Local Finance Return (LFR) and NHS Costs Book Under Integration

St Andrews House, 16th April 2015

In attendance;
Paul Leak
Julie McKinney
Julie Rintoul
Tom Russon
Charles Sloan
Alan Sharp
Stephen Snedker
Gareth Davies
Hugh Elliot
Craig Fraser
Christine McGregor

Summary

The group agreed the purpose of this group would be to look at the short term impact of health and social care integration on LFR and Cost Book returns for 2014/15, 2015/16 and 2016/17. This is explored in more detail below.

The group will explore the key areas of information that are likely to be impacted upon as a result of integration and the creation of Integration Joint Bodies, thought will also be given to the lead agency model as has been adopted in Highland.

The two themes that dominated the meeting were; how to treat flows of expenditure in the accounting sense (gross and net) and the need for information for reporting and analytical purposes, including Ministers, Parliament, NHS and LAs and external bodies such as Audit Scotland.

Generally, there was a high degree of confidence among the group that the former theme (accounting) would be handled over the shorter term. There is greater concern that some of the time-series publications that use the data may however be broken due to the transition to integrated reporting arrangements.

Short term scenario

2014/15

There will be no impact except for Highland partnership, where the same situation as 2013/14 will apply. There are several issues here:

- Obtaining children's services activity for the cost book from the LA to match the HB spend on children's services (that is delegated to the LA);

- Obtaining adult social care activity for the LFR3 from the HB to match the LA spend on adult social care (that is delegated to the HB)
- Potentially leaving out of the cost book any increase or reduction in children's health care spend by the LA ; and similarly leaving out of the LFR3 any increase or reduction in adult social care spend by the HB.

There is an important general point to consider here: whether the purpose of the cost book is to capture the spend on children's health services or the spend *by the HB* on children's health services; and similarly whether the purpose of the LFR3 is to capture the spend on adult social care or the spend *by the LA* on adult social care.

Note: that there will be a problem in differentiating activity in the host partner between that funded by the delegated resources and that funded by the host partner's resources. This shouldn't be a problem in 2014/15 (as such activity will be relatively small) but can be expected to become an increasing issue in subsequent years.

2015/16

The same issues for Highland noted above will apply.

- In addition all IJBs will have been established during this year and some will have had resources delegated to them: all will be required to produce annual accounts and those that have had resources delegated to them will include these sums and the sums paid back to the HB/ LA in the accounts as PYE transactions.
- There is potential for the IJB to direct an increase or reduction in health care spend by the HB and a reduction/increase in social care spend by the LA, but this is unlikely in the first year. In any case it should have no impact on the cost book or LFR3 as the HB and LA will be providing the services under direction of the IJB.

2016/17

The same issues for Highland noted above will apply.

- All IJBs will have had resources delegated to them for this year: all will be required to produce annual accounts that will include these sums and the sums paid back to the HB/ LA in the accounts as FYE transactions.
- There is potential for the IJB to direct an increase or reduction in health care spend by the HB and a reduction/increase in social care spend by the LA, but this is still unlikely in the this year-but may occur in those IJBs that had resources delegated in 2015/16. Either way it should have no impact on the cost book or LFR3 as the HB and LA will be providing the services under direction of the IJB.

In summary-there should not be too many issues in the first three years but we will have to capture any shift in provision of services appropriately.

Subsequent years

As time progresses there is an increasing chance of further developments with potential implications for the cost book and LFR3:

- That the IJB directs that the HB provide social care or that the LA provide health care. This will result in a similar situation to that in Highland with the need to capture activity from the provider to match the spend in the delegating partner accounts. IJBs will be able to obtain this activity from the HB and LA.
- In addition, there is the potential to use the Annual Performance Report to obtain information for the LFR3 and cost book; in the case of the LFR3 this will need to be supplemented by additional data on income from clients (which the IJBs will be able to obtain from LAs) so that gross expenditure can be reported.
- The Annual Performance Report will analyse spend by outcomes, care groups, geography and balance of care which may provide an opportunity to supplement the reporting categorise of the cost book and LFR3.
- Where the IJB directs that either the HB or LA to provide intermediate care or integrated care. This will have similar implications for matching activity with spend as noted in the previous bullet as well as there being the potential for capturing information from the APR. In addition, there may be a need for new categories in the cost book & LFR3 to reflect the integrated care directed by the IJB.

There is therefore a need to consider the implications of these potential medium term developments.

Questions for reporting of information going forward, can we still answer the following questions?

- How much does the NHS spend over time (5 years plus trend)?
- What are the components of that spend (hospital, community)?
- How much does Scotland spend on social care now and over time?
- What are the components of that social spend (care home, care at home?)
- What is gross and net spend in social care (total and components)?
- Are we shifting the balance of care (activity terms and finance terms)?
- In future, do we need to report what we currently report?
- What new potential information should we report (e.g care group, carers, balance of care, outcomes etc.)