



INTEGRATION JOINT BOARD

Date of Meeting	09.10.2018
Report Title	Medium Term Financial Strategy Update
Report Number	HSCP.18.082
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Alex Stephen, Chief Finance Officer
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	A – Review of Services

1. Purpose of the Report

- 1.1 To update the narrative and figures contained in the Medium Term Financial Strategy (MTFS) approved by the Integration Joint Board 27 March 2018.

2. Recommendations

- 2.1. It is recommended that the Integration Joint Board:

- a) Notes the updated elements of the MTFS; and
- b) Notes that a further report on the MTFS will be brought back to the IJB in February 2019.

3. Summary of Key Information

- 3.1. On the 27 March 2018 the IJB approved a Medium-Term Financial Strategy which set out the financial challenges likely to be faced by the IJB over the next five financial years. The Chief Finance Officer was asked to report



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back with a review of the narrative contained in the Medium Term Financial Strategy to the IJB meeting on 9 October.

- 3.2.** To summarise the MTFFS identified that the IJB would face budget pressures of approximately £11 million each year based on the best information available at the time of writing the strategy. This £11 million was reduced to £6.5 million when assumptions were added for additional funding in relation to pay awards and the Scottish Living Wage. Included in the £11 million is an assumption that the level of funding provided by Aberdeen City Council will reduce and the IJBs will be required to find savings to cover its share of this reduction.
- 3.3.** The IJB agreed several workstreams should be progressed to help identify savings to close the funding gap of £6.5 million. These include looking for service efficiencies through reviewing fees & charges, contracts and commissioning and managing demographic change and prescribing financial pressures through our transformation programme. The final workstream which has been created was to undertake service reviews to drive out efficiencies.
- 3.4.** Since March most of the assumed financial pressures are still anticipated to be valid. The one financial pressure which is moving is in relation to pay awards for staff. At the time of writing the strategy it was anticipated that staff paid over £36,500 and less than £80,000 would receive a pay award of 2%. Since then the NHS pay award has been agreed at 3% for this group of staff and while COSLA is still negotiating for Council staff, the latest offer from the employer side matches that agreed for NHS staff. It would therefore be prudent to update the financial strategy to reflect the fact that pay awards are now beginning to increase. The movement highlighted above will create an estimated additional budget pressure of £280,000 each financial year. There may also be financial pressure on the NHS staff budgets going forward as the grading system is changing to reduce the number of years required to reach the top of a grade for some groups of staff.
- 3.5.** The pay award movement may also impact on some of the level of increases anticipated for the commissioned services. At present these are forecast to increase by 3.3% for the national care home contract and 3.5%



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for contracts not covered by the national care home contract. Providers may use the increase in Council\NHS wages to look for additional increases in the values of their contracts. At this stage it is not proposed to move these percentages given they are already budgeted at above 3%, however, these budgets pressures will need to be watched closely.

- 3.6. The prescribing budget has been the source of many conversations at the IJB over the last two years. At present a budget pressure has been added of £1 million each year, this has been reduced to zero by adding a corresponding saving. There is a great deal of work ongoing to reduce the prescribing spend and this is being taken forward on a Grampian wide basis. At this point in time the prescribing budget is forecast to underspend by £200,000. However, this has not been added into the IJB forecast financial position due to volatility of the spend and the fact it is only based on two months of data. It is therefore, not planned to change the assumption around the prescribing budget at this point in time.
- 3.7. In terms of the financial savings workstreams work is progressing, a recent service review has been undertaken of the learning disability service and officers are in the process of preparing a report to take through the governance process designed to support these reviews. A copy of the process which will be gone through for service reviews is contained in Appendix A. In term of the fees and charges work is progressing to come up with proposals that will generate additional income for the IJB and maximise the income that can be collected from clients. A report on charging will be presented to the IJB meeting in December.

4. Implications for IJB

- 4.1. Equalities – none identified.
- 4.2. Fairer Scotland Duty – none identified.
- 4.3. Financial – contained throughout the report.
- 4.4. Workforce – none identified.
- 4.5. Legal – none identified.



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4.6. Other – none identified.

5. Links to ACHSCP Strategic Plan

5.1. A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

6. Management of Risk

6.1. Identified risks(s)

There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

6.2. **Link to risks on strategic or operational risk register:** Strategic Risk #2

6.3. **How might the content of this report impact or mitigate these risks:**

Good quality financial monitoring and planning will help budget holders manage their budgets. By having timely and reliable financial information any issues are identified quickly, allowing mitigating actions to be implemented where possible.

Approvals	
	Sandra Ross (Chief Officer)
	Alex Stephen (Chief Finance Officer)

Appendix A - Service Review

Purpose

To enable a service and function review across the breadth of the Aberdeen City Health & Social Care Partnership, to ensure that what is delivered remains relevant and that processes involved are efficient. To ensure that resources are used to deliver maximum benefits, focussing on service models, service efficiencies and financial sustainability. To explore potential opportunities for change, linking in to transformation change and aligning with the IJB Risk Appetite Statement, and supporting quality improvement, governance and safety.

Process

The process will commence with a data gathering exercise of a number of metrics including:

- Name and description of service and function
 - Legal status of service (statutory/ discretionary and which parts of the service)
- Staffing structures including vacancies
- Budgets and resources associated with the service
 - WTE by post type
 - Budget breakdowns
 - Bases and equipment
 - General costs and resources
- Relevant performance indicators including statutory performance targets, and outcomes
 - Service user feedback
 - Any case studies showing impact
- Challenges/ Opportunities
 - Pressures
 - Transformation opportunities
 - Review and savings opportunities
- Any current or previous services plan(s)

Staff involved in delivering the service along with support staff such as Finance, will be involved in pulling together the data identified above.

A small service review team will review this information and will embed themselves in the service over a number of days (estimated to be around a week). In advance of the intensive time spent in and with the service, the service review team will have an

introductory meeting with staff involved in delivering the services. At this meeting, the service review team will discuss the development of a programme of activity for the review period. Staff involved in delivering the service will set up focus groups and make arrangements for the service review team to visit, observe and meet colleagues involved in the service to be reviewed. At the conclusion of the review week and/or following the Service Review Board meeting, the service review team will present their initial findings at a meeting that is open to all interested members of the service.

The review team will look at:

- Purpose of the service
- Impact of the service
- Resources currently used and/or required to deliver the service (including staff, consumables and assets)
- Processes involved in delivering the service

The process will involve the service review team reviewing the data, speaking to service delivery staff about their ideas for improving processes/ changing the scope of service delivery/improving quality, and observing service delivery and processes involved in delivering the service, including speaking to people receiving the service.

The service review team will identify:

- Potential opportunities for streamlining processes/ systems to deliver efficiencies (efficiencies could be service or organisation wide)
- Potential options for changing scope of service along with likely resultant implications for performance indicators
- Alignment of performance indicators/ service outcomes with strategic plan
- Themes – identify key cross cutting themes that the service relates to/ contributes to

A final output of the work will be a service improvement/ transformation plan for each service.

Service Review Team

The Service Review Team will consist of a small (around 6) cross section of staff members involved in the service being reviewed, the Lead Transformation Manager, Transformation Programme Manager, Public Health Coordinator, and a Head of Locality or senior operational manager.

The cross section of staff members involved in the service will include staff from different levels and in different teams within the service. Backfill funding will be considered for staff at Band 6/ G13 and below who are involved in the service review team.

The initial team will develop a detailed process during the first service review that can be replicated in future service reviews (and improved where required.) The process will be based on the EFQM (European Foundation for Quality Management) Excellence Model.

The team will work closely with those delivering the service, providing a safe space for staff to share ideas and potential opportunities.

Service Review Board

The Service Review Team will report to the Service Review Board, chaired by the Chief Officer. The Service review board will report to the Executive Programme Board, with escalation to IJB as/ when required. There will be links to Transformation Portfolio Programme Boards, and to the Executive Team and Senior Operational Management Team.

Membership of the Service Review Board will be:

- Chief Officer, Chair
- Chief Finance Officer, Vice Chair
- Head of Strategy and Transformation
- GP Clinical Lead x 1
- Operational & Professional Leadership x 3 or 4 depending on topic\agenda
- Support from accountants, Exec Assistant and Performance
- Staff Side/ TU representation

Reporting to the Service Review Board will be the Service Review Team including the small cross sector from colleagues representing the service (and any others as deemed appropriate by the Service Review Team.

The Service Review Team will present an overview of the service and an in depth consideration of their findings, including options for change with potential implications.

The Service Review Board will provide constructive challenge and identify (in a collaborative manner) preferred options to progress, including concrete actions and

timelines. Preferred options will be prioritised based on maximum impact by investment of resources.

These options and progress to deliver these options will then be reported through the programme board structure, with a further Service Review Board convened for the Service being reviewed after a period of time (anticipated to be between 9 months and 1 year later.)

Timeline (estimates)

- Week 1: Service Review Team identified, Data Gathering
- Week 3: Review of data
- Week 4: Pre meeting with service
- Week 7: Review week, Initial Feedback to service
- Week 9: Presentation to Service Review Board, identification of concrete options and timelines
- Week 11: Development of Service Improvement/ Transformation Plan, Further Feedback and Engagement with Service, Implementation groups established
- Week 15 – 45 Updates to Programme Boards
- Week 45 Final feedback to Service Review Board