



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
17 DECEMBER 2019

REPORT ON: LARGE HOSPITAL SET ASIDE

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB52 - 2019

1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to provide the Integration Joint Board (IJB) with an overview of the Large Hospital Set Aside and sets out how this can be applied through the IJB's financial planning process.

2.0 RECOMMENDATIONS

It is recommended that the IJB:

- 2.1 Notes the content of this report.
- 2.2 Remits the Chief Finance Officer to reflect the application of the Large Hospital Set Aside within the IJB's financial plans for 2020/21 onwards as part of the IJB's budget setting process.

3.0 FINANCIAL IMPLICATIONS

- 3.1 An effective process of collaborative working and joint commissioning between the IJB and the hospital sector through NHS Tayside will support the shift of resources from the acute sector to community based health and social care services. This forms one of the main elements of supporting the future funding of health and social care services as set out in the Scottish Government's Medium Term Health and Social Care Finance Strategy.
- 3.2 The value of the large hospital set aside calculated by NHS Tayside for Dundee IJB in 2018/19 was £17,449k.

4.0 MAIN TEXT

- 4.1 Integration of health and social care requires Integration Authorities to deliver the national outcomes for health and wellbeing via their strategic plans, which must incorporate the needs and priorities of their localities. As IJB members will be aware, the objective is to create a coherent single cross-sector system for local joint strategic commissioning of health and social care services and a single process through which a shift in the balance of care can be achieved.
- 4.2 Integration authorities are responsible for strategic planning, in partnership with the hospital sector, of those hospital services most commonly associated with the emergency care pathway, alongside primary and community health care and social care. This is a provision in the legislation surrounding the creation of IJB's and is known as the Large Hospital Set Aside.

- 4.3 Fundamental to this is a clear understanding of how “large hospital” services are being consumed and how that pattern of consumption and demand can be changed by whole system redesign. In relation to the process of understanding this consumption, as a first step it is critical that there is transparency for IJB’s and localities on how resources are being used. As a second step, there needs to be clarity about the financial impact of changes agreed through the strategic planning process which will support the release of resources which become “locked” in the acute sector to community based health and social care services. IJBs and Health Boards are required to place a value on the Large Hospital Services resources, over which IJBs will have strategic responsibility in conjunction with the Chief Operating Officer within Acute Services.
- 4.4 Since the inception of IJB’s, work has been undertaken locally and nationally to develop a better understanding of consumption of hospital based resources and what this translates to in financial terms. Most of this work to date has consisted of identifying the current “value” of the Large Hospital Resource through developing a methodology for calculation.
- 4.5 The ability to set out future commissioning plans using the Large Hospital Set Aside has been impacted on by the financial position surrounding many NHS Boards, including NHS Tayside where current and historical overspends have made it almost impossible to release acute sector budgeted resources to be reinvested back into the community. However the Scottish Government has reiterated the intent of the legislation, initially through the publication of its Medium Term Health and Social Care Financial Framework in October 2018. This framework assumes potential productive opportunities through reduced variation across A&E attendance rates, outpatient follow up rates and hospital inpatient lengths of stay and is based on improving performance to the Scottish average i.e. reducing unplanned admissions to hospital and resultant occupied bed days. This leads to an assumption that 50% of savings released from the hospital sector would be redirected to investment in primary, community and social care service provision under the direction of IJB’s through their strategic commissioning plans i.e. to shift the balance of care.
- 4.6 The Scottish Government’s financial framework sets out that based on health and social care expenditure in 2016/17, 51% of NHS Expenditure of £11.68bn in Scotland is concentrated on the hospital sector with hospital inpatient services accounting for £3.344bn of this. In the medium term, over £300m is anticipated to be saved in the hospital sector with just over £150m assumed to be reinvested in community services.
- 4.7 Recent correspondence and guidance to Health Boards and Integration Authorities regarding the development and submission of Annual Operational Plans to the Scottish Government further restates the need for Boards to demonstrate the delivery of the Medium Term Financial Framework with the delivery of effective set aside arrangements being key to delivering this commitment.

5.0 Calculating the Value of the Large Hospital Set Aside

- 5.1 The Scottish Government has determined a minimum scope for large hospital services to be strategically planned for by IJB’s. Within Tayside, some of these services have already been delegated to the IJB’s, such as Medicine for the Elderly services at Royal Victoria Hospital (RVH) therefore these have been excluded from the Tayside large hospital set aside calculation.
- Accident & Emergency
 - General Medicine
 - Geriatric Medicine (excluding RVH for Dundee, Stracathro for Angus and Perth Royal Infirmary for Perth)
 - Respiratory Medicine

The methodology for calculating the resources incorporates:-

- actual occupied bed days activity information from the Scottish Government’s Information Services Division (ISD).
- PLICS (patient level information & costing system) to determine direct costs attributed to occupied bed days.

Both of these are based on the most recent full year data i.e. the previous years information.

Large Hospitals are described for these purposes as Ninewells Hospital, Perth Royal Infirmary and Stracathro Hospital.

5.2 The Dundee 2018/19 Large Hospital Set Aside value was calculated as follows:

	2017/18 Occupied Bed Days	Emergency Department Attendances	2017/18 Direct Costs £000's
Dundee IJB			
Emergency Department	794	28,665	4,649
General Medicine	16,298		7,573
Geriatric Medicine	12,693		3,189
Respiratory Medicine	6,373		2,038
Value of Dundee IJB Total for 2018/19	36,158	28,665	17,449

5.3 The cost methodology noted above meets the Scottish Government's requirements in estimating the value of the Large Hospital Set Aside although the next step is to identify the point at which reducing the bed base and therefore cost of the acute sector would be at a such a level as to enable a reduction in indirect costs which support the acute sector (eg support services, property costs, catering, porter costs).

6.0 Reducing Occupied Bed Days and Emergency Admissions

6.1 Progress has been made by Dundee Health and Social Care Partnership since 2016 in reducing the number of unplanned occupied bed days in acute specialities as a result of a range of service redesign initiatives. An illustration of this is noted below based on the information used to calculate the value of the Large Hospital Set Aside set out in section 5.2 above. This highlights a reduction of almost 3,500 occupied bed days, primarily in Ninewells Hospital from 2016/17 to 2017/18.

	2016/17 Occupied Bed Days	Emergency Department Attendances
Dundee IJB		
Emergency Department	596	28,126
General Medicine	19,454	
Geriatric Medicine	13,377	
Respiratory Medicine	6,175	
Dundee IJB Total	39,602	28,126
2017/18 Comparison	36,158	28,665
(Reduction) / Increase	(3,444)	539

- 6.2 Given NHS Tayside's financial position, no resources have been able to be released across Tayside to date to reflect reductions in occupied bed days, with savings in the acute sector being utilised to reduce the overall NHS Tayside overspend. In 2019/20, NHS Tayside is anticipating to deliver savings of £16.8m within its operational unit which includes the acute sector. However each of the Tayside IJB's will be unable to effect significant further reductions in hospital admissions and stays without being able to invest in community based services. In line with the Scottish Government's Medium Term Financial Framework a large proportion of this needs to be released from the acute sector.
- 6.3 As part of the 2020/21 budget setting process for the IJB and NHS Tayside, the Chief Officer and Chief Finance Officer have had discussions with the Interim Director of Finance for NHS Tayside with regard to progressing the commissioning and financial framework around the Large Hospital Set Aside. This work will be progressed with the relevant parties within Angus and Perth and Kinross IJB's over the coming months with a view to ensuring the Scottish Government's stated position of releasing 50% of savings from the acute sector for investment by Integration Joint Boards.

7.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

8.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that the IJB will not be able to achieve its strategic objectives of investing in community based services and continue to shift the balance of care without a redirection of resources from the acute sector as set out within legislation.
Risk Category	Financial
Inherent Risk Level	Likelihood 4 x Impact 4 = 16 (Extreme)
Mitigating Actions (including timescales and resources)	Development of a clear, transparent and fair commissioning and financial framework around the Large Hospital Set Aside.
Residual Risk Level	Likelihood 3 x Impact 3 = 9 (High)
Planned Risk Level	Likelihood 2 x Impact 3 = 6 (Moderate)
Approval recommendation	Given the impact of the mitigating actions, the risk should be accepted.

9.0 CONSULTATION

The Chief Officer and the Clerk have been consulted on the content of this paper.

10.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 25 November 2019