

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Finance and Resources Committee
DATE	25 April 2013
DIRECTOR	Fred McBride
TITLE OF REPORT	Joint Commissioning Strategy for Older People 2013 – 2023 - Financial Framework
REPORT NUMBER:	SCW/13/017

---

### 1. PURPOSE OF REPORT

The purpose of this report is to inform Members of the progress so far in preparing the Financial Framework that supports the development of the Joint Commissioning Strategy for Older People 2013 – 2023.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- (i) Note the content of the Financial Framework linked to the Joint Commissioning Strategy for Older People 2013 – 2023, attached as Appendix A.
- (ii) Note that initial preparatory work has been undertaken to begin to develop a baseline integrated budget, and that this will be an ongoing requirement as the details of the integration legislation become clearer.
- (iii) Agree to receive a report on the baseline integrated budget, once the work on this is completed.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The Joint Commissioning Strategy outlines how services for Older People will be provided in future and the costs associated with these services will be funded from the integrated budget for older people's services, comprising the Social Care & Wellbeing and NHS Grampian budgets for this group.
- 3.2 The financial contribution of Social Care and Wellbeing to the Joint Commissioning Strategy will be the annual budget for Older People's services as set by the Council. For 2012-2013 this was £56m net (£66m gross). The details of the budget are set out in the Joint Commissioning Strategy Financial Framework attached as Appendix A.

3.3 There are no further financial implications for the Council in the work of developing and implementing the Joint Commissioning Strategy. It is expected that a resource to support this work will be made available to the Partners in the Joint Commissioning Strategy from the Change Fund for Older People.

#### 4. OTHER IMPLICATIONS

4.1 The development of an Implementation Plan will be the subject of a Workshop in May 2013. A fully costed implementation plan requires that the total available integrated budget from Social Care and Wellbeing and NHS Grampian is known. Further work is required by NHS Grampian to identify the total NHS contribution to the integrated budget.

#### 5. BACKGROUND/MAIN ISSUES

##### 5.1 Development of Joint Commissioning Strategy

5.1.1 The development of the Joint Commissioning Strategy is part of the work towards the Integration of Health and Social Care. Forthcoming legislation on Integration, which will set out the acceptable models of integration, the requirements for an integrated budget, and governance arrangements, is likely to have an impact across the life of the Strategy. Though initial work has been undertaken to establish an integrated budget, we are awaiting national guidance on what is to be included from NHS budgets.

5.1.2 The Joint Commissioning Strategy for Older People 2013 – 2023 has been in development since June 2012 and was submitted to the Scottish Government's Joint Improvement Team along with the Joint Commissioning Plan Template on 28 February 2013.

5.1.3 The Strategy provides a 10 year vision: ***“Working with you to make Aberdeen a great place to grow old and flourish, by maximising choice and promoting independence.”***

It focuses on outcomes for older people and has been developed following extensive consultation and in Partnership with NHS Grampian, ACVO (on behalf of the Voluntary Sector) and Scottish Care (on behalf of the Independent Sector), Older People and their Carers.

5.1.4 The Commissioning Intentions are linked to the current Single Outcome Agreement themes under the headings of Healthier, Wealthier and Fairer, Smarter, Greener, with the addition of an outcome relating to Best Value – Making Best Use of Resources.

5.1.5 The next step is to develop an Implementation Plan that will translate the Commissioning Intentions into Actions. The Plan will be the subject

of a workshop involving all Partners, which is due to be held in May 2013.

- 5.1.6 The Plan will identify Actions, Lead Agencies and Resources that will support the implementation of the Strategy and will cover three specific time periods: Year 1 - Linked to the Change Fund, Year 2 to 5 – Mid-term plans and Year 5 to 10 – Long-term plan.

## 5.2 Financial Framework

- 5.2.1 The development of the Financial Framework, attached as Appendix A, that supports the Implementation of the Strategy is ongoing and requires further refinement. It gives details of the Social Care and Wellbeing's budget for Older People, including some elements of rehabilitation budget of £66m gross.
- 5.2.2 Initial work has been undertaken by NHS Grampian which has identified a **partial** budget of £18.857m (see section 4 of Appendix A and Appendix B). This includes the budget spent on older people in 2012/13. The element spent on older people has yet to be identified from the NHS budget for Family Health Services, GP Prescribing, Devolved Dental Services and services in the Acute Sector. Further work is needed to disaggregate the budgets relating to Grampian wide and older people specific elements of these universal services.
- 5.2.3 The Partners have agreed to adopt the Integrated Resource Framework (IRF) methodology to identify to the total resource envelope associated with the Joint Strategy.
- 5.2.4 The IRF has been developed jointly by the Scottish Government, NHS Scotland and Convention of Scottish Local Authorities (COSLA). The IRF aims to help partnerships to understand more clearly current resource use across health and social care, enabling better understanding of costs, activity and variation across service planning and service provision.
- 5.2.5 The latest available data is for the year 2010/11, which is shown in Section 4 of Appendix A. The derived (net) budget for older people was:



**Total Derived IRF Resource 2010/11 (Older People)**

Further work to establish the up to date figures is underway.

### **5.3 Change Fund**

- 5.3.1 The Change Fund, which part of the Reshaping Care for Older People Programme provides a further £3.14m in 2013/14 and £2.738m in 2014/15. Further details on the Change Fund allocation and priorities can be found in Section 5 of Appendix A.

## **6. IMPACT**

The Strategy links to the Single Outcome Agreements and the Corporate Business Plan Priorities set out in 'Aberdeen: The Smarter City'

An Equalities and Human Rights Impact Assessment was undertaken in relation to the Consultation exercise and will be repeated to reflect the completed Strategy.

## **7. BACKGROUND PAPERS**

- Joint Commissioning Strategy for Older People 2013 – 2023 (and associated Appendices)
- Joint Commissioning Plan Template, submitted to Scottish Government 28 February 2013
- Report to Health and Social Care Partnership, Executive Board, 24 August 2012

## **8. REPORT AUTHOR DETAILS**

Dorothy Askew, Planning & Development Manager (Joint Commissioning)  
email [daskew@aberdeencity.gov.uk](mailto:daskew@aberdeencity.gov.uk)  
Tel 01224 522856

**Aberdeen City Health and Social Care  
Partnership**

**Joint Commissioning  
Strategy - Appendix 3**

**Financial  
Framework**

**Joint Commissioning Strategy for Older  
People  
2013 – 2023**

# JCS Financial Framework

## 1. Introduction

Our Joint Commissioning Strategy sets out our ten year vision and outlines our commissioning intentions for health and social care in Aberdeen over the next three years. This will be supported by an implementation plan, for 2013 to 2016, which will define our short to medium term actions and commissioning priorities and a one year investment plan detailing the use of the 2013/14 Change Fund for Reshaping Care for Older People, worth £3.14m.

In our Strategy we have focused on securing the best range and quality of health and social care provision to meet the needs of older people into the future. Our commissioning priorities are based on delivering better outcomes within available resources, by prioritising needs, providing joined-up services that give value for money and ensuring fair access within all localities in Aberdeen City. By addressing health and social care inequalities, our Strategy is consistent with the community planning outcomes in our Single Outcome Agreement (SOA).

We face significant challenges in developing our joint financial framework and identification of the resources available to support our commissioning intentions. This is in part due to the differences in accounting and budget setting procedures between Aberdeen City Council and NHS Grampian. In section 2 we have provided an indication of the overall Aberdeen City Council social care costs for 2012/13 and projections for the next 5 years as per the Priority Based Budget (PBB), which form part of the 5-year Business Plan. Similarly in section 3 we have provided an indication of NHS Grampian resource that could be considered as part of the resource to support jointly commissioned services. Further work needs to be done by NHS Grampian to identify and disaggregate all of the resource from across all the universal services to support our joint commissioning approach for older people.

For the purpose of this strategy we have agreed to use the 2010/11 expenditure that has been mapped as the total spend on Community Health, Local Authority, Family Health/General Medical Services and Prescribing and Hospital based services through the mechanism of the Integrated Resource Framework (IRF) as our benchmark. This gives an indication of the potential total resource (plus additions due to cost pressures for 2012/13 year) available. This is discussed in more detail in section 4 below.

## 2. Aberdeen City Council -Priority Based Budget

Aberdeen City Council has adopted the Priority Based Budget Model to determine budget allocations across all service areas on a 5-year rolling basis. The 2012/13 net costs of social care and wellbeing services is £122m. This is forecast to rise by approximately 13.9% to £139m by 2017/18. These cost pressures will largely be driven by:

- An increase in demand for services due to an ageing population
- Rising staff costs, and
- An increase in the cost of services commissioned externally

The impact of costs pressures will be mitigated through a range of transformation options that will help in constraining demand while delivering on older peoples outcomes more cost effectively through:

1. Transforming the assessment & care planning process
2. Promoting prevention through early intervention
3. Reducing residential care
4. Re-designing adult day support
5. Delivering outcomes focused commissioning.

The projected costs pressures will impact on SC&WB services over the next 5 years and possibly over the entire lifetime of this strategy. Aberdeen City Council's expenditure from the total Social Care and Wellbeing budget for 2012/13 of £122m (net) (c£156m gross) includes £56m (net) (c£66m gross) for the provision of social care services for older people. Of this, c£42m (gross) is spent on the purchase of care home and care at home services from the independent sector.

(Source: Aberdeen City Priority based budget 2013/14 – 2017/18, <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=48636&SID=13437> )

## 3. Aberdeen City Community Health and Social Care Partnership

A significant amount of work has been done to identify and disaggregate the direct patient care spend on older peoples care in Aberdeen from universal budgets in NHS Grampian. There is still much more work to be done particularly from an NHS Grampian perspective in order to have a full analysis on the expenditure on older people within mixed patient groups for GP services, prescribing, dental services and acute hospital services. The proposal is to continue with this work during the 2013/14 financial year in tandem with the development of our 3 year Implementation Plan. It is our intention to provide fully disaggregated revenue budgets and a clear indication of what components of these budgets would be available the joint health and social care 'pot' for supporting our jointly commissioned services.

This will be available in subsequent updates of the Joint Commissioning Strategy.

## 4. Integrated Resource Framework (IRF)

The integrated resource framework (IRF) is an integrated data mapping mechanism developed by the Information Services Division (ISD) of Scottish Government and partners to enable the local understanding of costs, activity and variation across service provision for different population groups.

The mechanism support shifts in the balance of care through integrated mapping of information for health and social care and assigning of unit costs to all activities. In Aberdeen, we propose to use the IRF model approach in support of the development of the new joint financial mechanisms between Local Authorities and NHS Boards.

The most recent summary of joint mapping through IRF is available for 2010/11. This has been developed by mapping the Acute (SMR01); Maternity (SMR02); Mental Health (SMR04) and Geriatric Long Stay (SMR01\_1E) activity data and costs.

The costs are derived from the NHS Scotland Costs Book 2010/11 and Local Finance Returns (LFR) for social care costs. LFR costs are not based on activity levels but derived from the annual Local Authority return.

The IRF model uses service level activity to allow health and social care costs to be attributed to service user activity in a very detailed way reflecting key cost drivers such as length of stay. The costing methodology apportions hospital site and specialty specific direct costs to individual patient records based on:

- Admission type
- Length of stay (per day)
- Theatre Time
- High Cost Items e.g. prosthetics

Unit tariffs, e.g. pharmacy costs per day, medical costs per admission, are calculated from the various direct cost and activity totals; after adjusting costs for any high cost items that are applied separately. These direct cost unit tariffs can then be applied to individual patient records using the appropriate activity measure e.g. length of stay.

An overhead allocation is calculated by applying the appropriate overhead percentage to the direct costs total. The unit tariffs are calculated using activity calculated from SMR data (rather than Costs Book activity).

Table 1 and Figure 1 below shows the net total resources identified along with the derived cost of services for older people for the 2010/11 financial year.

Table 1: Derived Older People Resource for 2010/11

Area of Service	All Services IRF Resource	Indicative % H & SC Expenditure for aged 65+	Derived IRF Resource Older People
Community Health	49.3	27.6%	13.6
Local Authority	122.8	40.6%	49.9
Family Health Services (FHS) – General Medical Service (GMS) & General Practice (GP) Prescribing	66.3	30.9%	20.5
Hospital Based	197.3	41.5%	81.9
Total IRF Resource	435.6	38.1%	166.0

Figure 1: Value of IRF Resources 2010/11

**Total IRF Resource 2010/11 (all ages)****Total Derived IRF Resource 2010/11 (Older People)**

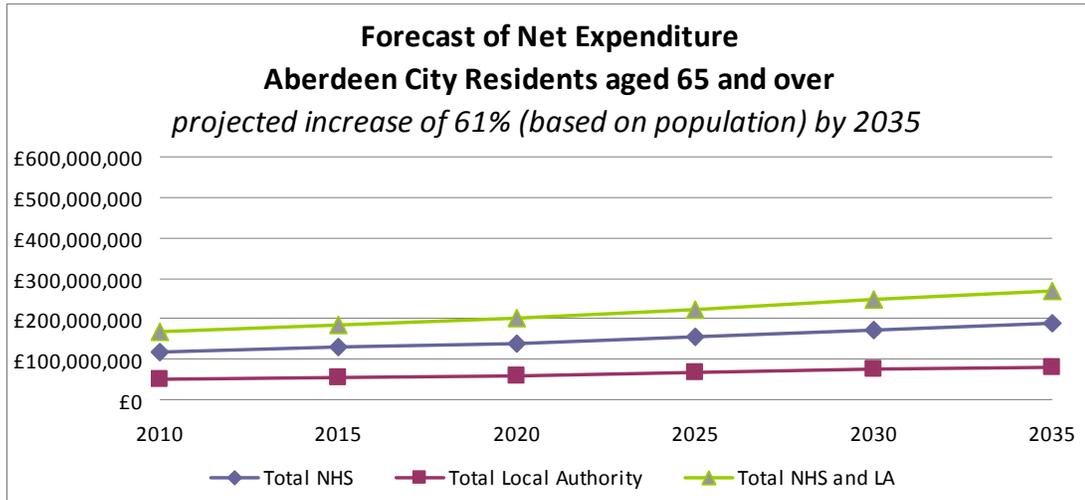
Source: ISD, Integrated Resource Framework.

The total IRF resource provides a benchmark to enable us to determine the resources needed to support future joint commissioning work consistent with our strategy.

In developing our joint budgeting framework Partners will make reference to the IRF data in developing the three year Implementation Plan.

Figure 2 shows that the projected expenditure on services for older people would need to increase by £34.6m and between 2010 and 2020 and by £100m by 2035. This is based on a projected population increase of 61% and retaining the same level of service activity.

Figure 2: Forecast of Projected Net Expenditure on Older People based on IRF data



Source: ISD

## 5. Reshaping Care Framework- Change Fund

The Scottish Government established the Change Fund as part of the Reshaping Care for Older People Programme to provide 'bridging finance' to support the delivery of improved outcomes for older people. Aberdeen City's allocation is shown in Table 2.

Table 2: Scottish Government's Change Fund Allocation 2011 - 2015

Year	Scotland Allocation	Aberdeen Allocation
2011/12	£70m	£2.738m
2012/13	£80m	£3.14m
2013/14	£80m	£3.14m
2014/15	£70m	£2.738m

The Change Fund is providing us with the opportunity to accelerate our plans for transformational change, to support wider system redesign and disinvestment in traditional ways of service delivery, continuing the shift towards optimising independence and shifting the balance of care.

The Partnership has supported initiatives under 5 themes (see Table 3 below) and has given priority to those that are preventive in nature or ensure that more people can be supported at home. Person-centred care, dementia services and support for carers are priorities under all five themes. It is expected that at least 20% of the Change Fund allocation will be in support of carers, directly and indirectly.

Table 3: Allocation levels based on the Reshaping Care for Older People Themes

	Preventative & Anticipatory Care	Proactive Care & Support at Home	Effective Care at Time of Transition	Hospital & Care Homes	Enablers
2011/12	35%	30%	15%	10%	10%
2012/13	40%	28%	15%	7%	10%
2013/14	45%	30%	15%	5%	5%
2014/15	50%	30%	10%	5%	5%

### 5.2 Future use of the Change Fund

In the first two years of the Change Fund proposals were invited from across the Aberdeen Partnership to meet broad outcomes. A new process, agreed

by the four partners, will be in place for 2013/14 and 14/15. This will focus on achieving outcomes to meet agreed priorities as given in Table 3.

## 6. Projections for Future Demand

Table 4 below shows the potential increase in demand at current service levels based on population projections and the impact of constraining demand by 5%, 10% and 15% across the health and care system.

In order to meet future growth within current level of resources we would need to reduce demand by 15% across the whole system. Whilst we may expect some growth in resources, the increase in demand suggests the need for investment and new ways of delivering services with more emphasis on prevention and earlier intervention to constrain growth in demand for more costly health and care services.

Table 4: Prospective demand based on population change and constrained demand

Service Provision	Current levels of service provision levels	“do the same”, plus population change		Reduce demand by 5% plus population change		Reduce demand by 10% plus population change		Reduce demand by 15% plus population change	
		2020	2035	2020	2035	2020	2035	2020	2035
<b>As at 2011/12</b>									
<b>Home Care</b> (hours provided per week)	13,522	<b>16,415</b>	26,428	<b>15,594</b>	25,107	<b>14,774</b>	23,785	<b>13,953</b>	22,464
<b>Home care</b> (No. of people in week)	1,785	<b>2,1600</b>	3,477	<b>2,052</b>	3,303	<b>1,944</b>	3,129	<b>1,836</b>	2,955
<b>Care Home</b> (No. Places)	1,357	1,642	2,185	1,560	2,076	1,478	1,967	1,396	1,857
<b>GP Visits</b> (daily all ages)	2400	-	-	-	-	-	-	-	-
<b>GP daily Visits</b> (65 plus assumption 65% of total)	1,560	1,888	2,512	1,793	2,386	1,699	2,260	1,604	2,135
<b>Hospital</b> Unplanned admissions	8,594	10,399	13,836	9,879	13,144	9,359	12,452	8,839	11,761
<b>Hospital</b> Multiple emergency admissions	4,039	4,887	6,503	4,643	6,178	4,398	5,253	4,154	5,527

Source: Joint Commissioning Team (ACC/NHSG)

[NOTE: Further information will be inserted providing indicative monetary costs relating to Table 4]

## 6.1 Assumptions for our Projections for future demand

In developing our projections for future demand it was necessary to make certain assumptions, this section provides the rationale to support these.

### Population<sup>1</sup>

The population assumptions are based on a projected increase of 21% by 2020 and 61% rise by 2035. The population projections are based on General Registrar of Scotland, 2010 based statistics (accessed from <http://www.gro-scotland.gov.uk/statistics/theme/population/projections/scotland/2010-based/index.html>)

### Home Care

The home care hours given in Table 3 are a snap-shot of provision captured as part of the Home Care Census held in the last week of 31 March 2012 (part of Scottish Government's H1 return). The projections are based on an applying the average number of hours (7.6 per person)<sup>2</sup> and applying this to the projected population increase for 2020 and 2035.

*Calculation: Average number of hours<sup>2</sup> x % population increase<sup>1</sup>*

<sup>2</sup>Average number of hours = Home Care hours/number of people

### Care Home

The number of care home places for people aged 65 and over purchased in 2011/12.

*Calculation: Number of places x % population change*

### GP Visits

The approximate number of GP visits daily. Based on statistical and anecdotal information we have taken a "conservative" estimate that at least 65% of these visits will relate to older people. Therefore our projection are based on the follow:

*Calculation: 65% of total visits x % population change*

### Hospital

The recorded number of Unplanned admissions to hospital.

*Calculation: 65% of total visits x % population change*

### Hospital

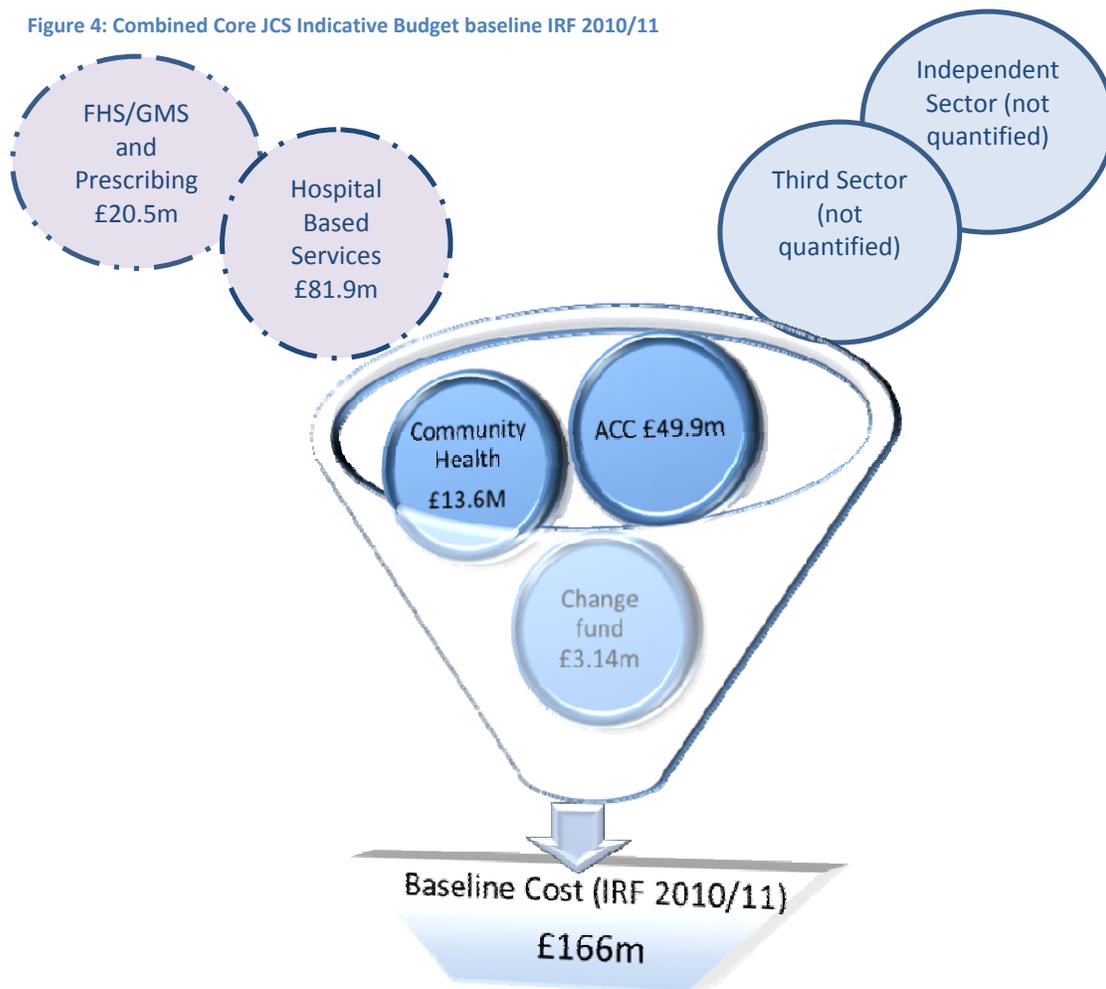
The recorded number of multiple emergency admissions.

*Calculation: 65% of total visits x % population change*

## 7.0 Indicative Financial Resources for Older Peoples Services for the Aberdeen City Partnership based on IRF Data and Costs

This document provides an overview of the current indicative finance information that is available to support joint commissioning in Aberdeen as seen in Figure 2. The indicative budget is based on 2010/11 costs and will therefore not incorporate any subsequent changes in budget to reflect associated costs pressures, budget savings or service changes.

Figure 4: Combined Core JCS Indicative Budget baseline IRF 2010/11



Note: The dashed lines in our diagram indicated that further work needs to be undertaken to establish the components of these costs which would come into the total resource available for jointly commissioned services for older people.

Significant work will be undertaken over the next few months to establish the scope of the financial resources available to the Partnership to support Joint

Commissioning and to update the IRF data in conjunction with ISD to reflect 2011/12 costs and if possible 2012/13.

The Third and Independent Sectors contribute significant input to Partnership working via innovation, research and development and service delivery, which is not quantified.

**This document should be read in conjunction with Section 1.4 of “Ageing wi’ Opportunity”: A Joint Commissioning Strategy for Aberdeen, 2013 – 2023 and the associated documents.**

## NHS Grampian CHP Budget Breakdown

NHS Community Health Partnership (CHP) 2012/13

Service	2012/13 Older People Spend	Comments
Community Nursing	£5566k	Estimated 85% of Community Nursing including out of hours plus admin overhead. Excludes non- elderly services such as pre-school and school nursing.
Delayed discharge	£449.8k	Estimated 70% of team costs, mainly Nursing and AHP's
Rapid Response	£325.7k	Estimated 85% of team costs, mainly Nursing and AHP's
Supported Discharge	£206.7k	Estimated 75% of team costs, mainly Nursing and AHP's
Clinical Support	£2194.6k	Mainly AHPs apportioned on different bases plus non-pay costs and equipment.
Public Health	£33.2	Allocated in proportion to direct costs derived above. (Indicative only)
CHP Management & Administration costs	£503.5k	Allocated in proportion to direct costs derived above. (Indicative only)
Property	£483.3k	Allocated in proportion to direct costs derived above. (Indicative only)
Elderly and Rehabilitation	£3880.3k	Wards and Day Hospital
Mental Health – Old Age Psychiatry	£4914.6	Wards, Community Mental Health Teams, Day Hospital, Management and administration.
<b>Gross Total</b>	<b>£18856.8k</b>	

The information shown in the table above relates to **elderly services** provided by NHS Grampian in Aberdeen City where the resource is readily identifiable as being for elderly services, either in whole or in part.

The information **excludes** –

- Change Fund - reported separately
- Family Health Services
- Devolved Dental Services
- GP Prescribing
- Resource Transfer (assumed to be in Local Authority's submission)
- Services in the Acute Sector
- Corporate Overheads