The Highland Council

Agenda Item	9
Report No	HCW/12/25

Committee: **Health Social Care & Wellbeing Committee**

Date: **28 May 2025**

Report Title: **Update on Models of Integration Review**

Report By: **Assistant Chief Executive (People)**

1. Purpose/Executive Summary

1.1 In December 2024 and January 2025 both the Highland Council and NHS Highland considered the model of integration in place in Highland and agreed as follows: -

i. to reconsider the model of the Scheme of Integration in Highland, including the option of moving from a Lead Agency Model to a body corporate model;

ii. that preparatory work be undertaken to identify the optimal future integration model in Highland and to make recommendations on modifications to the model currently in place in Highland;

iii. to create a strategic Steering Group to oversee the required work with representation from both lead agencies, including councillor and officer representation from The Highland Council and executive and non-executive director representation from NHS Highland.

Those recommendations were also considered and approved by the Joint Monitoring Committee.

The Steering Group referred to in paragraph 1.1iii has met and agreed the Terms of Reference. Those Terms of Reference are attached as **Appendix 1** to this report.

The Steering Group has also considered a technical piece of work commissioned by an external advisor the purpose of which is to chart a course away from the current governance arrangements and articulate various options that there might be for the partnership in a future Integrated Joint Board/Local Care Board model. That report is attached as **Appendix 2** to this report.

The next meeting of the group has been scheduled for June which will, where possible, take place in person to facilitate further discussions about the scope and the timing of the work.

2. Recommendations

2.1 Members are asked to:

i. **Note** the update provided in this report.

3. Implications

3.1 **Resource -** There are no specific resource issues arising directly from this report. However, it is recognised in terms of the financial challenges in relation to service delivery, that there are potentially significant budgetary implications which will require to be taken into account as work progresses, as will the resource requirements specifically related to the programme of change.

3.2 **Legal -** There are no direct legal implications as a consequence of this report. However, the work envisaged by this report will require to be compliant with The Public Bodies (Joint Working) (Scotland) Act 2014 and consequently the terms of the legislation anticipated by the, now amended, Care Reform (Scotland) Bill (previously titled The National Care Service Bill) set out by the Scottish Government.

Any change to the model of integration is likely to require a formal review of the Integration Scheme which will involve both lead agencies as signatories thereto. As such, it has previously been agreed that the Steering Group would be constituted accordingly, albeit recognising the need for significant engagement with third sector partners and other key stakeholders, including staff and trade unions.

All of this work will require to be considered in relation to the relevant regulatory bodies that would have a statutory role in relation to the potential change in governance arrangements.

3.3 **Risk -** There are no specific risks arising directly from this report. It is recognised that any change to the care model in place in Highland and associated services brings risk which will require to be addressed, and any necessary mitigations put in place as the work progresses and if and when new arrangements are established. There are also risks relating to the ongoing financial challenges in terms of the budgetary position for adult social care in particular and associated direct discharge challenges and the sustainability of ongoing service delivery.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people) -** There are no Health and Safety implications as a result of this report.

3.5 **Gaelic -** There are no Gaelic implications as a result of this report.

4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 An impact assessment is not required at this stage. A full screening will be undertaken prior to any options being brought forward for consideration and this will include a full impact assessment if this is indicated as being required.

5. History and Background

5.1 The National Care Service (Scotland) Bill was published in June 2022 with the intention of reforming how social care, social work and community health services are delivered in Scotland. The proposal to create a National Care Service was based on recommendations made by the Independent Review of Adult Social Care, led by Derek Feeley. Of particular note for Highland was that the legislation as drafted at the time, specifically precluded the Lead Agency Model in favour of a single model of integration for the whole of Scotland. This prompted the Highland Integration partners to initiate a review of the existing arrangements and undertake an assessment of how to move to a new model of integration.

5.2 Subsequently the National Care Service (Scotland) Bill underwent significant amendments at Stage 2, resulting in the first part of the Bill being dropped and with it the requirement to move to a single model of integration. Nonetheless, it was agreed by the Highland Council and NHS Highland to continue with the work to review the current model and to establish a Steering Group to oversee the work and make recommendations for consideration by the Partnership.

5.3 The first meeting of the Steering Group took place on 2 May 2025. At that meeting the attached Terms of Reference setting out the remit and governance arrangements for the Group were agreed (attached at appendix 1) subject to the following caveats:-

- The timeframes set out in the Programme Design appendix should be subject to ongoing review;
- Risks should be included as a standing item in terms of the business of the Group; and
- The Senior Officers Group should review the internal communication to staff to ensure it was appropriate for the range of employees likely to be involved in, or impacted by, the review work.

Otherwise the Group noted the report provided by the external adviser (attached at Appendix 2) and that the Senior Officers Group (SOG) would take forward the necessary work to explore the key issues highlighted within that report and prepare items for the next meeting of the Steering Group later in June.

5.4 The first meeting of the Senior Officers Group takes place on Friday 16 May 2025. This will consider the terms of Reference for the SOG; the establishment and membership of the Sub Groups as set out in the Governance arrangements agreed by the Steering Group; and initial internal communications to staff.

Designation: Assistant Chief Executive – People
Date: 14 May 2025
Author: Fiona Malcolm, Chief Officer Integrated People Services

Appendices: Appendix 1 - Terms of Reference
Appendix 2 – Report by external adviser

NHS Highland and Highland Council

Models of Integration Steering Group

Terms of Reference

1. Purpose

The purpose of the Models of Integration Steering Group (MISG) is to oversee the development and delivery of the integration and care model change programme on behalf of the Highland Council and NHS Highland. The group will be accountable to and will report directly to the Highland Council and NHS Highland Board. The Joint Monitoring Committee (JMC) will be consulted as appropriate.

The MISG will consider reports provided to it by the Senior Officer Group and will thereafter make recommendations to both the Highland Council and NHS Highland Board in terms of those reports.

Existing service governance arrangements will continue throughout this process to ensure that there is no impact on support and services currently delivered to people and communities within Highland.

Appendix A to this document sets the context and provides the background in terms of the review to be undertaken.

2. Membership

The membership of the Steering Group will include representation from both lead agencies including councillor and officer representation from The Highland Council and executive and non-executive director representation from NHS Highland.

The group is comprised as follows:-

Council

The Council Leader

Leader of the Opposition

The Chair of the Committee for Health Social Care & Wellbeing

The Assistant Chief Executive - People

Chief Officer, Health and Social Care/Chief Social Work Officer – Highland Health and Social Care Partnership

Chief Officer, Integrated People Services

NHS

Board Chair

Board Vice Chair

Non-Executive Director

Chief Executive

Chief Officer – Highland Health and Social Care Partnership (Adult Services)

Governance Lead (Director of People and Culture)

3 Programme Design and Objectives

The MISG will oversee the programme that will:

- Evaluate options for changes to the model of integration
- Make recommendations to The Highland Council and NHS Highland
- Initiate a project plan and associated governance structure to enact agreed changes, including securing resources required
- oversee implementation of agreed changes

The MISG will receive reports in relation to the work that is underway in respect of:

- options for progress from the current model to the future model for governance
- options for a future care model to sit below that governance, in line with the agreed vision and outcomes articulated in the Partnership's Strategic Plans for services to children and adults.
- the strengths, weaknesses, opportunities and threats that might be involved in such options in relation to the delivery of both adult and children's service and to clearly define the financial, legal and workforce implications to be addressed
- recommendations on the resources required to support both organisations in the transition from the current model to the future model of governance
- recommendations on any support Highland Council and NHS Highland may require from Scottish Government in terms of taking forward any change to the lead agency model currently in place
- any legislative implications arising from recommendations and potential need for additional provisions

Figure 1 to Appendix A gives a high level illustration of the programme roadmap which will require further discussion including agreeing key gateway stages and milestones.

4 Senior Officer group

The senior officer group will enable collaboration across the executive team members from each partner with responsibility for integrated health and social care. The group will be co-chaired and co-chairs to be nominated by Chief Executives and endorsed by the MISG. The senior officer group should include:

- Assistant Chief Executive - People
- Chief Officer – Highland Health and Social Care Partnership (Adult Services)
- Chief Social Work Officer – Highland Health and Social Care Partnership (Children's Services) – This role also covers Chief Social Work Officer
- Financial Officers (2)

- Director of Nursing
- Director of People & Culture NHS Highland and Chief Officer Integrated People Services, the Highland Council
- Director of Public Health
- Workforce/HR Leads (2)
- Programme Support:
    - External Advisor
    - Portfolio Manager
    - Administration support

This group will oversee the approach to the analysis of the data and subsequent proposals for change. This group will report progress to the Chief Executive's Group in advance of papers being submitted to the Steering Group.

Sub-groups

It is envisaged that a number of sub-groups will be required to support the steering group in the development and delivery of the programme. These may include:

- Engagement with people with lived experience
- Engagement with service providers
- Engagement with staff
- Professional advisory
- Legal and governance
- Resources (Finance and HR)

The chairs of the sub-groups will be part of the programme leadership group

4 Consultation and Engagement

Central to this work will be an Engagement and Communication Programme, to include reviewing existing information and arranging stakeholder events to feed into proposals coming forward to feed into the formation and delivery of the programme.

5 Resourcing

Funding for the work will be drawn from the £20m Adult Social Care Transformation reserve. This should consider a programme support including:

- Portfolio Manager
- External Advisor (Integration)
- Administration

The portfolio manager will provide support across a number of programmes including:

- Models of integration programme
- Highland Council's Transformation Programme
- NHS Highland's strategic transformation programme

Secretariat

- The administrative support for the steering group and wider work will be provided by Highland Council's Democratic Services team.

6 Frequency of meetings

The meetings will initially be monthly depending on progress of workand this will be subject to variation where necessary.

7 Reporting and Accountability

Figure 2 to Appendix 1A illustrates the governance arrangements of the programme and reporting to the two partners (NHS Highland Board and Highland Full Council).

8 Quorum

The quorum shall be three members from each organisation. If a member is not able to attend a meeting of the Working Group that member should arrange a substitute and notify that substitution to the administrator of the meeting.

Appendix A

Setting the Context for a Future model of integration programme

Introduction

Highland Council and NHS Highland are giving consideration to the further development of integrated health and care arrangements within the Highland area.

At the present time Highland operates a lead agency model. Within this approach the Council and the NHS each take the lead for specific services within an overall integrated framework governed by the 2014 Public Bodies (Joint Working) Act. In general terms this means that the Council leads for services to children including some health services, and the NHS Highland leads for care and support to adults as well as the remaining specific health services for children. These arrangements are overseen by an Integration Scheme that has been in place since 2015.

The approach by services in Highland is unique in Scotland. All other partnership areas have adopted what is known as a body corporate approach within which a new legal entity known as a Health and Social Care Partnership has been established to oversee all delegated integrated functions.

Following the introduction of the National Care Service bill the government indicated that they would wish all partnership areas to follow a body corporate approach. Although this element of the bill has fallen within the parliamentary process the two statutory partners in Highland have agreed to undertake a review of the current lead agency model to consider whether it remains the preferred route to deliver integrated provision or if there should now be a move to align Highland to the arrangements within the rest of Scotland by adopting a body corporate approach.

The detailed background to these arrangements has been considered in initial preparatory work and agreement has been given to take this work further forward. This workplan outlines what is involved in this process.

Models of Integration Workplan

Initial discussion has been undertaken to consider the best approach to this activity and an outline workplan has been drawn up to support delivery of the expected outcomes.

The workplan has been structured around three phases of activity although it is recognised that these are not entirely linear and common elements are likely to recur within each phase.

The output of these 3 phases of activity will align with programme roadmap described in section 5 leading up to gateway 2 and launching of the delivery phase of any agreed changes to the model of integration.

Phase 1

- clear analysis which establishes the similarities and differences between the Lead Agency Model and the Integrated Joint Board (IJB) model.

This work has been completed and will be used to help inform the work planned to be undertaken in the subsequent phases.

The work considered the legal, financial and governance frameworks within which the current developments are taking place. It has tracked legislative and policy developments from the 2014 Joint Working Act through the Feeley report on Adult Social Care in Scotland to the introduction of the National Care Service legislation.

It undertook a comparative analysis of the models developed from the 2014 act and considered the distinctions between a Lead Agency Model and the differing types of integrated authority approaches implemented across Scotland.

This included discussion with key staff within Highland to develop an understanding of what is working well in the current arrangements and what may benefit from improvement under potential new arrangements.

Phase 2

- in identifying future potential organisational arrangements provide an outline of the strengths, weaknesses, opportunities and threats that might be involved in the options and to tease out financial, legal and workforce implications to be addressed

- consider the options for developing a future care model to sit below that governance, in line with the agreed vision of the Partnership.

This work will include engagement with people with lived experience, along with staff and partners to gather stakeholder views on potential future organisational arrangements. This will consider whether there is an emerging consensus as to how this may look.

It will establish and collate the range of financial, legal and workforce issues involved in the current arrangements and the implication for any change in a new future partnership model.

This will also include detailed consideration of how these organisational arrangements would support future care models that would best meet the needs of Highland residents, along with the priorities of the partners involved. This will include a clear articulation of expected benefits as well as the potential risks and detail the outcomes that would serve as measures of success in establishing a new model. This will build on the extensive work that has already been undertaken in Highland in developing an outcome focused approach to supporting people in need of treatment, care and support.

This work is scheduled to start early in 2025 with a view to completion by June 2025

Phase 3

- assessment of options for progress from the current model to any future model for governance based upon delivery of improved outcomes

- provide recommendations on the resources required to support both organisations in the transition from the current model to any future model of governance

- provide recommendations on the support Highland Council and NHS Highland will require from Scottish Government in this process

The detail of the work in this phase will be developed to build on the outcomes of the initial phase and will be established through discussion within the change governance arrangements for this process. These governance arrangements are outlined in detail below.

Highland models of care change governance arrangements

Governance for the consideration of any proposed change arrangements will be overseen in the first instance through the establishment of a Models of Integration Steering Group. This group will consist of senior representatives of the two statutory partners and will be supported by a number of working groups.

In establishing these arrangements the partners will ensure that engagement and consultation with all stakeholders will be the fundamental activity in determining any proposals for change to models of care.

Of particular importance will be to capture the views of people with lived experience of services within the communities of Highland. This will build on the extensive work that has already been undertaken in working alongside people as well as undertaking any additional activity that may be required.

Alongside this, the potential implications for affected staff will need to be worked through in detail and regular and effective staff engagement will be key to ensuring a successful transition to any new arrangements.

Figure 1 - Programme design

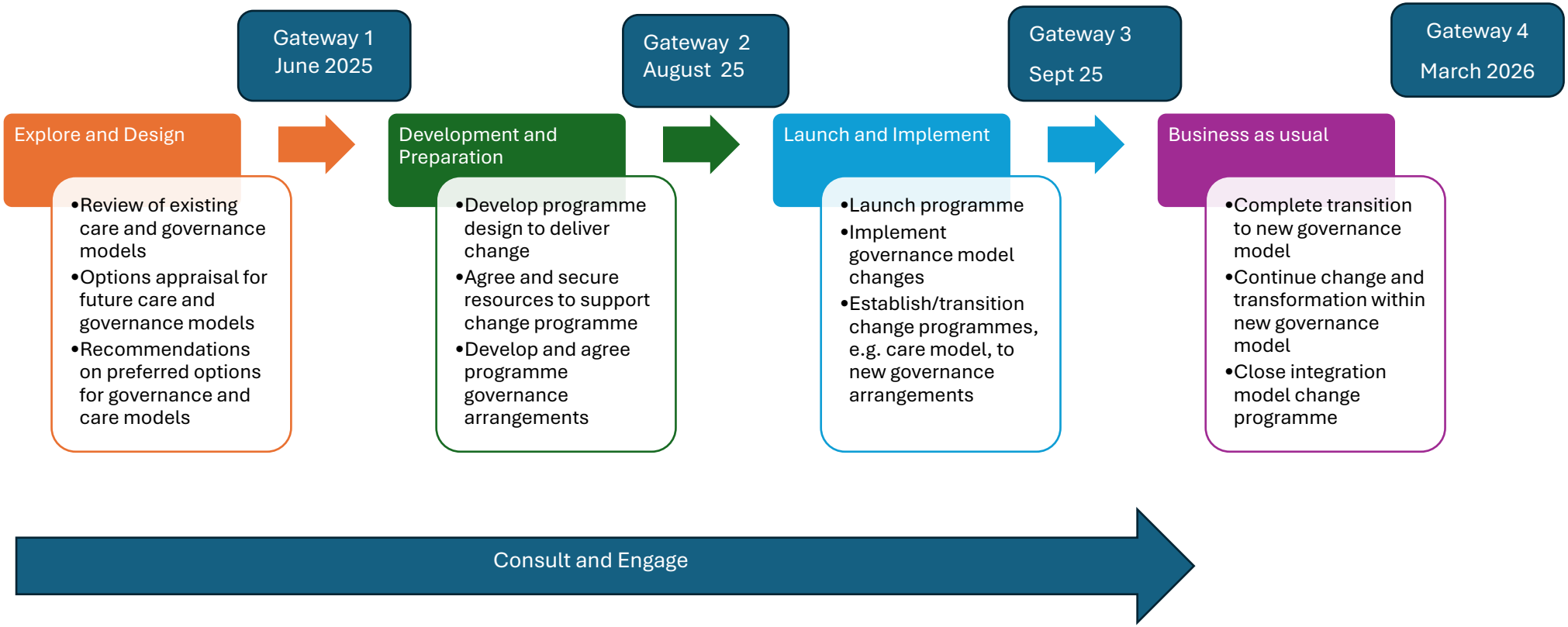
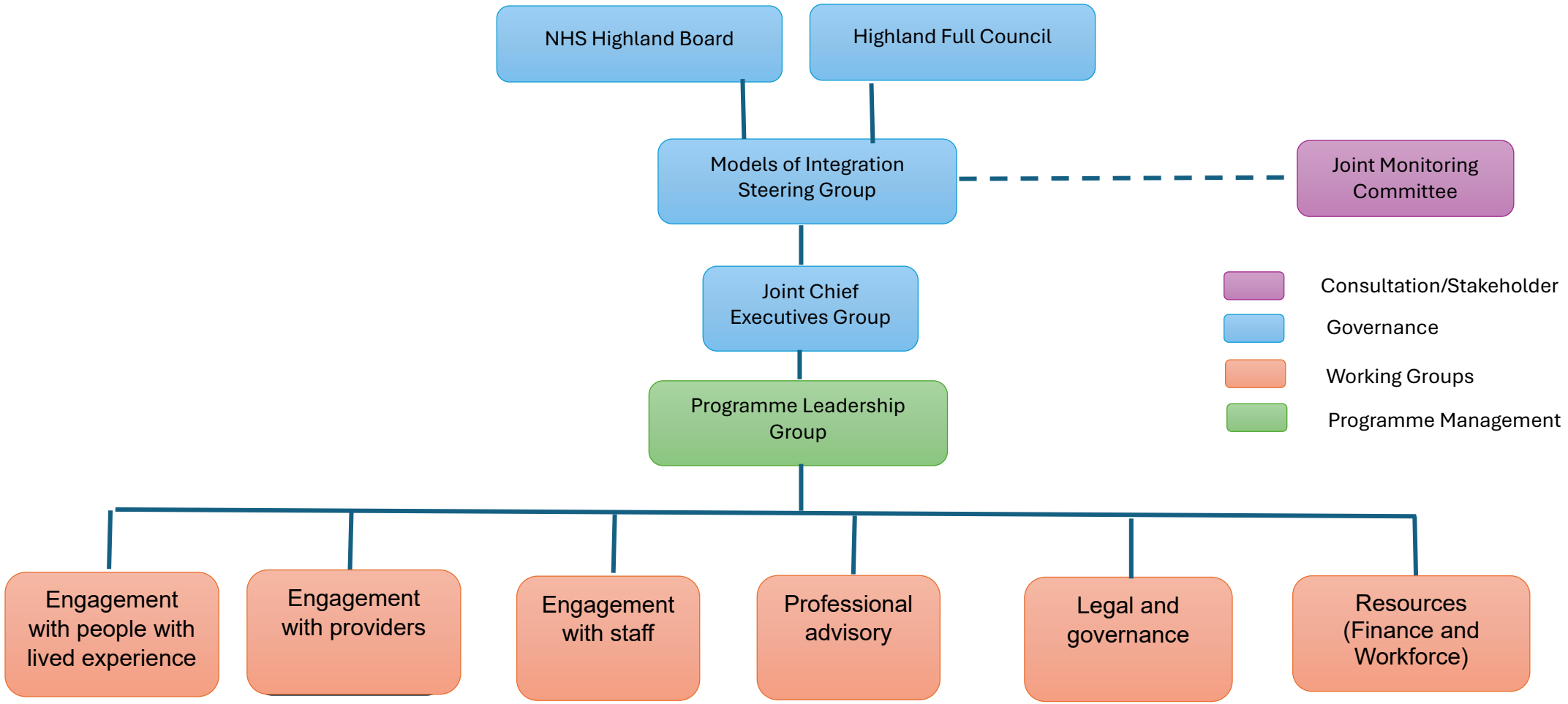


Figure 2 – Governance Overview



NHS Highland and the Highland Council

Consideration of future integrated health and care models

Summary SWOT analysis - Lead Agency Model and Body Corporate Models

Contents

Introduction

Following discussions in relation to the National Care Service the Highland Council and NHS Highland agreed to consider future organisational arrangements for the delivery of health and social care. This work has been divided into three phases of activity as outlined below.

Phase 1

- clear analysis which establishes the similarities and differences between the Lead Agency Model and the Integrated Joint Board (IJB) model (and what is currently known of the future model for care boards)

Phase 2

- in identifying future potential organisational arrangements provide an outline of the strengths, weaknesses, opportunities and threats that might be involved in the options and to tease out financial, legal and workforce implications to be addressed

- consider the options for developing a future care model to sit below that governance, in line with the agreed vision of the Chief Executives of the Highland Council and NHS Highland as permitted under the National Care Service (Scotland) Bill

Phase 3

- chart options for progress from the current model to the future model for governance – including a timeline which references the legislative process

- provide recommendations on the resources required to support both organisations in the transition from the current model to the future model of governance

- provide recommendations on the support Highland Council and NHS Highland will require from Scottish Government in this process (and clarify our ask)

Current position

Phase 1 of this activity, a comparative analysis of body corporate and lead agency models, has been completed. The outcome formed part of reports submitted to the JMC, the Health Board and the Highland Council. These meetings acknowledged the issues involved in the current arrangements and committed to examine the case for changing from a lead agency to a body corporate style of organisational structure as utilised in the rest of Scotland. This SWOT analysis forms part of that consideration.

Summary

Key high level messages from the SWOT analysis

This summary outlines some of the key finding that are explored in more detail within the full SWOT analysis

Lead Agency Model

Strengths

The key strength identified for the current model is its familiarity. Its longevity means that it is seen as the Highland way of doing things and this brings a degree of commitment to the approaches in place. This is particularly evident in children's services where supportive infrastructure such as strategic planning and needs assessment have been established over a number of years.

Recent developments in respect of needs assessment, strategic planning and commissioning for adult social care are positive indicators of how partnership working can be undertaken within a lead agency approach.

In terms of performance, many areas of activity in both children's and adult services are within the national mainstream. The main exception being within community based support for adults and older people. This is apparent in areas such as care at home and care home capacity with its consequent knock on impact for issues involved in delayed discharge.

Many of the challenges involved in this are linked to underlying matters such as rural and dispersed populations and limited economies of scale associated with small capacity care provision. These will remain issues irrespective of the model adopted.

Financially integrated children's services have generally maintained costs within available budgets although there has been recent pressure in respect of some high cost care provision. Adult social care finance issues present a significant challenge particularly in relation to care costs and staffing cover as do elements of health care in areas such as prescribing and locum cover.

Weaknesses

There are a range of weaknesses identified with the lead agency approach.

Complexity of governance is noted as a significant issue. This is particularly evident within adult social care given the role of the JMC and its relationship to decision making bodies within both the Board and the Council. The spread of responsibilities and multiple reporting routes across various bodies has been seen to create some confusion and contributed towards perceived delays in decision making. This perspective is maintained despite arrangements to supplement this being in place.

This complexity was seen to have had an impact on the effectiveness of strategic and locality planning, needs assessment and approaches to commissioning where the Highland partnership has been significantly behind other areas in Scotland. This situation was also felt to have negatively affected approaches to risk taking and innovation.

Elements of the current Integration Scheme in Highland have not been closely adhered to and there is limited specificity within it to budgetary matters such as the process for in year variance reconciliation. This remains a significant partnership risk.

At a national level the unique position of Highland as being the sole partnership utilising a lead agency model means it stands outwith some practice discussions with national guidance and communications often being geared at Body Corporate models. This potentially limits the impact that Highland can have at a national level and can impede learning from best practice across Scotland.

As has been recognised the effect of Agenda for Change funding for adult social work and social care staff has complicated relative status between staff in different settings and has had a distorting impact on elements of the social care market.

Opportunities

As noted there has been much recent good work within the Health and Social Care Partnership to respond to areas where weaknesses have been recognised. There is an opportunity to further develop this building on current strengthened approaches to partnership working. If a lead agency model is maintained this may allow this work to continue without the inevitable distraction of potentially significant organisational change.

However, in the main it was felt that even with some suggested changes to governance arrangements progress is likely to be hampered by the underlying structural weaknesses in both organisational and professional governance.

Threats

The main threat in maintaining a lead agency model would be that even with potential improvements as to how it is operated, including strengthened collaborative approaches, there are likely to be continued difficulties in addressing some of the core service delivery issues.

There are significant financial pressures facing the Highland partnership. Changes to structures would not in themselves resolve this however the maintenance of a lead agency model could be seen to undermine some of the pre-conditions for strong partnership approaches that may assist in addressing the financial issues involved.

Maintaining the lead agency approach also continues the distortive impacts that have been noted across the social work and social care workforce and its wider impact on the social care market.

Body Corporate Model

Strengths

The distinct strength of the body corporate approach is in establishing a formally constituted Health and Social Care Partnership overseen by an Integrated Joint Board which has authority and exercises governance over financial, professional and organisational matters linked to the partnership. This contributes to streamlining governance responsibilities and simplifying decision making processes.

A body corporate approach also has the potential to allow the delegating authorities to invest in a distinct stand alone organisation on a clearly defined basis and may reduce some of the complications of direct cross organisational funding. It would allow to the H&SCP to control its budgets to greater extent and help establish clear links between finance and the priorities within the strategic plan. This is reinforced by the appointment of dedicated senior officers including a Chief Officer and a Finance Officer.

The overall impact is in the creation of a clear corporate identity for the services being provided, supporting focussed bespoke support activity in critical areas such as strategic planning, commissioning, and professional, financial and organisational risk management. It further cements the links between budget management and strategic planning.

As with the lead agency model processes for the identification of budgets for delegated services are clearly laid out within guidance published at the time of the 2014 Act. The change would have major implications for both partners and may include the establishment of a new “set aside” budget for major hospital services provided by a new partnership. This change to a body corporate approach would provide a formal setting to help with the need to reestablish the provisions for budget setting and in year reconciliation. These key issues would be a core part of a newly developed Integration Scheme.

In respect of performance, given the various configurations of services within IJB’s across Scotland, it is difficult to establish a clear comparison between the lead agency model and the body corporate model . From published indicators it is evident that many rural H&SCP’s are facing similar challenges to those in Highland but notably there are also some examples of rural or mixed rural/urban partnerships appearing to perform better.

Weaknesses

Body corporate structures may assist in nurturing some of the pre-conditions that assist collaborative working but they are not complete solutions to this issue. Some difficulties in collaborative working within the body corporate approach remain evident across Scotland. Research over many years into attempts at better integrated work have demonstrated that structures in themselves without strong

collaborative leadership will not resolve difficulties associated with budgets, prioritisation of activity or achieve better service outcomes. These changes are most closely associated with the strength of local collaborative leadership and supported by a structure that encourages joint working.

The move to a body corporate approach will involve significant organisational change as the new arrangements are set up. New boundaries between services will have to be established and will require to be managed. Any change to service boundaries if elements of children's services are to be included will need careful consideration given the history of the integrated children's arrangements.

A change to a body corporate approach will also create a requirement for both the IJB and its Chief Officer to report to the delegating authorities as a separate third party organisation. These arrangements are well established across Scotland but they do present an additional complexity.

As has been noted the change on its own it would not lead to reduction in budget pressures. The potential benefits would come from further development of partnership approaches that support service redesign particularly in relation to high cost areas. Some of these may involve longer term initiatives that would not necessarily lead to immediate savings.

Any organisational change of this size will undoubtedly have impact on staff and the management of change for staff will be critical to the new arrangements starting well.

Opportunities

The development of a newly defined governance arrangement as part of the implementation of a body corporate approach will give significant opportunities to address some of the key factors involved in successful partnership working and to embed these within new arrangements. It can help create a sense of identity for staff where they feel this has been lost in being incorporated within large host organisations.

The change will also give an opportunity to revisit and reestablish the Integration Scheme helping to clarify and embed best practice contained within it.

It will also give an opportunity for services to engage with communities, partners and people with lived experience in all parts of Highland to explain the rationale for the change and to establish a model of care and support that maximises potential beneficial outcomes for vulnerable people.

Overall a move to a distinct Health and Social Care Partnership which is fully supported by bespoke governance and planning systems could be seen to give an opportunity to strengthen approaches to current challenges including strategic service development, engagement with localities, and effective budget setting and reconciliation arrangements.

Threats

Management of the change process itself will present a risk and the greater the degree of change through for example the inclusion of any elements of children's services will complicate this process. It is well recognised that if major change is not

managed well it can have a demoralising effect on staff and can divert resources and organisational capacity away from delivery to the management of the change.

There is a danger that some of the benefits would be seen as organisationally based as opposed to outcomes based and to help mitigate this the basis of change along with expected benefits will need to be clearly articulated and the process of engagement with staff, partners and people with lived experience carefully planned.

To help in this change process a number of key issues will be considered in more detail and would benefit from early acknowledgement. These include:

- The services beyond core functions that are to be included in a new Health & Social Care Partnership.
- The employment status of affected staff, particularly in relation to social care and social work staff currently employed by the Health Board and subject to Agenda for Change terms and conditions.
- Processes to establish the initial funding of the new partnership
- Arrangements to determine annual budget setting and reconciliation of in year variances
- A statement of anticipated benefits

April 2025

2nd Draft

Appendix

Staff consulted as part of this exercise

Highland Council

Executive Chief Officer Health and Social Care/Chief Social Work Officer

Chief Officer Integrated People Services

Chief Officer Corporate Finance

Head of Performance and Improvement

Strategic Lead Child Health

Head of Service Children Young People and Families

Head of People

NHS Highland

Director of Finance

Chief Officer Health and Social Care (Pending)

Head of Strategy and Transformation

Chief Nursing Officer

Director of Adult Social Care

Director of Public Health

NHS Highland and the Highland Council

Consideration of future integrated health and care models

SWOT analysis - Lead Agency Model and Body Corporate Model

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Recent developments in respect of needs assessment, strategic planning and commissioning for adult social care are positive indicators of how partnership working can be undertaken within a lead agency approach.

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Many of the challenges involved in this are linked to underlying matters such as rural and dispersed populations and limited economies of scale associated with small capacity care provision. These will remain issues irrespective of the model adopted.

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This complexity was seen to have had an impact on the effectiveness of strategic and locality planning, needs assessment and approaches to commissioning where the Highland partnership has been significantly behind other areas in Scotland. This situation was also felt to have negatively affected approaches to risk taking and innovation.

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As has been recognised the effect of Agenda for Change funding for adult social work and social care staff has complicated relative status between staff in different settings and has had a distorting impact on elements of the social care market.

Opportunities

As noted there has been much recent good work within the Health and Social Care Partnership to respond to areas where weaknesses have been recognised. There is an opportunity to further develop this building on current strengthened approaches to partnership working. If a lead agency model is maintained this may allow this work to continue without the inevitable distraction of potentially significant organisational change.

However, in the main it was felt that even with some suggested changes to governance arrangements progress is likely to be hampered by the underlying structural weaknesses in both organisational and professional governance.

Threats

The main threat in maintaining a lead agency model would be that even with potential improvements as to how it is operated, including strengthened collaborative approaches, there are likely to be continued difficulties in addressing some of the core service delivery issues.

There are significant financial pressures facing the Highland partnership. Changes to structures would not in themselves resolve this however the maintenance of a lead agency model could be seen to undermine some of the pre-conditions for strong partnership approaches that may assist in addressing the financial issues involved.

Maintaining the lead agency approach also continues the distortive impacts that have been noted across the social work and social care workforce and its wider impact on the social care market.

Body Corporate Model

Strengths

The distinct strength of the body corporate approach is in establishing a formally constituted Health and Social Care Partnership overseen by an Integrated Joint Board which has authority and exercises governance over financial, professional and organisational matters linked to the partnership. This contributes to streamlining governance responsibilities and simplifying decision making processes.

A body corporate approach also has the potential to allow the delegating authorities to invest in a distinct stand alone organisation on a clearly defined basis and may reduce some of the complications of direct cross organisational funding. It would allow to the H&SCP to control its budgets to greater extent and help establish clear links between finance and the priorities within the strategic plan. This is reinforced by the appointment of dedicated senior officers including a Chief Officer and a Finance Officer.

The overall impact is in the creation of a clear corporate identity for the services being provided, supporting focussed bespoke support activity in critical areas such as strategic planning, commissioning, and professional, financial and organisational risk management. It further cements the links between budget management and strategic planning.

As with the lead agency model processes for the identification of budgets for delegated services are clearly laid out within guidance published at the time of the 2014 Act. The change would have major implications for both partners and may include the establishment of a new “set aside” budget for major hospital services provided by a new partnership. This change to a body corporate approach would provide a formal setting to help with the need to reestablish the provisions for budget setting and in year reconciliation. These key issues would be a core part of a newly developed Integration Scheme.

In respect of performance, given the various configurations of services within IJB’s across Scotland, it is difficult to establish a clear comparison between the lead agency model and the body corporate model . From published indicators it is evident that many rural H&SCP’s are facing similar challenges to those in Highland but notably there are also some examples of rural or mixed rural/urban partnerships appearing to perform better.

Weaknesses

Body corporate structures may assist in nurturing some of the pre-conditions that assist collaborative working but they are not complete solutions to this issue. Some difficulties in collaborative working within the body corporate approach remain evident across Scotland. Research over many years into attempts at better integrated work have demonstrated that structures in themselves without strong

collaborative leadership will not resolve difficulties associated with budgets, prioritisation of activity or achieve better service outcomes. These changes are most closely associated with the strength of local collaborative leadership and supported by a structure that encourages joint working.

The move to a body corporate approach will involve significant organisational change as the new arrangements are set up. New boundaries between services will have to be established and will require to be managed. Any change to service boundaries if elements of children's services are to be included will need careful consideration given the history of the integrated children's arrangements.

A change to a body corporate approach will also create a requirement for both the IJB and its Chief Officer to report to the delegating authorities as a separate third party organisation. These arrangements are well established across Scotland but they do present an additional complexity.

As has been noted the change on its own it would not lead to reduction in budget pressures. The potential benefits would come from further development of partnership approaches that support service redesign particularly in relation to high cost areas. Some of these may involve longer term initiatives that would not necessarily lead to immediate savings.

Any organisational change of this size will undoubtedly have impact on staff and the management of change for staff will be critical to the new arrangements starting well.

Opportunities

The development of a newly defined governance arrangement as part of the implementation of a body corporate approach will give significant opportunities to address some of the key factors involved in successful partnership working and to embed these within new arrangements. It can help create a sense of identity for staff where they feel this has been lost in being incorporated within large host organisations.

The change will also give an opportunity to revisit and reestablish the Integration Scheme helping to clarify and embed best practice contained within it.

It will also give an opportunity for services to engage with communities, partners and people with lived experience in all parts of Highland to explain the rationale for the change and to establish a model of care and support that maximises potential beneficial outcomes for vulnerable people.

Overall a move to a distinct Health and Social Care Partnership which is fully supported by bespoke governance and planning systems could be seen to give an opportunity to strengthen approaches to current challenges including strategic service development, engagement with localities, and effective budget setting and reconciliation arrangements.

Threats

Management of the change process itself will present a risk and the greater the degree of change through for example the inclusion of any elements of children's services will complicate this process. It is well recognised that if major change is not

managed well it can have a demoralising effect on staff and can divert resources and organisational capacity away from delivery to the management of the change.

There is a danger that some of the benefits would be seen as organisationally based as opposed to outcomes based and to help mitigate this the basis of change along with expected benefits will need to be clearly articulated and the process of engagement with staff, partners and people with lived experience carefully planned.

To help in this change process a number of key issues will be considered in more detail and would benefit from early acknowledgement. These include:

- The services beyond core functions that are to be included in a new Health & Social Care Partnership.
- The employment status of affected staff, particularly in relation to social care and social work staff currently employed by the Health Board and subject to Agenda for Change terms and conditions.
- Processes to establish the initial funding of the new partnership
- Arrangements to determine annual budget setting and reconciliation of in year variances
- A statement of anticipated benefits

Full SWOT analysis

Lead Agency Model

As Highland is the only partnership area in Scotland operating a lead agency approach this element of the SWOT analysis considers issues specific to Highland. It is drawn from a comparative analysis of performance data and contributions from key staff.

Each section is divided into three broad topics: Legal & Governance; Financial; Workforce.

Strengths – Lead Agency Model

(i) Legal & Governance

The organisational arrangements within the lead agency model adopted by Highland is underpinned by S1(4)(d) of the Public Bodies Joint Working (Scotland) Act 2014 and related subordinate legislation. This allowed the initial integration arrangements instigated in 2012 in Highland to further develop as part of the 2014 Act .

Given these factors a strength of current organisational arrangements in Highland is its longevity and consequent familiarity to Highland staff and residents. For some staff the lead agency model is identified as the Highland way of doing things and this brings a degree of commitment to the approaches in place. This is particularly evident in children's services where the idea of a GIRFEC based integrated children's service remains embedded.

The longevity and continuity of the model is also reflected in some strategic approaches. In children's services the integrated children's service plan is well established, draws on involvement from a wide number of partners and is supported by a dedicated integrated children service planning group.

For adult services there have been recent developments in relation to strategic planning and an integrated strategic plan for adults' services is in place. This is supported by a Target Operating Model and the developing use of the Strategic Planning Group and District Planning Groups to oversee its delivery. A joint strategic needs assessment has been completed, and work is underway in respect of the strategic commissioning plan.

Governance within children's services benefits from a degree of clarity for social care/social and education with clear lines of reporting and accountability to Council structures. For some health staff within children's services this is not as straightforward with professional governance lying with the health board with this creating distance from the main body of health governance.

Governance within adult services is more complex and this will be considered in more detail later however staff and leaders clearly understand the issues involved and have been working positively to engage with these.

In terms of outcomes, approaches within the Highland lead agency model have shown some positive results. Initiatives such as Home to Highland within children's services have been very successful and many of the other indicators in relation to children's lives are within the relative mainstream of reporting across Scotland.

The picture for adult care is again more complex. As with children's services many indicators are within the national mainstream. However, there are also significant outliers particularly in relation to delayed discharge, care at home and care home provision.

The active consideration of these performance issues within adult services including the further development of strategic and locality based planning is clearly a positive and is an emerging strength of current partnership approaches.

(ii) Financial

The underpinning approach to finance within this model involves a direct transfer of funding by the delegating authority to the receiving agency for the delegated services. This involves direct negotiation between the two parties. The basis of this is contained within the Integration Scheme and this will be considered further under weaknesses.

(iii) Workforce

In the lead agency model operated in Highland delegated workforce transferred employment to the receiving authority. This was intended to create a sense of ownership and cohesion to workforce activity within the new arrangements and was a continuation from the 2012 GIRFEC initiatives. This has had the effect of changing the terms and conditions for some former Council staff transferred to the NHS. The impact of this will be considered further under weaknesses

Weaknesses – Lead Agency Model

(i) Legal & Governance

At a national level it has been acknowledged that the existence of a single distinct approach amongst 31 partnership areas can be a challenge.

From a central government perspective, the development and implementation of policy through body corporate Health and Social Care Partnerships presents a relatively efficient and consistent way to engage with local services. The addition of single alternative approach inevitably complicates this approach and this is likely to have influenced the recommendation within the initial National Care Service Bill to mandate a move away from a lead agency option.

The effect of this is that policy is typically framed in relation to standalone H&SCP and IJB's and this can often mean that addendums are required to acknowledge the Highland arrangement. In addition some correspondence can be sent to one delegating partner but not the other, being seen to minimise joint approaches and ownership of issues.

In itself this may not be an insurmountable difficulty but it can present an additional complication when articulating the particular challenges facing Highland and when comparing Highland to other areas in terms of performance.

These complications are also reflected in governance arrangements within the Highland model. As part of this formal organisational governance is retained within Health Board and Highland Council as the delegating authorities.

This inevitably limits the governance authority of the JMC leading to a greater requirement to report back to delegating authorities for key decisions. In addition this more complex environment has resulted in the need for additional decision making meetings to help smooth the process.

These complications are also evident within professional governance structures. This is particularly notable within adult social care where care governance has been absorbed into Health Board clinical governance. Some staff's perspective is that this is not an especially comfortable or effective arrangement, with social care specific matters struggling to accommodate to historically long standing professional health governance approaches. For children's health services there is organisational distance between the main professional governance arrangements and organisational service delivery.

The limitations of professional and organisational governance may also be seen to have had an impact on strategic planning for adult health and social care. The current developments in relation to the adult services strategic plan, strategic planning group and district planning groups are welcome but could be seen to be having to catch up with more established approaches taken forward by IJB's. There is a perception amongst some staff that these weaknesses in professional governance have limited responses to key risks in adult services and their underdeveloped and can impede operational and strategic decision making.

Similarly the historic absence of a joint strategic needs assessment and a strategic commissioning plan may also have been impacted by the dispersed governance arrangements inherent within a lead agency approach and could be seen to weaken coordinated responses to critical issues.

These difficulties are not as evident within children's services perhaps reflecting the long standing integrated planning arrangements for children's services which predated the 2014 Joint working Act which continued with less requirement to adapt after the Act's introduction. However as noted having core elements of professional governance of health located within a separate organisation inevitably creates some distance in oversight and a sense of disconnection.

It is also worth noting the position of the formal Integration Scheme that underpins integrated arrangements in Highland. The Highland document fulfils the requirements as laid down within the legislation and is comparable to Schemes in

other parts of Scotland. However in certain aspects the Highland Integration Scheme has not been closely followed in practice especially in relation to finance and governance. This has inevitably led to some difficulties as budgets issues tighten. The absence of a dedicated joint organisational arrangements such as contained within an IJB type body may be seen to have contributed to this.

In respect of outcomes Highland performance can be seen to be part of the mainstream within Scotland across a number of indicators, performing better than some partnerships in certain areas and slightly less well in some others. The exception to this are the difficulties in relation to the balance of care including delayed discharge, care at home unmet need and care home capacity all of which are linked to care home and care at home sustainability.

The issues in respect of this are well known and have been carefully considered within Highland's strategic plans with an acknowledgement that the issues are linked to factors associated with rurality, demography and economies of scale. It is also recognised that the impact of a lead agency approach and the consequent transferring of staff on to Agenda for Change has contributed to some distortions within the social care market and may have exacerbated some of these matters.

A change to a body corporate approach in itself would not remove some of these challenges but it may impact how responses to these develop if they are supported by bespoke organisational arrangements for health and social care such as those evident within body corporate models. This will be considered further within the Opportunities section.

(ii) Financial

The basis of the transfer of funding for delegated services is contained within the Integration Scheme and reflects the national guidance issued at the time of the 2014 Act. It is acknowledged that the Integration Scheme in Highland has not historically been closely adhered to help govern funding arrangements. This to some extent may reflect the earlier development of partnership working in Highland with arrangements being in place in advance of the 2014 Joint Working Act.

The issues in relation to the Integration Scheme include both the arrangements for budget setting and for reconciliation of overspends. This situation has led to a degree of uncertainty and a lack of consensus as to how budgets should be set including issues relating to pressures on additional demand and implications of any potential savings requirements within delegating authorities.

Nationally all Integration Authorities have arrangements set out within their integration schemes for responding to overspends. All include detailed escalation processes. For some this ultimately includes 50/50 cover for the overspend from delegating authorities regardless of where it arises. For some this cover is proportionate to the funding given to the H&SCP. For some the responsibility lies with the delegating authority for that service and for some the arrangements are not specified but to be discussed.

In Highland responses to overspends in Adult Social Care have historically been dealt with by measures separate from the Integration Scheme provisions including a pragmatic ad hoc use of reserves, carried forward monies or brokerage. Given restrictions on national budgets this is unlikely to be a sustainable approach in the future even if there was an agreement that it remains a suitable solution.

In relation to budget setting the main and most obvious distinction is that within body corporate approaches there is a third party- the Health and Social Care Partnership/IJB - that both respective delegating authorities invest in. Typically, an IJB has executive powers in relation to budget setting and to a greater extent than within lead agency arrangements represents a standalone organisation.

This involvement of a third party inevitably changes the nature of negotiations between the two delegating authorities both in terms of budget setting and reconciliation. It has been commented by staff that this has the potential to facilitate a greater clarity and more objective response to some of the challenges.

(iii) Workforce

As has been noted the lead agency model has created a degree of distortion in social work and social care employment. This is a consequence of adult care social workers employed by the Health Board having different terms and conditions than children and families' social workers/social care staff who have remained within the Council. In adult social care this distortion has also impacted on the wider social care environment, having some implications for private and third sector organisations.

Opportunities – Lead Agency Model

(i) Legal and Governance

It is recognised that the success of partnerships is not solely dependent on the organisational structures that are adopted. Issues such as the degree of collaborative leadership, shared responsibility for addressing issues that arise, community engagement, and sufficiency of resources are more strongly correlated to successful endeavours. This is not to say that structures do not matter. They can at turns hamper or support some of these underlying issues that help determine success.

In respect of the lead agency model feedback from staff strongly indicate that some of the arrangements currently in place through the lead agency approach are not seen to be supportive of achieving the benefits of inter organisational collaborative work.

Some of these issues could be improved by amendments to existing arrangements such as fostering a greater adherence to the Integration Scheme and strengthening the role of the JMC. This could be undertaken without the extent of the change that may be associated with a move to a body corporate model.

This may lessen staff anxiety about potential change and allow a focus to remain on improving practice and further strengthening collective leadership as opposed to managing an organisational change process. However it is difficult to see how some underlying issues connected with governance, strategic planning and support to integrated service delivery could be fully resolved without some structural change.

(ii) Financial

If existing structures were to be maintained the recognition of the difficulties in the current arrangements provide an opportunity for these to be rectified through the strengthening joint approaches between the two delegating authorities. This could include a revision of key elements of the Integration Scheme. Notwithstanding these opportunities it is uncertain to what extent the limiting factors inherent in the lead agency model would facilitate all the changes that may be required.

(iii) Workforce

As with financial issues the recognition by partners of the difficulties in relation to workforce provide some opportunity for these to be considered further. However it is unclear how some of these underlying issues could easily be resolved, as the move to Agenda for Change conditions of service for adult social work/social care staff and its consequences for the social care market place has been inherent within integration arrangements in Highland.

Threats – Lead Agency Model

(i) Legal and Governance

The main threat in maintaining a lead agency approach would be that even with potential improvements and alterations as to how it is operated, including strengthened collaborative approaches, there may still be continued difficulties in addressing some of the core service delivery issues. It is recognised that some of these issues are significant, and agencies have struggled to address these over a number of years.

Relying on adjustments to the lead agency approach would unavoidably leave some structural issues unaddressed and consequently the relatively minor changes involved may not deliver the broad service improvements that are being looked for. As has been noted this is particularly relevant to aspects of organisational support to governance, budget setting and reconciliation, and strategic planning.

(ii) Financial

There are significant financial pressures facing the Highland partnership. However this is an issue also facing many Body Corporate partnerships across Scotland.

Changes to structures would not in themselves resolve this however the maintenance of a lead agency model could be seen to undermine some of the pre-

conditions for strong partnership approaches that may assist in addressing the financial issues involved. Central to this is the potential value in having a standalone third party organisation that the delegating authorities invest in.

This would create a fresh environment for the development of a new Integration Scheme which would consider significant issues such as budget setting and end of year reconciliation arrangements. Both of which processes are critical to help lay the foundation to help tackle the growing budget pressures.

(iii) Workforce

Maintaining the lead agency approach continues the impact of differing employment terms and conditions that have been noted across the social work and social care workforce. This may continue to hamper efforts to bolster recruitment and complicate strategic approaches to addressing the balance of care issues which are critical to current plans in both adult and children's services.

Part 2- Body Corporate Model

Strengths – Body Corporate Model

(i) Legal and Governance

The basis of the body corporate model is contained within S1 (4) (a) of the 2014 Joint Working (Scotland) Act. The Act and subordinate legislation further stipulate the core services that should be included as a minimum within integration arrangements. These are adult social care, adult primary and community health care, and elements of adult acute services.

It is worth noting that across the country there are many variations beyond the minimum legislative requirements of services included within Health and Social Care Partnerships.

This flexibility allows Partnerships to reflect local priorities and historical approaches within each area. For Highland this would mean an opportunity to revisit what services may be included within a Health and Social Care Partnership. It is noted however that any expansion beyond the current range of adult services would increase the scale of organisational change involved and the positive and negative implications of this both will be considered later.

Beyond the variation of service inclusion there are clear organisational consistencies within the body corporate approach across Scotland. Primary amongst these is the establishment of Health and Social Care Partnerships as a body corporate organisation in terms of the Public Records (Scotland) Act 2014. This is in addition to these organisations being recognised as a stand-alone public authority or a public body in respect of a number of other legislative requirements such as data protection and freedom of information.

These consistencies extend to the requirement to establish an Integration Joint Board and the establishment of a Strategic Planning Group to plan for services to be delivered within the principles of the Act.

The essence of these arrangements is that the IJB is created as a new legal entity that binds the Health Board and the Local Authority together in a joint arrangement.

As with Joint Monitoring Committees membership of an IJB is prescribed and includes elected and non-executive board members along with a wide range of professional, community and staff side representatives.

As part of this the IJB is required to appoint a Chief Officer and a financial officer responsible for its financial administration. It is recommended in guidance that the latter is a joint appointment from the senior finance team of either the Health Board or Local Authority.

The distinct strength of the body corporate approach is in linking the governance and oversight function of an IJB to Health and Social Care Partnerships as formally constituted stand alone organisations. This is reinforced by the appointment of senior officers noted above.

This approach potentially provides a clearer line of governance and decision making between the IJB and the H&SCP as a distinct organisation and more easily allows the establishment of bespoke support arrangement such as strategic planning, commissioning, and professional, financial and organisational risk management. It further cements the links between budget management and strategic planning.

The overall impact of the establishment of a stand alone body is in the creation of a clear corporate identity for the services being provided and supporting focussed bespoke support activity in critical areas. This has the potential to both improve provision to vulnerable people and in placing Highland back amongst its peers will assist in Highland contributing to and learning from best practice in Scotland.

In respect of performance, given the various configurations of services within IJB's across Scotland, it is difficult to establish a clear comparison between the lead agency model and the body corporate model . From published indicators it is evident that some rural H&SCP's are facing similar challenges to those facing Highland but notably there are also some examples of rural or mixed rural/urban partnerships appearing to perform significantly better.

(ii) *Financial*

As was noted earlier research has indicated that an organisation's structure on its own is not the primary correlation with success. This is more strongly linked to the strength of collaborative partnerships approaches and the joint ownership of issues as they emerge.

The potential strength of the body corporate structure in this context is that it allows the delegating authorities to invest in a distinct third party on a clearly defined basis and may reduce some of the complications involved in direct cross organisational funding and simplify accountability for service development. This would contribute to a standalone H&SCP controlling its budgets to greater extent and allowing clear links to the priorities within the strategic plan. It is interesting that this is a perspective that has been emphasised by staff during the initial consultation process.

As with the lead agency model processes for the identification of budgets for delegated services are clearly laid out within guidance published at the time of the 2014 Act. The change would have major implications for both partners and may include the establishment of a new "set aside" budget for major hospital services provided by a new partnership.

There is an urgent need to reestablish the provisions for budget setting and reconciliation within the Integration Scheme and a change to a body corporate approach would provide a formal setting for this to take place.

(iii) *Workforce*

In existing body corporate partnerships, the workforce contained within Health and Social Care Partnerships are seconded on existing conditions of service but are clearly identified as belonging to a single distinct organisation. The sense of identity linked to a stand alone organisation has inevitably grown with the time that H&SCP's have been in place. This has many potential benefits in focussing staff effort to the organisation's key priorities and also allows greater scope to address collaborative

working across the different services involved within the context of a single organisation.

On this basis the body corporate approach may be seen to facilitate some of the factors important to collaborative endeavours.

Weaknesses – Body Corporate Model

(i) Legal and Governance

Body corporate structures may assist in nurturing some of the pre-conditions that assist collaborative working but they are not complete solutions to some of these issues. Some difficulties in collaborative working within the body corporate approach remain evident across Scotland. Structures in themselves without strong collaborative leadership will not resolve issues such as budgeting, prioritisation of activity or service standards.

Research into collaborative approaches has highlighted a number of factors independent of structures that are determinants of beneficial outcomes. These include clear understanding of aims and of roles, effective communication and information sharing, and adequate resources. These will remain as challenges within a body corporate approach notwithstanding the potential benefits of distinct service governance and bespoke support provision.

In addition, boundaries between services will remain in place and require to be managed within a body corporate model as with the lead agency approach. As was indicated there are many variations of these across Scotland. Of the 30 Partnerships that have adopted a body corporate model: 18 have included Children's Health Services; 11 have included Children's and Families Social Work; 18 have included Justice Social Work and two have also included all acute provision (Argyll & Bute and Dumfries and Galloway).

There does not seem to have been a consistent methodology applied across the Country in determining these arrangements. Rather the structures adopted seem to reflect local perspectives and historical arrangements.

For Highland any change to service boundaries particularly if elements of children's services are to be included will need careful consideration given the extensive history of the children's arrangements in Highland.

The move to a body corporate approach will involve significant organisational change as the new arrangements are established. As a minimum this will have impact on staff who are part of the core services. Consideration will also have to be given to any of the additional services that are able to be included and at the present time there are range of different views regarding this. Even if Highland were not to include children's services the role of the Children's Service Partnership Strategic Group will inevitably have to be reviewed and its relationship with an IJB redefined.

A body corporate model also creates a requirement for both the IJB and its Chief Officer to report to the delegating authorities as a separate third party organisation.

These arrangements are well established across Scotland but they do present an additional complexity.

Irrespective of the combination of services to be included there will need to be detailed specialist consideration of financial and workforce issues involved. As a minimum there would be significant budgetary and organisational implications as well as impact on staff.

The implications of different potential structural changes will need to be considered further in separate analysis and some of the issues involved in this are laid out within the Threats section below.

(ii) Financial

A move to a body corporate approach will involve significant organisational change to accommodate the transfer of budgets to a third party. The detail of this is covered in extensive guidance issued at the time of the 2014 Act. As noted above different combinations of services to be contained within an H&SCP may have different implications for budgets and adequate preparation for this would need to be established.

Central to this would be a need to establish and adhere to a basis on which annual budgets are set in advance and the establishment of clear provision in respect of how in year variances are dealt with. This change would need extensive support and specialist resource time particularly for any new partnership's first budget given the potential complexities of disaggregating some existing arrangements to determine the funding involved in what will be "partnership" and what remains as "delegating authority" provision.

The move to a new model of integration will assist in reestablishing a revised Integration Scheme as the framework for determining budget decisions. As has been noted the change on its own it would not lead to reduction in budget pressures. The potential benefits would come from further development of partnership approaches that support service redesign particularly in relation to high cost areas. Some of these may involve longer term initiatives that would not necessarily lead to immediate savings.

(iii) Workforce

Any organisational change of this size will undoubtedly have some impact on staff and the management of change for staff will be critical to the new arrangements starting well. Staff may need significant reassurance as to what is changing and what is not and what the potential impact on them will be. As part of this the anticipated benefits of change will need to be clearly articulated.

Opportunities – Body Corporate Model

(i) Legal and Governance

The development of a newly defined governance arrangement as part of the implementation of a body corporate approach will give significant opportunities to

address some of the key factors involved in successful partnership working and to embed these within new arrangements.

This opportunity to use an organisational change to reset the approach to these issues, learning from previous difficulties and building on the range of good work that is currently underway, is very significant. Experience of this level of change across the country have shown that developing structural arrangements that focusses on benefits to those in need of support can potentially remove some of the barriers to partnership approaches and provide the basis of improvement in both how services work together.

This bottom up approach that focuses on outcomes as a starting point for structural change has been recognised as being more likely to succeed than a top down approach.

It is also worth noting that a change to body corporate arrangements will put Highland back in the mainstream of the health and social care debate across Scotland and allow it to fully share in best practice taking place in other partnership areas.

The change will also give an opportunity to revisit and reestablish the Integration Scheme helping to clarify and embed best practice contained within it.

The most significant opportunity comes from the potential impact of a stand alone bespoke organisation being empowered to take forward health and social care priorities in Highland.

The change will also give an opportunity for services to engage with communities, partners and people with lived experience in all parts of Highland to explain the rationale for the change and the expected benefits. The early engagement of stakeholders as part of the coproduction of the change plans will underline the validity of the change process and help ensure that new arrangements fully capture the needs and aspirations of those involved.

This engagement could usefully build on earlier engagement processes around the locality and strategic plans. This engagement is a legal requirement under the 2014 Act.

(ii) Financial

The financial challenges facing social care in Highland and in Scotland is well recognised and a number of strategies have been introduced to help address these. The success of these is heavily reliant of the effectiveness of strategic and locality planning within partnership areas. A move to a distinct Health and Social Care Partnership which is fully supported by bespoke governance and planning systems could be seen to strengthen the approaches to these issues and contribute to addressing budget challenges.

In particular the establishment of a new third party organisation would allow for a fresh perspective to be taken on the key issues of budget setting and reconciliation.

(iii) *Workforce*

The move to a stand alone H&SCP will help to provide a distinct identity to the organisation within which people work. This sense of identity can help in bolstering collaborative working across services and professional groups. The development of a collaborative ethos can take time and is heavily reliant the joint ownership of challenges and on trust being built up between staff groups. The creation of a new organisation gives an opportunity for this to be strengthened capitalising on the extensive work that is already underway.

Threats – Body Corporate Model

(i) *Legal & Governance*

The legal basis of a new body corporate arrangement including the required governance structures is clearly set out in the 2014 Act and associated guidance. Careful thought will also have to be given to how these requirements are best fitted to the Highland context reflecting the history of organisational and professional arrangements. Prior experience of other partnership areas will also assist in developing any agreed new arrangements. The Act allows flexibility for inclusion beyond core services and a clear rationale for the proposed structures would help in minimising disruption.

Management of the change process itself will present a risk and the greater the degree of change through for example the inclusion of any elements of children's services will further complicate this process. To help mitigate this the basis of change will need to be clearly articulated and the process of engagement with staff, partners and people with lived experience carefully planned.

There is a danger that some of the benefits would be seen as organisationally based. Because of this there would be benefit in clearly establishing the link between the changes and their intended impact and connecting these to existing strategic outcomes and priorities.

It is well recognised that if major change is not managed well it can have a demoralising effect on staff and can divert resources and organisational capacity away from delivery to the management of the change. The Feeley report which endorsed the concept of a National Care Service noted that historically in Scotland there is a major implementation gap between the expected benefits of change initiatives and what is actually delivered.

There is also a risk that necessary focus on the change process may divert organisational capacity away from priority service delivery.

To mitigate this risk the change process will have to be adequately resourced and planned with detailed involvement of staff, key partners and importantly those receiving services.

The overall long term threat is that the model will not have the anticipated beneficial impact and the detail of this as well as the limits of any change need to be clearly established and articulated.

To help in this change process a number of key issues would benefit from early acknowledgement and consideration. As yet there is no clear consensus in respect of these matters. They are likely to form core elements of discussion in the groupings established to take these matters forward.

To help in this change process a number of key issues will be considered in more detail and would benefit from early acknowledgement. These include:

- The services beyond core functions that are to be included in a new Health & Social Care Partnership.
- The employment status of affected staff, particularly in relation to social care and social work staff currently employed by the Health Board and subject to Agenda for Change terms and conditions.
- Processes to establish the initial funding of the a partnership
- Arrangements to determine annual budget setting and reconciliation of in year variances
- A statement of anticipated benefits

(ii) Financial

The change to a new body corporate arrangement will require the input of significant specialist staff time and resourcing. This will have a financial impact. At least part of the rationale for the change will be that as services develop in quality and impact then there will be a more efficient and effective response to levels of need. There may be an expectation of savings on the back of these changes and the potential limits of this should be established.

Depending on the configuration of services within a new H&SCP there is the potential for additional expense related to staff changes alongside changes in conditions of service. These should be carefully assessed as part of finalised plans for new organisational structures.

(iii) Workforce

As noted earlier major change processes can have a disorientating and demoralising impact on staff if not carefully managed. The key risks involved in this should be recognised as part of planning for the change process with early and frequent communication and engagement part of the plans.

There are a number of key issues associated with a change to a new Partnership that will impact of staff. This includes the employment status of current and any subsequent new staff recruited after the establishment of a new Partnership. This will need careful and detailed consideration.

Some of the decisions involved in this could for example include whether current adult social care/social work staff return to Highland Council employment to then be deployed to the new H&SCP.

Terms and conditions for existing staff in these circumstances are likely to be protected under TUPE arrangements and a decision would have to be taken as to the status of future staff. In the long term this example potentially resolves the issue of some social work/social care staff being on different terms and conditions and may eventually ease some of the wider market issues. However, it is a major change for staff.

The full range of options involved in these issues will require detailed analysis along with staff and their representatives to consider the legal and HR implications to help determine the best way forward. Underpinning this will be the importance of clearly linking any potential changes to the future beneficial impact on people in need of care and support.

April 2025

2nd Draft

Appendix

Staff consulted as part of this analysis

Highland Council

Executive Chief Officer Health and Social Care/Chief Social Work Officer

Chief Officer Integrated People Services

Chief Officer Corporate Finance

Head of Performance and Improvement

Strategic Lead Child Health

Head of Service Children Young People and Families

Head of People

NHS Highland

Director of Finance

Chief Officer Health and Social Care (Pending)

Head of Strategy and Transformation

Chief Nursing Officer

Director of Adult Social Care

Director of Public Health