

**PERTH AND KINROSS COUNCIL****18 MAY 2016****Progress Report on Implementation of the Health and Social Care Integration  
Joint Board in Perth and Kinross****Report by Depute Chief Executive, HCC (Corporate and Community  
Development Services) and Chief Operating Officer****PURPOSE OF REPORT**

This report provides Council with progress on the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014 in Perth and Kinross. It identifies areas of progress and where challenges and risks exist how these will be addressed to mitigate risk to the Council.

**1. BACKGROUND**

- 1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 put in place the statutory framework for the Integration of Health and Social Care services. The Act has created new partnerships with statutory responsibility to co-ordinate the delivery of Health and Adult Care Services in an integrated way to improve outcomes for individuals and communities.
- 1.2 To discharge their statutory duties under the Act, Perth and Kinross Council and NHS Tayside have established, through the Integration Scheme an Integrated Joint Board (IJB) which was formally constituted by Ministerial Order on 3 October 2015 and reported to Council on 7 October 2015.
- 1.3 The IJB therefore now has responsibility for strategic planning; resourcing and operational delivery of the delegated functions and decision making in respect of these functions will now be joint and integrated through the operation of the Board. The scrutiny and accountability framework to assist the IJB was approved by Council on 24 February 2016.
- 1.4 Since the IJB was constituted it has met on 4 occasions to consider a wide range of business and also held development sessions focussing on areas such as Finance, Risk, Governance and the range and scope of responsibilities including hosted services. The IJB has benefited from the Partnership being in operation for the last 4 years in both Pathfinder and Shadow Board form, allowing a period of preparation in parallel to the development of the legislation, regulations and guidance.
- 1.5 Officers have undertaken a significant amount of work in ensuring that the necessary administrative, governance and organisational arrangements have been developed and put in place to enable the IJB to become established and operate effectively.

1.6 The IJB has made significant progress in terms of establishing its operational framework including :-

- Financial recommendations and Internal and External Audit Plans
- The Strategic Plan/Commissioning Plan has been drafted and consulted upon and approved by the IJB and submitted to the Scottish Government
- Clinical Governance Framework
- A Participation and Engagement Strategy
- Development of Hosting arrangements for Perth and Kinross to undertake delivery of certain delegated services on behalf of Dundee and Angus IJBs and vice versa
- A Joint Performance Framework
- Risk Management Framework
- Workforce and Organisational Development Strategy.

1.7 Whilst considerable progress has been made in a short timescale, many challenges and risks remain which will require joint effort between the IJB, NHS Tayside and the Council to design and implement proposals to manage the risks to all parties. These challenges relate primarily to the nature of the business in terms of current demand pressures and ensuring that there are appropriate and robust governance arrangements in place particularly in respect of finance and workforce.

## **2 ISSUES**

### **2.1 Demand Pressures**

2.1.1 The IJB has the particular challenge of developing integrated health and social care services at a time when demand pressures have reached exceptional levels. The increasing demand is placing considerable pressure on services, systems and budgets, impacting the level of Delayed Discharges and requirement for residential and nursing home care. Given the demographics, the demand for Social Work services for older people has increased exponentially between 2009-2015. Some of the key factors in the demand pressures include:-

- Over 85 age group has increased 74% in 10 years
- Number of Social Care Assessments in hospital has increased by 115% in 6 years
- Number of Social Care Assessments in the community has increased by 192% in 6 years
- Number of care home placements has increased from 831 (12/13) to 904 (15/16)
- Average home care package has increased by 1 hour per person which equates to an increase of 1300 hours per week
- Number of home care hours per week has increased from 8100 (12/13) to 9400 (15/16).

- 2.1.2 The Council, in response to the increasing demand over the last few years, has achieved a number of significant transformational projects to reshape the models of care. In the main these have been funded through the Change Fund and the Council. These projects include, Re-ablement, Rapid Response and Step up; Immediate Discharge Service; Enhanced Care Service and additional Social Work assessment capacity. There has also been a number of initiatives focussing on building community resilience and all these additional services contributed to reducing unplanned admission and Delayed Discharges in previous years.
- 2.1.3 In the last 6-9 months however, there has been a surge in demand for care and nursing home placements and unplanned admissions during 15/16 have risen again from 564 per month to 617 per month. Additional cost of placements have all been funded by the Council and have been consolidated into Perth and Kinross Health and Social Care IJB budget for 16/17.
- 2.1.4 The Council has spent £3.9m in excess of its budget over the last 4 years since 12/13 to meet the rising demand of social care pressures. Perth and Kinross's share of the additional resources (£250m) nationally - for Social Care funding will help meet the full cost in 2016 of the demand pressures. However, demand pressures continue to increase and will exceed the availability of capacity both in terms of budget and labour supply, the latter being particularly a challenge in rural areas.
- 2.1.5 The continuing pressure on budgets has required a transformational response by the H&CC Service in the Councils Building Ambition: Transformation Strategy 2015-2020 and Organisational Development Framework approved by Council on 1 July 2015 (Report No. 15/92 refers). Resources have been devoted to developing a transformational approach which entails all partners sharing the same culture, commitment and approach to governance which empowers staff to think and work in different and imaginative ways. The concepts of reablement, recovery and community resilience which are now part of the core approach by the H&CC Service are to assist in meeting the continuing challenge arising from increased demand for Older People's Services.

## **2.2 Financial Assurance Process**

- 2.2.1 Perth and Kinross Integration Joint Board considered a report on Financial Assurance by their Chief Finance Officer on 23 March 2016 (IJB Report No. G/16/83 refers.)
- 2.2.2 The purpose of the financial assurance exercise was to consider the budget offers from both the Council and NHS Tayside in terms of transparency, fairness and sufficiency. The report also commented on the overall state of readiness of the Board to proceed on 1 April 2016.

## Perth and Kinross Council

- 2.2.3 Perth and Kinross Council agreed the Final Revenue Budget for 2016/17 and Provisional Revenue Budgets for 2017/18 and 2018/19 on 11 February 2016 (Report No. 16/51 refers). All three years' Revenue Budgets were balanced following the identification of expenditure pressures and savings proposals.
- 2.2.4 The gross Revenue Budget available to the Board from Perth and Kinross Council in 2016/17 is £57,450,000. Once the Scottish Government funding for Social Care of £6,540,000 is applied to this budget the net proposal is £50,910,000.
- 2.2.5 On 23 March the Board considered the outcome of the formal Due Diligence process where based on the original information all material underlying expenditure pressures had been addressed within the 2016/17 Revenue Budget proposal.
- 2.2.6 Since submission of the original proposal an expenditure pressure has increasingly emerged in relation to care home placements. Discussions between officers of the Council and IJB identified a combination of recurring and non-recurring funding for these pressures. The proposed funding solutions will accommodate this pressure and this was confirmed in the Financial Assurance report by the Chief Finance Officer. To the extent that recurring funding was insufficient then this pressure would be included in the update of the 2017/18 Revenue Budgets for the Council and the IJB where a recurring solution would be identified.
- 2.2.7 The IJB's Chief Financial Officer's assessment of the budgets proposed to be delegated by the Council to the Board (as reported to the Strategic Policy and Resources Committee) is as follows:

### *Transparency*

*There is a clear progression between the level of budgeted resources in previous financial years and the baseline 2016/17 Revenue Budget and a clear understanding of the budget adjustments, including efficiency savings targets and plans which shape the proposed budget. In this regard the Chief Financial Officer is satisfied that this requirement has been met.*

### *Proportionality*

*The resources are proportionate to previous years budgeted levels. In this regard the Chief Financial Officer is satisfied that this requirement has been met.*

### *Adequacy*

*The underlying pressures identified in the due diligence process are fully reflected in the settlement proposed. Discussions have concluded that there is sufficient growth funding and non-recurring flexibility to fund the 2016/17 care home pressures (identified in 2.4.6 above). Therefore the Chief Financial Officer is satisfied that this requirement has been met.*

## NHS Tayside

- 2.2.8 On 10 March 2016 the NHS Tayside Board agreed a Financial Framework for 2016/17 – 2020/21.
- 2.2.9 The gross Revenue Budget available to the IJB from NHS Tayside in 2016/17 is £133,725,000. This includes the application of a savings target of £4,356,000 and an allocation of the Large Hospitals budget of £17,672,000 and Hosted Services such as Mental Health Services.
- 2.2.10 The IJB's Chief Financial Officer's assessment of the budgets proposed to be delegated by NHS Tayside to the Board included qualifications with regard to Transparency and Adequacy and is set out in the report to the Integrated Joint Board which can be located at the following link - <http://www.pkc.gov.uk/CHttpHandler.ashx?id=35459&p=0>
- 2.2.11 The clear intention of national policy on integration is to deliver a more seamless and joined up care service to people and it is responsibility of the IJB to manage demand pressures through their strategic and operational planning and to contain financial pressures through the management of a single budget.
- 2.2.12 The financial planning process to determine the budget each year will remain the responsibility of the statutory partners and it will be important for the respective budget processes and transformational programme to be more closely aligned.

## IJB Budget Settlement 2016/17 and written Directions

- 2.2.13 On 31 March 2016 the Chief Executive / Council received correspondence from the IJB that set out their view on the proposed budget to be delegated by the Council for financial year 2016/17.
- 2.2.14 The IJB advised that they accepted the level of budget proposed to deliver the required services in 2016/17. Following notification from the Council the IJB also noted the pressure in relation to care home placements and that sufficient resources had been identified within the overall budget proposed.
- 2.2.15 The IJB also noted the ongoing work to ensure robust monitoring and management arrangements whilst redesign plans are developed which aim to mitigate the increasing demands for these services into the future.
- 2.2.16 The correspondence of 31 March 2016 also included the Directions as to the functions to be carried out by the Council on behalf of the Board. Specifically the Directions included:
- The functions and services to be delivered by the Council
  - An obligation on the Council to comply with –
    - National Health and Wellbeing Outcomes

- Integration Delivery Principles
- The Integration Scheme
- The Strategic Plan
- All other legal and regulatory requirements
- Finance details
- Performance Monitoring requirements

2.2.17 It is the intention of the IJB to review the Directions issued to each partner before the end of June 2016 to ensure that they are adequate and effective.

## 2.3 Workforce

2.3.1 Whilst clear systems, processes and policies are essential for the IJB to carry out its statutory functions, ultimately it is down to people to deliver more positive outcomes for individuals and families. It is essential therefore that there is a change in culture one which is underpinned by mutual purpose, that of greater multi-disciplinary and multi-agency integrated working, and community focussed service planning and delivery.

2.3.2 During the time of the Shadow and Pathfinder period, Human Resources and Organisational Development colleagues from all of the statutory partners in Tayside have been discussing workforce matters in order to ensure readiness for the IJB coming into existence. Beyond essentials such as agreeing the arrangements for the appointments of the Chief Officer and Chief Finance Officer, there have also been team coaching for the integrated management team and development sessions with staff to facilitate partnership working.

2.3.3 Workforce matters are core to the Governance Framework. A Memorandum of Understanding (MOU) and Protocols for practical employment matters relevant to partnership working have been developed jointly to create a working environment in which the Health & Social Care Partnership is able to flourish. These arrangements, when approved by the respective employers, are expected to support the evolution of integrated working, implement efficient day to day operations and decision making, while promoting consistency, fairness and equity to partnership employees, as far as reasonably practical, given that they will continue to be an employee of either Perth & Kinross Council or NHS Tayside.

2.3.4 The MOU will allow the respective Chief Executives of the statutory partners to delegate line management authority to one another and in turn to enable line managers to 'act' on behalf of each respective employer in the partnership in relation to employment matters. It will also ensure partnership employees recognise the authority of managers from the respective statutory partner in relation to day to day matters. This will include the implementation of HR policies, procedures and practices. From a Perth and Kinross Council perspective, this delegated authority should not extend to termination of employment – in those circumstances, an appropriate senior manager from the **same** employer as the employee would be responsible for considering such an outcome.

- 2.3.5 A more detailed “Protocol for Management of Employees in the Delivery of Care Services as part of the Integrated Health & Social Care Partnership” which incorporates the principles contained in the MOU and covers other wider, general HR activities is also currently being discussed with NHS Tayside. It is expected that the more detailed Protocol will provide a more comprehensive governance arrangement for joint working to be applied in the Partnership.
- 2.3.6 Protocols which facilitate Managing Organisational Change and Fairness at Work in Integration have been developed jointly by the partners and their respective trade unions and are now ready for sign off in the appropriate NHS Tayside and Council decision making body. The proposed MOU and Protocol for Management of Employees in the Delivery of Care Services as part of the Integrated Health & Social Care Partnership remain under discussion. One of the major challenges for NHS Tayside is working across three partnerships and with three different councils as statutory partners. NHS Tayside and their trades unions wish to retain common agreements, protocols and practices across all three partnerships which do not always accord with the views of each council.
- 2.3.7 Transforming health and social care services within the remit of the partnership in order to deliver the outcomes set out in our Strategic Plan will require effective workforce planning and cultural change. The Workforce and Organisational Development Strategy are therefore central to future success. Both NHS Tayside and the Council have workforce plans which will be used to support the joint workforce plan for the Health & Social Care Partnership. The evolution of the partnership will require designing new roles and redesign existing ones to reflect the changing needs of the patients/clients based on skills and competencies required to undertake these roles. New ways of thinking and working with our partners and with communities will place greater emphasis on resilience, wellbeing and engagement. Further work is required on the Workforce and Organisational Development Strategy approved at the IJB in March 2016.
- 2.3.8 At a national level there are ongoing discussions on workforce matters with the Scottish Government on perceived barriers to effective partnership working which could be turned into enablers. These present significant challenges for employers and trades unions and relate to different local authority and NHS policy and practice for job evaluation and grading of posts, salary arrangements, compulsory redundancies and lifetime preservation, recognition of service for leave, sickness and other purposes as facilitated by the Redundancy Payments Modification Order, and pension. These are longer term issues which are being addressed at a national level.

### **3 POTENTIAL RISK/ MITIGATION**

- 3.1 Whilst the Council and IJB are satisfied and confident that the budget for the delegated Social Care functions is adequate and in line with the terms of the Integration Scheme and financial guidance, it is recognised and noted that there is still further work to be done on the part of NHS Tayside to reach the

required level of assurance and confidence as regards the sufficiency and adequacy of the budget for the delegated health functions.

- 3.2 As stated above it is the intention of the legislation is to create more cost efficient and effective provision of health and social care through integrated service delivery. This requires significant cultural shift in our traditional approaches to the delivery of services and an aligned approach by the Statutory Partners and the IJB to transforming how these delegated functions will be delivered in the future. As well as aligning the approach to transformation, there is also the need to be clear and transparent in the budget setting processes of how the costs of transformation are to be met.
- 3.3 The Chief Financial Officer of the IJB has made specific observations and recommendations as regards the transparency, proportionality and adequacy of the delegated budget from NHS Tayside which has a potential risk to the Council in terms of the IJB's ability to deliver on the outcomes of the Strategic Plan.
- 3.4 In terms of direct financial risk to the Council, this is mitigated for the first two years by the express provisions of the Integration Scheme which states that where there are overspends which cannot be addressed through any recovery plan then any overspend will be met by the Partner with operational responsibility unless agreed otherwise through a tri-partite agreement between the Integration Joint Board and the Partner.
- 3.5 This pragmatic approach within the Integration Scheme recognises the reality of the complexity of budget disaggregation (particularly for NHS partners) and the need for flexibility in establishing a budget which is reflective of actual cost.
- 3.6 The adequacy of the budget is however a key risk for the IJB and it is vital that the due diligence work continues to ensure that delegated budgets are sufficient to enable the IJB to deliver effective integrated services.
- 3.7 It should also be noted however as regards the delegated budget "set aside" for large hospitals there is a specific provision in the Public Bodies (Joint Working) (Scotland) Act 2014 which potentially exposes the IJB and the Council to financial risk, if the budget setting process is not robust or the original delegated budget from the NHS is not reflective of actual cost. The "set aside " budget relates to functions within large hospitals which the IJB has responsibility to plan for but over which the Chief Officer of the IJB has no direct operational control. Section 28 (4) 4 states that if the IJB gives a direction in respect of this budget and the NHS spends more than has been specified in the Direction, then the NHS may require the IJB to reimburse it for the additional amount spent. As this provision only relates to the set aside budget, there is no reciprocal provision for the Local Authority And therefore this potentially poses a financial risk in the medium term to the IJB and therefore the Council as a Statutory Partner, particularly given the other concerns as regards the robustness of the NHS budget setting process and adequacy of the delegated budget.

- 3.8 As stated above significant work has already been undertaken by Council Officers to develop the key governance documentation to properly establish and provide the operating framework for the IJB. Officers have also developed the scrutiny and accountability framework for the Council, to provide the Council with the appropriate assurance as to the relationship between the IJB and the Council as (a) Statutory Partner and (b) provider of commissioned services (Report No. 16/75 refers).
- 3.9 Significant work has also been undertaken by Officers to create clear protocols to govern employee relationships within the integrated environment. It is essential that these are now agreed and signed off by the Partners to provide clarity and assurance to staff from both the Council and NHS Tayside.
- 3.10 Further work is required however to develop the overarching assurance framework which sets out the responsibilities and accountabilities of both Partners and the IJB in respect of each other and how this will operate in practice. It is proposed that the Council will commission the Good Governance Institute to help facilitate the strategic thinking on the development of the framework. In particular, the Council would be looking to the Commission for assistance in developing a clear framework in respect of financial governance; accountability of the Chief Officer; protocols for intervention by the parties; legislative compliance and the delivery of integrated policy objectives.

#### **4 CONCLUSION AND RECOMMENDATIONS**

- 4.1 The implementation of the Public Bodies (Joint Working) (Scotland) Act 2015 which provides the statutory Framework for the Integration of Health and Social Care is now well underway. A significant amount of work has been done by Officers to develop the governance framework to enable the IJB to operate. The IJB with the support of Officers has made progress in a number of key areas. Nonetheless there are a number of priorities, key challenges and risks which require to be addressed and the overarching Assurance Framework for the Council needs to be further developed.
- 4.2 It is recommended that Council:
- i. Notes the progress made to date with establishing the Integrated Joint Board;
  - ii. Notes the outcome of the financial assurance process in that the Chief Finance Officer is satisfied the Council's budget meets the key tests of transparency, proportionality and adequacy;
  - iii. Notes the identified risks and approves the actions to mitigate these as detailed in the report;
  - iv. Instructs the Chief Executive and Depute Chief Executive (H&CC), Corporate and Community Development Services to report progress to Council in integrating services and delivery of the Strategic Plan;

- v. Instructs the Chief Executive and Depute Chief Executive (HCC), Corporate and Community Development Services to advise the Council of ongoing risks and actions to mitigate these.

**Author(s)**

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**Approved**

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John Walker	Depute Chief Executive (H&CC) & Chief Operating Officer	4 May 2016

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>No</b>
Workforce	<b>No</b>
Asset Management (land, property, IST)	
<b>Assessments</b>	
Equality Impact Assessment	<b>N/A</b>
Strategic Environmental Assessment	<b>N/A</b>
Sustainability (community, economic, environmental)	<b>N/A</b>
Legal and Governance	
Risk	
<b>Consultation</b>	<b>Yes</b>
Internal	<b>Yes</b>
External	<b>Yes</b>
<b>Communication</b>	
Communications Plan	

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

1.1 This section should set out how the proposals relate to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:

- (i) Supporting people to lead independent, healthy and active lives

#### Corporate Plan

1.2 *This section should set out how the proposals relate to the achievement of the Council's Corporate Plan Priorities:*

- (i) Supporting people to lead independent, healthy and active lives

### 2. Resource Implications

#### Financial

2.1 The Head of Finance has been consulted and has indicated agreement with the proposals.

### Workforce

- 2.2 The Corporate Human Resources Manager has been consulted and has indicated agreement with the proposals.

### Asset Management (land, property, IT)

- 2.3 N/A

## **3. Assessments**

- 3.1 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

### Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

However, no action is required as the Act does not apply to the matter presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

### Sustainability

- 3.3 N/A

### Legal and Governance

- 3.4 The Head of Legal and Governance Services has been consulted on this report.

### Risk

- 3.6 Risk information in the report.

## **4. Consultation**

### Internal

- 4.1 The Executive Officer Group have been consulted on this report.

External

4.2 None

**5. Communication**

5.1 N/A

**2. BACKGROUND PAPERS**

N/A

**3. APPENDICES**

N/A

