

**Gillian Morrison (Interim Chief Officer)**

Orkney Health and Care

01856873535 extension: 2611

[OHACfeedback@orkney.gov.uk](mailto:OHACfeedback@orkney.gov.uk)



Agenda Item:

## **Integration Joint Board**

Date of Meeting: 10 February 2021.

Subject: Revenue Expenditure Monitoring Report

### **1. Summary**

1.1. The Integration Joint Board (IJB) has responsibility for strategic planning and commissioning of a range of health and social care services and allocates the financial resources it receives from Orkney Islands Council and NHS Orkney for this purpose in line with the Strategic Plan.

### **2. Purpose**

2.1. The purpose of this report is to:

- Summarise the current year revenue budget performance for the services within its remit of the IJB as at 31 December 2020.
- Advise on any areas of significant variances.

### **3. Recommendations**

The Integration Joint Board is invited to note:

3.1. The financial position of Orkney Health and Care as at 31 December 2020, as follows:

- A current overspend of £1,408,000.
- A forecast year end overspend of £2,227,000 based on current activity and spending patterns.

3.2. That, a savings target of £4,200,000 has applied for the three year period 2020 to 2023, of which only £275,000 has been identified to date.

3.3. That, NHS Orkney has applied its savings target of £800,000 for 2020/21, of which only £130,000 has been identified, with the remaining balance of £670,000 contributing to the forecast year end overspend.

## **4. Financial Summary**

4.1. Within the Integration Joint Board (IJB), presentation of the figures is consistent with the Council's approach. Positive figures illustrate an overspend and figures within a bracket show an underspend. This is the opposite way within NHS reports.

4.2. Within the Integration Scheme it states that, throughout the financial year, the Board shall receive comprehensive financial monitoring reports. The reports shall set out information on actual expenditure and budget for the year to date and forecast outturn against annual budget together with explanations of significant variances and details of any action required.

4.3. Any potential deviation from a breakeven position should be reported to the Board, Orkney Islands Council and NHS Orkney at the earliest opportunity.

4.4. Where it is forecast that an overspend shall arise then the Chief Officer and the Chief Finance Officer of the Board, in consultation with NHS Orkney and Orkney Islands Council, shall identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position.

4.5. The IJB may also consider issuing further Directions to NHS Orkney or Orkney Islands Council. The recovery plan shall be approved by the Board.

4.6. A recovery plan shall aim to bring the forecast expenditure of the Board back in line with the budget within the current financial year. Where an in-year recovery cannot be achieved then any recovery plan that extends into later years should ensure that over the period of the strategic plan forecast expenditure does not exceed the resources made available. Any recovery plan extending beyond in year shall require approval of Orkney Islands Council and NHS Orkney in addition to the Board.

4.7. Where such recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the Board.

## **5. Main Financial Issues**

### **5.1. COVID-19**

5.1.1. The budget proposals for 2020/21 were presented based on "business as usual", to the Orkney IJB in April 2020, however it is now evident that this is not the case. It must be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that not all costs will be covered by partners, or ultimately by Government.

5.1.2. Local Mobilisation Plans are submitted by NHS Orkney to Scottish Government to capture the actual and anticipated additional costs of the Health and Social Care Partnership. The last submission, as illustrated in Annex 4, shows a projected spend across the partnership of £2,378,531. If the non-achievement of

savings is also factored in this increases the costs to £3,504,531. It is hoped that some of these projections will reduce due to stepping down some of additional staffing that has been required. These costs are mainly in relation to additional staffing at Hamnavoe House, PPE and the COVID-19 assessment centre.

5.1.3. Additional funding of £1,389,0673 in relation to COVID-19 spend across the partnership and ensuring sustainability within Social Care has been received from the Scottish Government and relates to Social Care spend as follows:

- Integration Authority Funding – £277,000.
- Social Care Sustainability Support – £139,000.
- Social Care Sustainability Support Tranche 2 – £200,000.
- £1.1 Billion Allocation - £544,000.
- November Sustainability funding - £79,673.
- Winter Plan Funding - £150,000.

## **5.2. Children and Families**

5.2.1. Social work services have been experiencing high levels of sickness absence for a considerable length of time, including key leadership and management roles, all of which has had a significant impact on the service's ability to deliver effective and statutory social work services to children, young people and their families. Some of this related to the need for staff members to remain at home due to initial COVID-19 restrictions. However, it is anticipated there is also the likelihood for some sickness absence to be long term. This has resulted in the need to employ agency staff.

5.2.2. Most importantly, this statutory requirement to provide social work services for children and young people ensures the ability to respond to need and to have responsive Child Protection capacity. Temporary arrangements to ensure this capacity have incurred significant, additional, unfunded expenditure.

5.2.3. These additional posts are essential at this time to ensure proper review planning and improvement work is undertaken following the findings of the Joint Inspection Report, from February 2020, of Services for Children and Young People in Need of Care and Protection in Orkney.

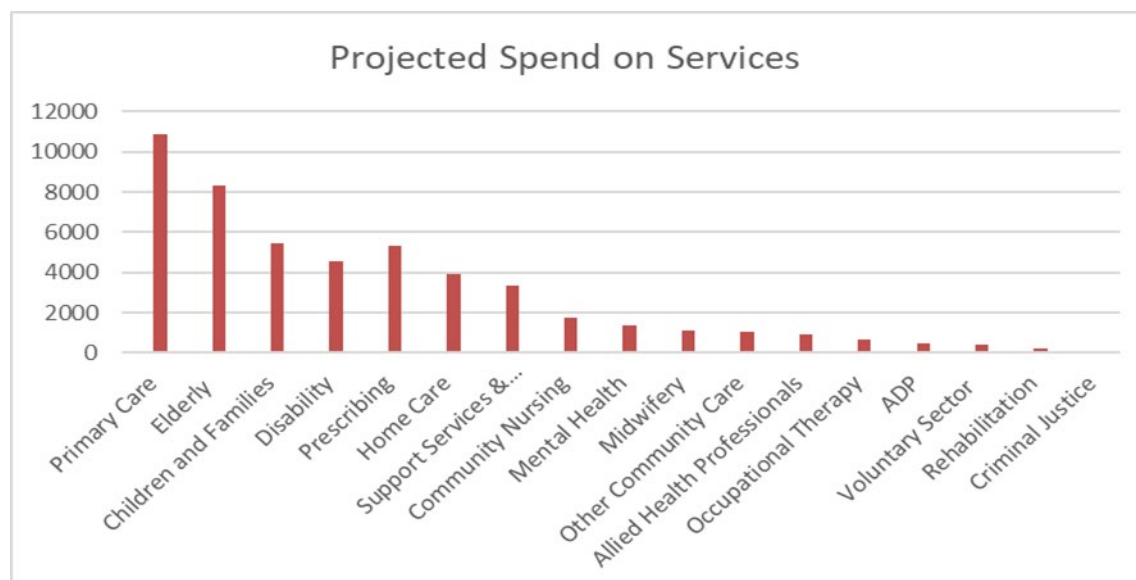
5.2.4. There has been a longstanding requirement for agency staff due to being unable to recruit to the vacancies within the Speech and Language service. The most recent recruitment process resulted in the offer of 2 posts but the successful applicants are unlikely to be in post until 2021. NHS Orkney's Senior Management Team approved an extension for locum adult cover for the period until the new recruits start. Additional capacity to address the Speech and Language Paediatric waiting list, as a result of the longstanding vacancies, was not approved at this time and a request was made for supply and demand work to be undertaken to fully understand the detail of the issues that have led to the waiting list. This work has started with support from the Quality Improvement team at NHS Orkney.

## 6. Financial Position

6.1. The following table shows the current financial position as at 30 September 2020 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2021. The year-end projection will be reviewed on a regular basis throughout the year.

IJB Commissioned Services	Spend	Budget	Variance	Year End	Annual	Over/(Under)	
	YTD £000	YTD £000	YTD £000	Projection £000	Budget £000	£000	%
Support Services & Overheads	1,935	2,093	-158	3,318	3,502	-184	94.7
ADP	369	362	7	448	448	0	100.0
Voluntary Sector	375	270	105	378	430	-52	87.9
Children and Families	3,861	3,368	493	5,448	4,679	769	116.4
Prescribing	4,068	3,703	365	5,298	4,802	496	110.3
Elderly	5,774	5,891	-117	8,317	8,226	91	101.1
Disability	3,320	3,449	-129	4,568	4,767	-199	95.8
Mental Health	964	727	237	1,345	1,019	326	132.0
Other Community Care	863	908	-45	1,041	1,121	-80	92.9
Occupational Therapy	476	470	6	689	670	19	102.8
Home Care	3,305	3,075	230	3,899	3,533	366	110.4
Criminal Justice	6	48	-42	50	50	0	100.0
Community Nursing	1,292	1,213	79	1,741	1,618	123	107.6
Primary Care	8,115	8,225	-110	10,869	10,961	-92	99.2
Allied Health Professionals	698	704	-6	930	940	-10	98.9
Rehabilitation	167	180	-13	222	240	-18	92.5
Midwifery	768	765	3	1,111	1,109	2	100.2
Reserves	16	16	0	543	543	0	100.0
Savings Applied (NHSO)	0	-503	503	0	-670	670	0.0
<b>Service Totals</b>	<b>36,372</b>	<b>34,964</b>	<b>1,408</b>	<b>50,215</b>	<b>47,988</b>	<b>2,227</b>	<b>104.6</b>

6.2. The current spend can be illustrated as follows:



6.3. An analysis of significant projected year end variances is as follows:

Service Explanation	Proposed Action	Responsible Officer	Deadline	Status
<p><b>Support Services and Overheads</b> (Y/E Forecast £184K underspend).</p> <p>There have been some vacancies within the service. There is also recharges in regard to joint posts.</p>	<p>This recharge will be completed in February.</p>	<p>L Bradford</p>	<p>28/02/21.</p>	<p>Ongoing.</p>
<p><b>Children and Families</b> (Y/E Forecast £769K overspend).</p> <p>There are additional staffing requirements within the service due to sickness absence within the Children and Families team and the additional work required for the joint inspection improvement plan. There are also additional costs for residential care within Orkney due to the current children's house being at full capacity.</p> <p>There has been a requirement for agency staff due to vacancies within the Speech and Language service. The successful recruitment process, in both adults and paediatric posts, underway which will see a reduction in projected costs once candidates are in post.</p>	<p>This has been highlighted within the Senior Management Team with both partners and will be closely monitored.</p>	<p>J Lyon.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
<p><b>Prescribing</b> (Y/E Forecast £496K overspend).</p> <p>There is an increase in the average price of drugs.</p>	<p>Monitor the situation.</p>	<p>W Lycett.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>

<p><b>Elderly</b> (Y/E Forecast £91K overspend).</p> <p>There is a continued reliance on agency staffing due to recruitment issues and long term sickness absence within residential care homes. Some of the covid costs are incurred within these cost centres. There are residual costs such as maintenance and security in regard to the former St Peters building.</p>	<p>A recruitment campaign was launched in autumn promote roles within Social Care services, pending the usual recruitment checks this should reduce some reliance on agency staff.</p>	<p>L Bradford.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
<p><b>Disability</b> (Y/E Forecast £199K underspend).</p> <p>Some of the additional income received had not been included within the year end projections. There was some variance in packages of care as families chose to reduce footfall within their own homes.</p> <p>There has been a reduced level of relief staff requirement due to closure of day services.</p>	<p>A revised projection has been done to accommodate the income and included within year end projection. Any underspend will aid other areas of service pressure for this financial year only.</p>	<p>L Bradford.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
<p><b>Mental Health</b> (Y/E Forecast £326K overspend).</p> <p>There are additional costs regarding employing a locum consultant psychiatrist locally as well as agency psychiatric nursing being required to cover vacancies.</p>	<p>NHS Orkney is having ongoing discussions in regard to a reduction in Service Level Agreement costs. In the next financial year there will be a reduction in costs relating to agency nursing as a key post has been recruited to.</p>	<p>L Bradford.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>

<p><b>Other Community Care</b> (Y/E Forecast £80K underspend).</p> <p>There have been various vacancies within the team.</p>	<p>Vacancies will be reviewed in the near future. Any underspend will aid other areas of service pressure this financial year.</p>	<p>L Bradford.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
<p><b>Home Care</b> (Y/E Forecast £366K overspend).</p> <p>The demand for Home Care continues to grow as the ageing population is continuing to increase. Once an assessed need has been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria.</p> <p>There is currently an increase in short term sickness within the team whereby there is a requirement to use agency staffing.</p>	<p>This has been highlighted within the Senior Management Team with the Council and will be closely monitored.</p>	<p>L Bradford.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
<p><b>Community Nursing</b> (Y/E Forecast £123K overspend).</p> <p>Some of the overspend is in relation to additional costs relating to COVID-19.</p> <p>There are additional costs due to utilising bank staff which is unbudgeted for on the isles.</p>	<p>These additional costs will be identified and moved to the appropriate cost centre.</p>	<p>L Bradford / M Firth.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>

<p><b>Primary Care</b> (Y/E Forecast £92K underspend).</p> <p>The underspend currently is around ring fenced Dental Primary Medical Services funding. This is allocated centrally each year from Scottish Government and reduced accordingly dependent on a yearly service review.</p> <p>Orkney has been allocated £49,102 towards a rural fellowship GP training post. This post has been vacant within this financial year.</p>	<p>Monitor the situation.</p>	<p>M Firth.</p>	<p>31/03/21.</p>	<p>Ongoing.</p>
--	-------------------------------	-----------------	------------------	-----------------



## 6.4. Variance Analysis

Services	Forecast Year End		Movement £000
	Position as at		
	£000 P6	£000 P9	
Health	1,426	1,629	203
Social Care	1,500	598	-902
<b>Service Totals</b>	<b>2,926</b>	<b>2,227</b>	<b>-699</b>

IJB Commissioned Services	Year End Projection		Variance £000	Explanation
	Period 6 £000	Period 9 £000		
Support Services & Overheads	274	-184	-458	It is now assumed that all costs in regards to Covid 19 will be fully funded.
ADP	0	0	0	
Voluntary Sector	-52	-52	0	
Children and Families	729	769	40	Increased reliance on agency staffing
Prescribing	151	496	345	The average cost of drugs have increased which was unknown previously.
Elderly	128	91	-37	
Disability	467	-199	-666	There was income within budgets which had not been taken into consideration within the year end projections. Some packages of care have not commenced when anticipated. Relief staffing within day centres not required to same extent.
Mental Health	278	326	48	Requiring agency staffing until substantive post recruited to.
Other Community Care	-35	-80	-45	Vacant posts longer than anticipated
Occupational Therapy	39	19	-20	
Home Care	284	366	82	Continued use on agency staffing due to vacancies and to cover sickness within the team.
Criminal Justice	0	0	0	
Community Nursing	93	123	30	Requiring unbudgeted staffing
Primary Care	-106	-92	14	
Allied Health Professionals	-14	-10	4	
Rehabilitation	18	-18	-36	
Midwifery	2	2	0	
Reserves	0	0	0	
Savings Applied	670	670	0	
<b>Service Totals</b>	<b>2,926</b>	<b>2,227</b>	<b>-699</b>	

## 7. Recovery Plan

7.1. Where it is forecast that an overspend shall arise then the Chief Officer and the Chief Finance Officer of the Board shall identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position. The Chief Officer and the Chief Finance Officer of the Board shall consult the Section 95 Officer of Orkney Islands

Council and the Director of Finance of NHS Orkney in preparing the recovery plan. The recovery plan shall be approved by the Board.

7.2. To be able to ensure a balanced budget services will need to be streamlined or delivered in a different way.

## 8. Set Aside

8.1. The budget, known as “set aside”, amounting to £7,777,000 was received by the IJB on 30 September 2020. The adjustments are as follows:

<b>Budget Reconciliation</b>	<b>£000</b>
Opening Budget	7,777
Acute Services	-24
Assessment and Rehabilitation	27
Medical Team - Junior Doctors	-148
Medical Team - Consultants	74
<b>Revised Budget</b>	<b>7,706</b>

8.2. The following table shows the current financial position as at 30 September 2020 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2021. The year-end projection will be reviewed on a regular basis throughout the year.

	Spend YTD £000	Budget YTD £000	Variance YTD £000	Year End Projection £000	Annual Budget £000	Over/(Under) Spend		Variance
						£000	%	
<b>Set Aside Budgets</b>								
Acute Services	1,218	1,117	101	1,426	1,293	133	110.3	Some posts are unfunded.
Medical Team - Junior Doctors	792	792	0	1,062	1,062	0	100.0	
Medical Team - Consultants	673	673	0	901	901	0	100.0	
Assessment & Rehab	720	704	16	960	938	22	102.3	Unfunded use of bank staff and unachieved savings target.
Hospital Drugs	650	460	190	897	614	283	146.1	Increases in drug prices (and growth) have been greater than inflationary uplift.
Emergency Department	608	520	88	810	694	116	116.7	Some posts are unfunded.
Acute Mental Health Placements (Ayr Clinic)	457	553	-96	609	737	-128	82.6	Fewer patients than originally budgeted for.
<b>Sub Total</b>	<b>5,118</b>	<b>4,819</b>	<b>299</b>	<b>6,665</b>	<b>6,239</b>	<b>426</b>		
<b>Memorandum Budget - Off Island Acute Services</b>								
Unplanned Activity (UNPACS) other Scottish Boards	393	393	0	524	524	0	100.0	
SLA Healthcare Purchasing - Grampian Mental Health	721	661	60	919	881	38	104.3	Increased activity
SLA Healthcare Purchasing - Grampian Block Contract	80	80	0	160	160	0	100.0	
SLA Healthcare Purchasing - Lothian	81	60	21	108	80	28	134.9	
<b>Sub Total</b>	<b>1,275</b>	<b>1,194</b>	<b>81</b>	<b>1,711</b>	<b>1,645</b>	<b>66</b>		
<b>Total Set Aside</b>	<b>6,393</b>	<b>6,013</b>	<b>380</b>	<b>8,376</b>	<b>7,884</b>	<b>492</b>		

8.3. The cost pressure funding which was allocated non-recurringly can only be allocated to the extent that the pressure exists, therefore some of the funding has been reduced in line with the forecast spend also reducing. So, there shouldn't be an impact on the bottom line in that area. This will be highlighted within the budget setting within the next financial year.

## 9. Contribution to quality

Please indicate which of the Orkney Community Plan 2019 to 2022 visions are supported in this report adding Yes or No to the relevant area(s):

<b>Resilience:</b> To support and promote our strong communities.	No.
<b>Enterprise:</b> To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
<b>Equality:</b> To encourage services to provide equal opportunities for everyone.	No.
<b>Fairness:</b> To make sure socio-economic and social factors are balanced.	Yes.
<b>Innovation:</b> To overcome issues more effectively through partnership working.	No.
<b>Leadership:</b> To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
<b>Sustainability:</b> To make sure economic and environmental factors are balanced.	Yes.

## 10. Resource implications and identified source of funding

10.1. The projected outturn position is showing an anticipated overspend of £2,227,000 for financial year 2020/21. However, this is based on the current commitments known to the end of the financial year.

## 11. Risk and Equality assessment

11.1. The Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded; properly accounted for; and used economically, efficiently and effectively.

## 12. Direction Required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

## 13. Escalation Required

Please indicate if this report requires escalation to:

NHS Orkney.	No.
-------------	-----

Orkney Islands Council.	No
Both NHS Orkney and Orkney Islands Council.	Yes.

## 14. Conclusion

14.1. Demand is rising significantly whilst in real terms, available public spending is reducing. Over the next few years, the Integration Joint Board will require to balance its ambitious commissioning decisions to support change alongside decommissioning decisions that enables NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

## 15. Author

15.1. Pat Robinson (Chief Finance Officer), Integration Joint Board.

## 16. Contact details

16.1. Email: [pat.robinson@orkney.gov.uk](mailto:pat.robinson@orkney.gov.uk).

## 17. Supporting documents

17.1. Annex 1: Budget Reconciliation.

17.2. Annex 2: IJB Reserves.

17.3. Annex 3: IJB Recovery Plan.

## Annex 1: Budget Reconciliation

Budget Summary			£000
NHS Opening Budget 2020/21			26,381
OIC Opening Budget 2020/21			20,343
IJB Opening Budget			46,724
	<b>Recurring</b>	<b>Non Recurring</b>	
	£000	£000	
<b>NHS</b>			
Savings Target	(800)		
Efficiency Savings Reinstated 19/20		130	
Medical Pay Award	7		
Primary Medical Services Pension Uplift	45		
Non Cash Limited Budget Review	443		
Maternal & Infant Nutrition Budget Transfer	13		
2019/20 Prescribing Advance		(66)	
Living Wage Uplift		16	
First Responders	6		
Sonographer	28		
Heart Failure Nurse	30		
Child Healthy Weight Management		47	
Vitamins for Infants		2	
Primary Care Investment Fund	149		
GP Sub Group Transfer	37		
Alcohol & Drugs Partnership b/f		95	
GP Premises		7	
GP Premises		39	
GMS Uplift	36		
Neurological Care		12	
Improvement to GP Premises b/f		55	
Primary Care Improvement Plan b/f		90	
Primary Care Support b/f		17	
Primary Care Digital Technology b/f		71	
Primary Care Improvement Fund		82	
Scottish Trauma Network		2	
Tarriff to Global Sum	(94)		
Third Sector Partnership b/f		14	
PC Near Me Funding (PC Digital Tech transfer to IT)		(25)	
MH Action 15	24		
DDTF ADP		2	
District Nurse Post	11		
School Nursing		46	
Regrading Band 7 to 8A	5		
BAF Seniority Correction	17		
Maternity Best Start		15	
Perinatal & Infant Nutrition		28	
Digital Improvement		10	
Covid 19 Integration		277	
Covid 19 Social Care		200	
Social Care Sustainability		139	
Commissioning Uplift (Infertility)	2		
	(41)	1,305	1,264
	<b>Revised Budget</b>		<b>47,988</b>

## Annex 2: IJB Reserves / Holding Account

	Opening Budget	Allocated	Balance
	£000	£000	£000
<b>Opening Budget from 2019/20</b>			
Alcohol and Drugs Prevention 19/20	94		94
PCIF 19/20	90	-90	0
Primary Care Digital Technology	71	-25	46
Primary Care Rural Fund	41		41
Improvements to GP Premises	15		15
Third Sector Partnership	14	-5	9
Primary Care Support	17		17
<b>New Allocations 2020/21</b>			
Pay Awards	706	-722	-16
2019/20 Savings Target	130	-130	0
PCIF 20/21	311	-121	190
Alcohol and Drugs Prevention 20/21	36		36
Living Wage Uplift	16		16
Vitamins for Infants	2	-2	0
School Nursing	46	-46	0
DDTF Alcohol and Drug Partnership	2		2
GP Premises	7		7
Primary Care Rural Fund	39		39
Mental Health Action 15	24		24
Digital Improvement	10		10
Scottish Trauma Network	2		2
District Nursing	11		11
GMS Uplift > Anticipated	36	-36	0
	<b>1,720</b>	<b>-1,177</b>	<b>543</b>

## Annex 3: Recovery Plan

	<b>£000</b>
<b>NHS Savings Target</b>	<b>2,400</b>
<b>OIC Savings Target</b>	<b>1,800</b>
<b>Overall Savings Target</b>	<b>4,200</b>

	<b>Recurring £000</b>	<b>Non- Recurring £000</b>	<b>Total Savings £000</b>
Underspend from 2019/20		130	
Reduction in Photocopying Costs	1		
Removal of grants paid to Lunch Clubs	37		
Removal of Sleep-ins within Local Authority Care Homes	77		
Staffing Restructure	30		
	<hr/> 145	130	275
			<hr/> <b>3,925</b> <hr/>
		<b>Unidentified Savings</b>	

## Annex 4: Mobilisation Plan COVID-19

	£
Consolidated HSCP costs	529,077
Delayed Discharge Reduction- Additional Care Home Beds	159,502
Delayed Discharge Reduction- Additional Care at Home Packages	101,435
Personal protective equipment	266,659
Estates and Facilities cost including impact of physical distancing measures	97,879
Additional staff Overtime and Enhancements	72,306
Additional temporary staff spend - Student Nurses and AHP	49,214
Additional temporary staff spend - Health and Support Care Workers	141,220
Additional temporary staff spend - All Other	454,546
Social Care Provider Sustainability Payments	88,854
Other external provider costs	2,398
Mental Health Services	13,879
Additional payments to FHS contractors	79,738
Additional FHS Prescribing	82,715
Community Hubs	585,469
Other community care costs	3,694
Loss of income	113,301
Staff Accommodation Costs	40,065
Additional Travel Costs	22,815
Digital, IT and Telephony Costs	2,243
Communications	405
Equipment and Sundries	197
<b>Total</b>	<b><u><u>2,378,531</u></u></b>
Expected underachievement of savings (HSCP)	<u>1,126,000</u>
<b>Total</b>	<b><u><u>3,504,531</u></u></b>