled care services (unplanned admissions), which are managed by NHS Lothian's Acute Hospital system. The IJB's budget includes a share of these services, again based broadly on population through the NRAC (*NHS Scotland Resource Allocation Committee*) formula and these budgets are 'set aside' by NHS Lothian on the IJB's behalf.

The hosted and set aside budgets are not managed operationally by the Midlothian Health and Social Care Partnership and yet are clearly part of the total allocation that is available to Midlothian IJB.

- 4.4 The IJB undertakes an annual financial assurance process to examine the proposed budget allocations from the partners. The Scottish Government offers a definition of assurance as

'An effective assurance process should enable the host body (whether an Integration Joint Board (IJB) in a corporate body arrangement) to identify the resources delegated to it and the financial, legal or organisational risks involved; it should also help the delegating partners to quantify the risks to their respective operations. If planned and implemented in a logical sequence, it should allow the Health Board and Local Authority to maximise the benefits and minimise the risks from integration.'

In practice, this involves considering the offers from the partners against two main tests:-

Fair: Are the budget offers a fair share of the total resources available to the partners?

This test was passed in the first 3 years of the IJB – based on the constraints of the current health financial model that is considered further below (section 4.5).

Adequate: Are the resources adequate to deliver the functions delegated?

This question is at the heart of the IJB's role. The rationale for Integration was that current service models are no longer sustainable in terms of the constrained financial and personnel resources available along with increases in demand. In the short term, adequacy can be evaluated through an examination of the efficiencies required to balance the budget, and whether these efficiencies are deliverable. Midlothian IJB's programme of transformation and service redesign, will incorporate a move to financial sustainability, which will help address the adequacy issue in the long term.

- 4.5 The current model for allocation of the NHS Lothian budget to the IJBs is based on

- 1) Historical allocations for core services and;
- 2) Shares of centrally managed services, which are largely based on the NRAC, population based formula

The charges made by NHS Lothian to the IJB for the services it provides on behalf of the IJB are based on the same principle – actual costs for the core services and the agreed share for the hosted and set aside services. This means that the charges for the hosted and set aside services do not reflect the actual usage by people from Midlothian making it difficult to create an appropriate mechanism to move resources from these budgets if actual usage is changing.

A new health budget setting and charging model is being developed to address these issues. This will set the IJB's health budget based on the NRAC share of all the delegated budgets and will charge the IJB for those actual costs that it has incurred e.g. for the actual number of inpatient hospital bed days used by residents from Midlothian. This would be consistent with the spirit of integration and will allow the IJB to move resources as it moves actual activity. However, it will change the totality of the resources that are available to the IJB moving away from the historic core that is the largest part of the health budget. The IJB is working with NHS Lothian and the other Lothian IJBs to understand what this will mean in practice.

5 Making Efficient Use of IJB Resources

As is described above, both partners (Midlothian Council and NHS Lothian) have efficiency schemes built into their budgets. These schemes are designed to reduce costs or to increase capacity (which will allow increased service demand to be supported). The IJB, with its broad range of responsibilities across both health and social care, has the ability to transform services and move out of the 'silos' in which the partners have had to manage in the past. The shifts proposed in the diagram on page 3 should gradually lead to the whole system working more efficiently. Specific examples of how efficiencies are being delivered include:

Integrated Teams

One of the key changes is the establishment of integrated care teams – that is one team consisting of both health and social care staff (and, as appropriate, voluntary sector providers) who work together to provide the appropriate care at the appropriate time and place. This model creates synergies and should deliver efficiencies.

Locally Managed Services

Currently some services are managed in different parts of the health system. This can lead to anxiety and confusion for service users moving from one part of the system to another. Additionally this is not always an efficient use of the resources available. The IJB's strategy is to manage all services locally – that is within the HSCP – as far as possible. One example of this is that all mental health services, with the exception of in-patients beds, will be managed locally and any 'specialist' services currently delivered centrally will be disaggregated and moved into the local HSCP system.

Move from Specialist to Generalist

There has been a tendency over the past few years, especially within health, to move to a specialised service model. The intention is that individuals are provided with care by clinicians who have specialised in a particular area of expertise. The risk is that individuals have to pass through unnecessary 'boundaries' to be referred to the specialists. Additionally care may not always be coordinated particularly well given that there is increasing incidence of people with multiple long-term health conditions being treated by different specialist services. The underlying principle is to create a model that is more holistic and relies more upon generalists providing the care that is required and only relying upon specialists where essential, recognising that people do place a high value on receiving the best possible treatment when they are very unwell. This approach should reduce costs and improve efficiency.

Partnerships with the Third Sector

Evidence suggests that the voluntary organisations are often more able to be responsive to change than the statutory bodies, drawing in additional resources and often being firmly rooted within local communities. The IJB will ensure that the third sector is a full partner in its provision of care and will direct resources to support the third sector in the delivery of services where that is appropriate. A programme of work to establish these conditions has now been established.

Reduce reliance on institutional based services

A key element of the IJB's programme is 'changing the balance of care'. This means moving from institutional based care (hospitals and care homes) to community based care. It means reducing the use of Acute Hospital care (specifically the Royal Infirmary of Edinburgh and the Western General Hospital) and as the bed numbers reduce agreeing a model to move the resources from these budgets into the budgets for community services. However, these proposed shifts will always be accompanied by a financial analysis to evaluate whether efficiencies will be achieved or, at the very least, determine that there will be no increased costs arising from a community-based model of care.

Increased emphasis on Prevention

There is a strong body of evidence that prevention is very cost effective. However, given the current demands arising from ill health and care requirements, it is difficult to move resources from the delivery of care to prevention. Prevention, by its very nature, is a long-term activity and resources invested in prevention now may not deliver outcomes that are more effective for many years. However, the IJB has committed to prevention as a key element of its strategy and part of the transformation of each service will be an increased emphasis on prevention as an overall part of the delivery of care.

Realistic Care and Realistic Medicine

The IJB supports the principle of 'co-production' strengthening the role of the service user/patient in deciding what care and treatment best meets their needs. The 'Realistic Care and Realistic Medicine' approach seeks to ensure individuals are better informed about what they can realistically expect from the health and social care system. This does not imply that the IJB will direct that services should be constrained in any way but that they should achieve realistic goals and not use scarce resource where these resources are likely to achieve at best very limited benefits. One example of this is in the use of medication; GPs are increasingly considering both the benefits and dis-benefits of any medication with their patients prior to it being prescribed. This work has reduced the previous increases in the use of prescribed medicines, involved the patients very closely in their own care and, given that many drugs have side effects, improved outcomes for individuals.

Alongside these new ways of working, there remains a continuing requirement to exercise appropriate financial discipline in planning and delivering services through the application of 'Best Value', operational efficiency and effective financial management (see appendix 1).

6 Current Use of IJB Resources 2018/19

The application of the IJB budget remains largely based on historical decisions within health and social care. The process of change remains incremental and iterative. It is challenging to stop, or even change, providing services that the health and social care systems and the general public have come to expect. Introducing new ways of working or new services tend to be dependent upon the injection of new monies which in recent years have included substantial investments through, for example, the Integrated Care Fund, the Social Care Fund and most recently the Primary Care Improvement Fund. Nevertheless, the scale of the challenge facing services requires a more substantial review of core services and budgets. One significant example of this has been the new GP Contract and the subsequent reshaping of primary care services.

In order to explore the resources used in delivering core services across health and social care, the budgets have been aggregated into a number of programmes such as Acute Hospital Services and Mental Health. In practice, the services within these programmes are interdependent; users will access treatment and support across these programmes. However, the approach does enable the IJB to understand better, how its resources are being used at present. Table 1 below provides a breakdown of the budgets by programme. (These programmes are explained in more detail in appendix 2.)

Programmes	Budget 2018/19
£000's	
Older Peoples Services	33,047
Children's Services	1,391
Learning Disabilities	18,975
Physical Disabilities	4,653
Mental Health	8,249
Primary Care	33,316
Other	9,256
Acute Set Aside	16,714
Substance Misuse	1,036
Total Budget	126,637

Unsurprisingly Older People and Primary Care are the major areas of expenditure accounting for almost half the IJB budget. Primary Care underpins the whole of the Health and Social Care system and, as such, is not strictly speaking a programme. It is worth noting that Learning Disabilities expenditure accounts for 15% of the total IJB budget reflecting the costs associated with providing care to people with very complex needs.

The information about the use of the IJB resources has to be considered alongside an assessment of the health and care needs of the population of Midlothian. The challenge of the financial plan is to use the resources available to deliver the Strategic Plan. A new

Strategic Plan is being developed to cover the period 2019-22 and will be informed by a consideration of the updated **Joint Needs Assessment** which is an examination of the health and social care requirements of the population of Midlothian. This work will allow the IJB to understand where the most significant areas of care needs are in Midlothian and therefore support decision-making as to how its financial resources should be directed.

7 Understanding the Costs of Services

It is important to consider the unit costs of each element of care. An example of a simple application of this concept is within the procured care at home service. There is a procurement framework in place for such services and this is based on an agreed hourly rate. Therefore, by simply dividing the budget for procured care at home services by the agreed rate (the unit cost) gives the budgeted number of hours (the capacity in inputs) of the service. This is important in both establishing the baseline and in financial management: the actual costs divided by the actual hours should be the agreed hourly rate; if it is not then management action can be taken.

This principle is important to the financial planning process and can support the process of transformation. There are clear unit costs for some services – in-patients beds, care home place and care at home hours- and this approach can be developed to allow a financial evaluation of the current models and a mechanism to compare the current delivery costs with proposed service redesign.

Given the financial challenge – reducing resources and increasing demand – it is clear that the average unit cost of care will have to reduce and this is already part of the IJB's transformation programme. The effect of integrating teams and removing handovers between services should increase the overall capacity. The unit costs of hospital care are very high and moving that care into a community setting – provided by the appropriate staff – should reduce those unit costs.

8 Financial Projections for the IJB

8.1 Outline of the challenge

Appendix 3 lays out the projected financial position of the IJB by programme over the next three years (2018/19 – 2020/21). This is based on the opening budget position using the financial plans of the partners to estimate the projected expenditure position. This does not include new investments that have been indicated by the Scottish Government for Primary Care, Mental Health and Substance Misuse. These additional investments are laid out in appendix 4 and discussed further below (see section 8.3).

In summary, the projections are as follows:-

	2018/19 Indicative pressure	2019/20 Indicative pressure	2020/21 Indicative pressure
Allocation	£000's	£000's	£000's
Social Care	-2,084		
Acute	-567	-889	-1,192
Core	-132	-1,271	-2,303
Corporate	-8	-8	-8
Hosted	6	-62	-238
	-2,784	-2,230	-3,741
Negative values are projected overspends			

Footnote: these projections assume demographic uplift from the Council and achievement of the efficiency programmes.

This position does not reflect the impact of any current efficiency schemes nor does it reflect the impact of the IJB's transformational plans but it does reflect the underlying pressures and challenges in the system. Instead, it is an expression of the 'do nothing' option: if the resource availability does not change and the current models of care remain the same this is the projected budget position i.e. the IJB would have a deficit of almost £4m by the end of 2020-21.

8.2 Reserves

Tables 1 and 2 take no account of the fact that in 2018-19, the IJB was able to establish reserves. This resulted from the operational underspend in 2017/18 and the following plans are being developed for the utilisation of these funds:-

1. Specific Allocations-Reserves earmarked for specific projects will be used to support these projects – for example the continuation of substance misuse services (using the reserves

held separately by MELDAP-Midlothian and East Lothian Drug and Alcohol Partnership)) and the further development of the use of Technology Enabled Care (using the TEC reserve – money allocated directly by Scottish Government).

2. Transformation – A programme of work has been developed to support the transformation agenda which will include a Programme Manager to work with the Acute Hospital and local mental health services to deliver agreed outcomes. The initial focus will be on progressing the mental health plan and on work to support the IJB's ambition to reduce its bed use in the acute hospital sites, particularly in relation to the respiratory pathway. This development will require investment as part of a 'spend to save' approach.
3. Waiting Times – the IJB has a number of community services that are reporting significant waiting times (Psychological Therapies, Substance Misuse, occupational therapy assessment), and projects will be developed to reduce these waiting times and to ensure that the service is sustainable thereafter.
4. Delayed Discharge – as previously reported to the IJB, there continues to be a need to support timely discharge from hospital and resources will be allocated to support the implementation of the delayed discharge action plan.
5. The residual element of the general reserve can be used as required to support in-year financial pressures, recognising the continuing underlying and financial pressures in social care.

In summary, the IJB reserves will be used to:-

1. Allow unused funds allocated for a specific purpose to be carried forward from one financial year to the next
2. Provide a resource to develop transformational work and to cover the costs of transition ('double running' costs)
3. Support corrective actions in year – for example addressing the waiting times issues as described above
4. Provide a financial buffer to the organisation to deal with unforeseen circumstances.

8.3 Additional Investments

As was referred to above, the Scottish Government has announced three further investments during 2018-19:-

Primary Care – A new contract has been agreed between GPs and the Scottish Government. Part of this agreement is to provide additional resources to support multi-disciplinary teams in GP practices to allow the GPs additional capacity to use their specific skills to treat patients. This investment builds on funds that have been made available in previous years and will support not only the delivery of the new GMS contract but also the development and provision of a sustainable primary care system that will underpin the IJB's health and social care services.

Mental Health – The Government is seeking to increase the number of mental health ‘professionals’ by around 800 nationally which will support its commitment to improve mental health services. These funds are directed to the IJBs and the Midlothian IJB is working with its partners to progress this work. The IJB will use these investments to support the transformation of the delivery of its mental health service.

Substance Misuse – a further investment in substance misuse services has been announced seeking and supporting new innovative approaches, as well as responding to the needs of patients in a more joined up person centred way to tackle problem alcohol and drug use.

Appendix 4 shows the details, in as far as they are known of these investments. As part of its financial strategy the IJB will ensure that these funds are used holistically and not just to develop more specialist services.

9 Managing Financial and Service Pressures

As stated earlier, the IJB's overall financial strategy is to use the totality of the resources available to it to deliver its Strategic Plan with the challenge being to decide how to use these resources effectively. This has to be considered against a general background of increased demand and a reduction in the totality of the resources available to the IJB. There are currently areas of significant financial pressure or financial risk which need to be considered as part of this overall approach.

In first three years of the IJB's existence, areas of significant financial pressure have included

Set Aside.

As was described above, the Set Aside budgets represent those unscheduled care services delegated to the IJB by NHS Lothian that are managed by NHS Lothian's Acute Hospital management team. The Acute Management Team is not split into a 'delegated to the IJB' and 'not delegated to the IJB' element but instead manages acute services in totality. Additionally, these services are provided to all of the Lothian (and, in some cases, to people living outside the Lothians). Appendix 5 includes details of the projected pressures within the current hospital services delegated to the IJB if there is no further service transformation or efficiency deliveries and on this basis, there is a significant financial pressure on the set-aside budget. It is important that the underlying drivers for these pressures are clearly identified and that any efficiency plans currently being considered do not impact on the IJB's requirement to change the balance of care. The IJB's strategy of moving the delivery of care into a community setting along with the closure of Acute Hospital beds should- if delivered- reduce these financial pressures whilst freeing up resources to be transferred into a community setting. However, it will be vitally important to ensure that any delegated services that remain in the Acute Hospital system are financial sustainable.

Learning Disability

With improvement in health care and the pursuit of a policy objective to ensure that people with learning disabilities can be supported safely in the community, there has been a significant increase in the costs of these support services over the past few years. Since 2012/13, within social care alone, the expenditure has gone from £9.8m to £14.4m in 17/18. The projections are that the number of people with learning disabilities will continue to increase and the overall cost will therefore continue to grow. The IJB is delivering programmes, based on new policies, to ensure that this care is as cost effective as possible but this financial pressure – given modest increases in future resources – will be a challenge to the IJB.

GP Prescribing

The IJB's GP prescribing costs have grown from £14.6m in 2012/13 to £18.4 in 2017/18. This increase is driven by two elements:-

Costs of drugs – as new drugs enter the market and are available either as a replacement for older drugs or as new, previously unavailable treatments, these drugs are generally expensive and such drugs drive up the overall unit costs of prescription drugs. Prices can also be increased by short supply' that is wherein specific drugs are either unavailable or not sufficiently available and therefore the costs of drug treatment is increased. The pharmaceutical industry and market is international and the IJB has no influence over price which remains a risk that will have to be managed.

Volume of drugs – this is the simply the number and amount of drugs given to individual patients. This growth in volumes has increased significantly over the past few years but a changed approach to medical prescribing, referred to as realistic medicine, now reflects clinical concerns that some patients are being 'over-prescribed'. The IJB's Clinical Director is leading this work and the impact should be that the volume growth either slows or stops and this will have a positive impact on the level of expenditure.

10 Developing Costed Plans for Redesign

Redesigning Health and Care Services is dependent upon an understanding of need as summarised in the Joint Needs Assessment; on an evaluation of the effectiveness of the current service models; and on a determination of the resources available. On this basis, it is then possible to develop costed models, or possibly a range of options, as to how the needs of service users can be addressed either more effectively and/or at lower unit cost through redesign. Depending upon the scale of change involved proposals may require the approval of the IJB who in turn may issue formal Directions to NHS Lothian and/or the Council to effect such changes. Even if the changes are at an operational level rather than involving a significant change in policy, and can be managed directly by the partner organisation, the intended outcomes should remain entirely consistent with the IJB's strategic goals and the intended shift in emphasis outlined below:-

FROM	➔	TO
Treatment and Support	➔	Recovery and Reablement
Failure Demand - Avoidable Ill Health	➔	Prevention - Good Physical and Mental Health
Reactive	➔	Anticipatory Care & Planning for Emergencies
Professional Care	➔	Self-Management and Peer Support
Working in Silos	➔	Team Working at Local Level
Hospitals and Care Homes	➔	Community Based Services
Health & Care Focus	➔	Community Planning
Opportunity Costs	➔	Improved Quality & Access
Reactive Support to Unpaid Carers	➔	Carers are Full Partners in Care

11 How the Key Shifts will Work in Practice

Plans for redesign are being continually developed and strengthened as the key stakeholders explore with staff and with the public about how these changes can be achieved in a way that contributes to long-term sustainability. The following examples of the redesign of health and care services which, if implemented effectively, will be better for service users whilst also being more realistic than the current models of care both in terms of reducing finances and in response to the workforce pressures in many parts of the system. **The examples** provided below are primarily in services for older people and learning disabilities, the areas of greatest expenditure in social care. However, this is a developing programme and similar shifts in resource usage will apply across all aspects of health and care services.

11.1 Move from Failure Demand to Prevention.

Learning Disability:

Strengthening community based services such as Local Area Coordination rather than the default of formal building-based day services will improve access to universal services such as further education and employability.

Older People:

Preventing ill health depends upon strengthening access to opportunities and services which enable people to stay healthy physically and mentally. Working in communities has been piloted in Penicuik through the Housebound Project. Stronger partnership working with the voluntary sector will be critical. Key issues in supporting older people are strengthening the opportunities for people to remain socially engaged given the health risks associated with loneliness; and enabling people to remaining physically active.

11.2 Move from Hospital or Care Home Based to Community Based Services

Long Term Health Conditions

- Diabetes services are delivered by consultant led teams within the Royal Infirmary, significant elements of which could transfer to GP practices and community services.
- Respiratory services being supported and delivered through locally based physiotherapists and community nurses, is beginning to reduce the need for admission to hospital in managing conditions such as COPD

Learning Disabilities

As Midlothian reduces its reliance upon inpatient beds and other specialist services there will be scope to transfer resources to strengthen community-based services to people with complex needs.

Older People

The reliance upon care home services has reduced in recent years, the focus being increasingly to provide palliative care and care for people with dementia. It is vital that alternatives continue to be developed, particularly through the provision of extra care housing. In this regard a programme of work is being developed with Midlothian Council Housing.

Primary Care and the Community Hospital

In order to shift diagnosis and treatment out of hospital into the community there will be a need to strengthen primary care services. The recent development of Physiotherapy, Pharmacy and Wellbeing services will help to reduce the demand upon GPs that in time may allow this shift to take place.

There are also opportunities to maximise the facilities at the Community Hospital and this work is underway with the Outpatient Board. This will be dependent upon developing a better understanding of Midlothian's use of acute hospitals for inpatient services and treatment clinics and then developing affordable and clinically safe models of care in Midlothian. Providing Audiology Clinics is one specific example currently being considered

11.3 Move from Treatment and Support to Recovery and Reablement

Substance Misuse

The shift from treatment to recovery services is well developed in substance misuse and mental health services. Within substance misuse the development of recovery focused services, including the Recovery Cafes and the Recovery College, have made an important contribution to improved outcomes for individuals. There has also been investment in peer support initiatives which recognise the unique contribution of peers and social inclusion in the journey of recovery.

Care at Home

The Reablement service focuses on helping home care clients to regain their daily living skills and reduce their ongoing dependency on care services. At present, this approach is undertaken by the Reablement Team but there is considerable scope to extend this approach to all care at home services.

Learning Disabilities

Challenging behaviour leads to a significant draw upon health and social care resources. Greater investment is needed to support staff to work more effectively with people who present challenging behaviour at home and in day services. This will include achieving a more integrated approach with the NHS Lothian specialist services.

Some people with mild learning disabilities if provided with the right support, could reduce their reliance upon formal support services by accessing further education, travel training and employability support enabling people to live more independently

11.4 Improve Quality and Access

Delayed Discharge

Existing models of care can result in an inefficient use of resources. One of the most pressing examples is the long-standing concern about people remaining in hospital after they are fit to be discharged. Delayed discharge consumes resources in the system and delivers no benefit at all to the patients trapped in this process. Work on rolling out anticipatory care planning and strengthening 'hospital at home' services should support admission avoidance which will contribute to addressing some of the root causes of delayed discharge.

Learning Disabilities

Developing new approaches to supporting high levels of need will help ensure the most effective use of both money and workforce. Examples of these include overnight care and one to one support within day services. This work will be underpinned by the Fair Access to Care policy and for instance, will lead to the development of more shared tenancies and working to a set financial cap on care packages.

A number of people are provided with day services in Edinburgh. This wastes money on non-productive transport. Services should, wherever possible be provided locally. Some people with mild learning disabilities are supported in expensive services such as Cherry Road. Steps are being taken through individual reviews to ensure people have access to services appropriate to their needs.

Older People

The delivery of care at home services in an efficient and yet outcome focused way is challenging. Key issues include effective workforce planning to recruit and retain skilled staff. There is also scope to organise more efficient models of care which minimise travel time and reduce down time.

In relation to care home services, shortcomings in quality of care can lead to increased expenditure through Large Scale Investigations and also lead to preventable admissions to hospital.

11.5 Move from Working in Silos to Team Working

This shift is a key driver of the integration agenda aiming to improve efficiency and provide more seamless services to individuals

Learning Disabilities

Building on the move to local management of the NHSL Learning Disability Service work is underway to integrate this service with the relevant social work staff.

Older People

Strengthening team working is more challenging in older people's services given the range of staff and services involved. Developments such as MERRIT and the Joint Dementia Team have demonstrated the value of doing so.

Primary Care

There is very clear scope for reducing duplication by creating a more coherent joined up approach to the delivery of community nursing and care at home services. This may include a move towards a more structured model of care coordination- learning the lessons from the Penicuik Housebound Project.

11.6 Move from Reactive to Anticipatory Care Planning

Learning Disabilities

The greatest additional demand on expenditure in learning disabilities arises from children moving into adulthood. Transition is a key stage in working with service users and their families to ensure that expectations are realistic and opportunities for independence are planned and maximised, as far as possible.

Older People

The value of supporting people to plan ahead has been reflected in the national profile given to developing more holistic approaches to anticipatory care planning; the importance of unpaid carers having emergency plans in place; and the promotion of the benefits of Power of Attorney arrangements

12 Effective Use of Resources

The steps being taken to increase efficiency are described in section 5 while the approach to transformation of service reflecting the diagram on page 3 is illustrated in the examples given in section 11. The objective is to work towards the IJB having sufficient intelligence to determine whether its resources are a) achieving its desired outcomes b) whether its resources have been properly allocated to reflect the needs of the Midlothian population. These are complex exercises in part because health and care services work together as a whole system rather than discrete individual services.

- 12.1 **Outcomes:** The goal of the financial strategy is to allow the IJB to deliver improved [national health and wellbeing outcomes](#) through its strategic plan using the financial resources available to it. A key challenge is to understand what outcomes are delivered by the activities and services that the IJB supports and each service has to be considered in terms of the outcomes that it helps to deliver.

There is little point in transforming services and reducing the unit costs of the activity if that activity is not generating the required outcomes. It is not a simple task to measure outcomes and the achievement of outcomes may be dependent on a range of services and broader life circumstances including housing and income. However, a key task in the analysis of the application of IJB resources is a consideration of the extent to which improved outcomes for service users are being achieved. Where this is not the case, disinvestment from such services will be considered.

Outcomes must also be considered in the context of *Realistic Care and Realistic Medicine* considering the benefits to individuals from the care and the clinical interventions available. It is vital that individuals are enabled to take responsibility for the own health and care wherever possible whilst the IJB must explore what care and interventions it can realistically provide-and be open and transparent about this.

- 12.2 **Programmes:** The analysis of effectiveness of the use of IJB resources should be undertaken by a consideration of each programme as outlined in appendix 2. This work is already well advanced in Primary Care which is in the process of transformation seeking to provide alternative services for people who do not require the services of a GP but have legitimate health and/or care needs. This will make it more likely that people have direct access to the type of care appropriate to their needs whilst also improving the use of limited capacity within the GP workforce.

The Set Aside Acute Hospital Care programme requires much more consideration. Progress has been made in developments such as the establishment of Hospital at Home supporting/treating 15 patients at any one time in their own home rather than in hospital. However if the Government's aspiration to reduce dependency on acute hospitals is to be realised in depth work needs to be undertaken to examine which admissions could be avoided and what supports are needed to speed up the process of discharge. Work is underway in relation to admissions linked to diabetes, COPD and people who are homeless

and/or have substance misuse needs. If real reductions to hospital can be evidenced then it should be possible to reduce the set aside budget.

The programme allocations as laid out in appendix 2 reflect the current delivery models and the different costs of care for individuals with different needs. For example, the costs of supporting people with learning disabilities is on average considerably higher than supporting people with mental health needs. This will reflect the differing needs of people in terms of their ability to manage independently. Nevertheless consideration needs to be given to the extent to which these programme allocations reflect the needs of the population in terms of both complexity of care and in terms of incidence.

13 Delivering the IJB Strategic Plan

This Financial Strategy should be considered alongside the IJB Strategic Plan. It describes, in financial terms, the changes that the IJB seeks to make in the design and delivery of health and care services. The IJB agreed its first Strategic Plan in 2016. This plan runs from 2016 to 2019 and a new three plan is under development.

The current financial planning process, reflecting the plans of the partners, is largely annual and incremental. Although a lot of work has taken place in terms of planning for transformation and developing new services, work needs to continue to design models of services will deliver the desired outcomes. The revised delivery models need to be expressed in terms of the resources both financial and personnel required. Each service then requires to be costed and when summed together the total costs of each service should provide the basis for a detailed three year financial plan.

Cognisance has to be taken of the current delivery model and it may be that some services do not require transformation. The IJB working with its partners, has already redesigned some services and it must ensure that new service developments, if they prove to be successful, are not simply added onto existing services but that they are used as a new model to deliver these services. The challenge, therefore, for the IJB is to reduce the unit costs of 'care', to prioritise the use of its resources and to move from the current delivery models into more efficient and effective models. This will allow the IJB to produce a detailed and sustainable three-year financial plan.

In order to deliver its Strategic Plan, the IJB issues Directions to its partners. The IJB has a clear policy on Directions that should lay out for each function the activity to be undertaken, the model used to deliver that activity, the resources to be consumed (the budget) and the desired outcomes. These Directions should map onto the financial plan and this will provide the IJB with a clear picture of the proposed use of its resources as laid out in the Directions. Alongside Directions, the other key vehicle for the delivery of the Strategic Plan is the development and implementation of its Workforce Framework recognising that the quality of services is entirely dependent upon a skilled and committed workforce.

The IJB leads and works within a partnership involving Midlothian Council and NHS Lothian along with the third sector, the independent sector, housing and, most importantly the people of Midlothian. Transforming health and care services will only succeed if the people of Midlothian understand the changes being considered; are able to influence these; and are prepared to support them.

14 Impact of Financial Strategy

14.1 Financial Balance.

There are two measurements of a successful financial plan:-

- That it shows how the financial resources will be used to deliver the strategic outcome required
- That it is honest about the constraints on that delivery arising from the requirement to deliver financial balance

The Financial Strategy will deliver a financial sustainable position and this will be of benefit to the partners. The IJB's Financial Strategy should allow the partners assurance that their resources are being used appropriately to deliver the functions that they have delegated and that the Directions of the IJB will not cause financial pressures or turbulence to the individual partner.

14.2 Improved Outcomes

Although it is relatively simple to measure inputs into the care system (staffing, payments to providers), and activity (occupied beds, care home places, care hours and patient contacts for example) it is more difficult to meaningfully measure outcomes. It is clear from research that some interventions generate better outcomes than others. The IJB must ensure that its resources are used to generate improved outcomes for all the individuals for whom it provides care and this approach needs to be at the core of the redesign of the services.

14.3 Improved Performance

Having agreed the overall 'shape' of the utilisation of the financial resources (through reviewing the programmes as discussed above) and redesigned the services on the principles described above the IJB will have assurance that all of its resources are being used most effectively.

15 Putting the Financial Strategy into Practice

There are a range of structures in place to oversee the redesign of services and the implementation of the IJB Strategic Plan. These include joint planning groups; project teams working under the direction of the Transformation Board; and the IJB Strategic Planning Group. It is vital that this Financial Strategy informs the approach taken to service redesign. In order to enable this coherence between strategic and financial planning the IJB will require the HSCP Joint Management Team to undertake the following key actions throughout the lifetime of this strategy:

1. Apply the “Shifting Focus of Approaches” to all investments made by the IJB. This will include making decisions about the application of new monies and will be extended to all aspects of expenditure during the preparation of annual budgets.
2. Review the programmes of expenditure detailed in appendix 1 with a view to considering
 - Whether the level of expenditure in each programme reflects the assessment of need in Midlothian.
 - Whether the application of resources within each programme is appropriate given the strategic direction of the IJB. An example of this would be a consideration within each programme of the proportion of resources spent on hospital or care home services compared to that spent on prevention and/or on community-based services.
3. As part of the process of transformation or service redesign costed plans should be developed routinely which illustrate the expected benefits such as reduced overall costs, reduced unit costs, increased capacity and improved outcomes

It will be the responsibility of the Chief Officer and the Chief Finance Officer to oversee the these key actions, along with the ongoing application of sound financial discipline and the implementation of this Financial Strategy as a whole.

Appendix 1 - Ensuring Financial Discipline

The IJB, like all other organisations, has to ensure that there is an appropriate financial discipline in the planning and delivery of its functions. There are three areas wherein this is important:-

Best value

Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public. Best Value is a requirement of all public bodies and, under the financial regulations that govern the IJB, a legal requirement. The IJB is committed to the best value principle and this will underpin the IJB's financial planning models and the financial management. Best Value is also concerned about continuing improvement. The IJB understand that the transformational process will both take time to deliver properly and is not an end in itself but means that services will continually develop and change shape as the requirements of the population they serve change and as new opportunities for care (new technology, new drugs, new interventions) arise.

Efficiency

Services are expected to be efficient and deliver value for money. This is sometimes difficult to measure and there is a danger that the measurement process become mechanistic and does not recognise the different needs of different individuals. The IJB's strategy is underpinned by the requirement to treat people requiring as individuals and consider their individual needs. Some of the areas wherein efficiency can be delivered are discussed above and it is important to emphasise that efficiency is not just about cost reduction but also about increasing capacity and also about improving quality. Good quality care is much more efficient in that it should not only reduce the requirement for later interventions (reducing failure demand) but reduce the overall requirement for highly specialist interventions (including those not delegated to the IJB) which are both costly and potentially distressing for the individuals concerned.

Financial Management

Although the IJB is not an operational management body – all the IJB's services are provided by or commissioned by the partners – it remains ultimately responsible for the delivery of services. The financial plan should lay out the resources available and this will be reflected into the budget setting process for each service. Each service should therefore understand what it is required to deliver (activity), what model of delivery it should use, the resources available to undertake this (the budget) and the outcomes required. It is appreciated that this is a longer-term goal and, currently, that this is a period of transition but it is important that all the partners understand their role in the delivery of financial discipline. This is further discussed below under the Directions that are issued by the IJB.

Appendix 2 - IJB Budget Programmes

Although the IJB's partners (Midlothian Council and NHS Lothian) have delegated a range of functions to the IJB – for example social work or unscheduled care in hospitals – the IJB regards its role to deliver care, either social care or health care or indeed a mixture of both as appropriate to the population its supports. In order to explore the resources used in delivering that care it has built on work undertaken previously by both the Council and the Health Board and broken its overall resources into a series of programmes. These programmes are not split into 'health' or council' and support the principle that the IJB will use the totality of its resources to deliver properly holistic and integrated models of care and not simply carry on with the current models

- Older People – social care and health services for older people, including beds in the Midlothian Community Hospital, care home beds and district nursing.
- Children's Services – only Health Visiting services are currently delegated to the IJB.
- Learning Disabilities – social care and health services for individuals with learning disabilities. Much of the health service is currently provided corporately by NHS Lothian (including beds at the Royal Edinburgh Hospital) although the community element of these services is currently being transferred to the local Partnership.
- Physical Disabilities –social care and health services for individuals with physical disabilities largely services delivered on the Astley Ainslie Hospital site
- Mental Health - social care and health services for individuals with mental health issues including acute and rehabilitation beds at the Royal Edinburgh Hospital.
- Primary Care – this includes the costs of supporting the GP Practices in Midlothian and the costs of the GP prescribing budget. There are also primary care services delivered by local community pharmacies, dentist and opticians, and while the financial resources are not included in this plan, the IJB operates on the basis that primary care includes these services.
- Acute Set Aside – the delegated services are:-
 - A & E (outpatients)
 - Cardiology
 - Diabetes
 - Endocrinology
 - Gastroenterology
 - General Medicine
 - Geriatric Medicine
 - Infectious Disease
 - Management
 - Rehabilitation Medicine
 - Respiratory Medicine
 - Therapies

These services are delivered in the Royal Infirmary of Edinburgh, the Western General Hospital and St John's Hospital. These services are specialist services that support the care groups above but given that the IJB wishes to change the balance of care then changes in this programme will entail movements in resources to support this shift.

- Substance Misuse Services – health and social care services to support those individuals with misuse issues with drugs and alcohol, including (Midlothian and East Lothian Drug and Alcohol Partnership)
- Other – costs of management administration and planning and Public Protection and Criminal Justice for the Partnership. The IJB's share of Dental, Dietetics, Arts Therapies, Smoking Cessation, Family Planning and Podiatry services.

Appendix 3 - Budgets by Programme 2018-21

Budget by Programme

Programme	18/19 Budget	19/20 Budget	20/21 Budget
	£000's	£000's	£000's
Older Peoples Services	33,047	34,397	35,754
Children's Services	1,391	1,430	1,469
Learning Disabilities	18,975	19,476	19,978
Physical Disabilities	4,653	4,673	4,693
Mental Health	8,249	8,398	8,484
Primary Care	33,316	33,067	33,096
Other	9,256	9,418	9,582
Acute Set Aside	16,714	16,988	17,350
Substance Misuse	1,036	1,052	1,070
	126,637	128,899	131,476

This table excludes the payments made to community pharmacists, community opticians and community dentists for the services which they provide to NHS patients. These costs are covered annually by the Scottish Government and are termed 'Non cash Limited' which means that there is not a specific budget for them. Given that there is no specific budget then a budget cannot be offered by NHSIL to the IJB and is therefore not included above. However, the IJB's share of this expenditure is reported in the IJB's annual accounts and was, in 2017/18, c.£8.7m

Appendix 4 - New Investments

	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Drug and Alcohol	268	268	268	268
Mental Health	173	268	378	504
Primary Care	720	866	1,732	2,440
NHS Lothian Primary Care Investment	0	100	100	100

Notes

1. Drug and Alcohol

This is the IJB's share of the Scottish Governments 2018/19 programme which includes new resources to support services to reduce problem drug and alcohol use.

2. Mental Health

Also called 'Article 15' and 'commitment 15'. This is the programme to provide an additional 800 (nationally) additional mental health professionals to improve support for mental health issues.

3. Primary Care

As part of the new General medical Services contract the Scottish Government is investing c. £500m (nationally) in Primary Care. This is the IJB's share of those funds that support the delivery of multi-disciplinary teams within the GP practices to support the work of the GPs.

4. NHS Lothian Primary Care Investment

NHS Lothian has also committed to providing additional funds to support Primary Care services. For the IJB an additional £200,000 was made available in 2016/17 with a further £200,000 in 2017/18

These funds (£400,000) are in the IJB's opening 2018/19 baseline with an additional £100,000 to be invested in 2019/20.

Appendix 5 - Budget Projections by Programme

Financial Pressures by Programme 2018/19				
Programme	18/19 Projected Variance	19/20 Projected Variance		20/21 Projected Variance
	£000's	£000's		£000's
Older Peoples Services	(1,380)	(215)		(304)
Children's Services	(44)	(45)		(46)
Learning Disabilities	(859)	(110)		(183)
Physical Disabilities	(32)	(31)		(36)
Mental Health	(81)	(113)		(255)
Primary Care	(605)	(1,686)		(2,526)
Other	849	940		899
Acute Set Aside	(567)	(889)		(1,192)
Substance Misuse	(67)	(82)		(98)
	(2,784)	(2,230)		(3,741)
Notes :-				
1. Variances - in brackets () are overspends, positive are underspends				
2. The values in this table are based on the opening budgets, there are no 18/19 investments included.				
3. The projected actuals are based on the NHSIL18/19 financial plan and discussion with the partnership regarding social care pressures				