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Agenda Item:

Integration Joint Board

Date of Meeting: 27 October 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 services within the remit of the IJB as at 31 August 2021.
- 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 August 2021, as follows:

- A current overspend of £519,000 on services delegated and an overspend of £201,000 on the set aside.
- A forecast year end overspend of £107,000 on services delegated and £386,000 on set aside, based on current activity and spending patterns.
- Additional funding has been agreed by Orkney Islands Council in regard to additional children's residential care which has a projected cost of £380,000 for this financial year.
- It is anticipated that there is additional funding available from the Council via the corporate contingency for children placed outwith Orkney if required at year end which has been included within the year end projection. Current estimations are a shortfall of £323,000.

3.2. That a savings target of £4,200,000 has been applied for the three year period 2020 to 2023, of which only £259,400 of recurring savings has been identified to date.

3.3. That NHS Orkney has applied a savings target of £1,800,000 for 2021/22 (£800,000 carried forward from 2020/21), with zero savings identified to date.

4. Financial Summary

4.1. Within the 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 Board 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 2021/22 were presented based on "business as usual", to the Board on 21 April 2021. However Scottish Government has 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.

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 3, shows a projected spend across the partnership of £1.860M. It is hoped that some of these projections will reduce due to stepping down some additional staffing that has been required. These costs are mainly in relation to the isolation unit and additional staffing within Home Care, PPE and the COVID-19 assessment centre.

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 is related to the need for staff members to remain at home due to initial COVID-19 restrictions. However, it is still anticipated some sickness absence will be long term. This has resulted in the need to employ agency staff.

5.2.2. Most importantly, the 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 are also additional costs for residential care within Orkney due to the current children's house being at full capacity. However, Orkney Islands Council has agreed to fund this for this financial year. The projected cost of this additional facility is £380K.

5.2.5. There is also corporate contingency that can be drawn upon if required at year end in regards to Outwith Orkney placements which has been taken into consideration within the year end projection. The estimated shortfall based on current placement is £323K.

5.3. Home Care

5.3.1. 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.

5.3.2. The introduction of Self Directed Support became an enabler for service users whereby they can choose to either have an in house service, funding to employ their own personal assistant or ask for another agency to provide the care. This meant that there is more choice for service users and where an in house service is at full capacity there are other options to receive the care. Unfortunately, due to the high demand there has been no ability to reduce the in house provision and no significant investment within the last few years to meet the pressures within the service.

5.3.3. A seminar was held last month for all Elected Members and Members of the IJB to raise awareness about the service pressures. In recent years those wishing to access the service have consistently out-grown those no longer requiring the service. Recruitment and staff absence issues have further compounded the issue.

5.3.4. There are currently around 28 people on the waiting list and at present there is no additional capacity within the third sector either which has further exacerbated the situation. To ensure service can be provided there is a requirement to source additional agency staffing in the short term.

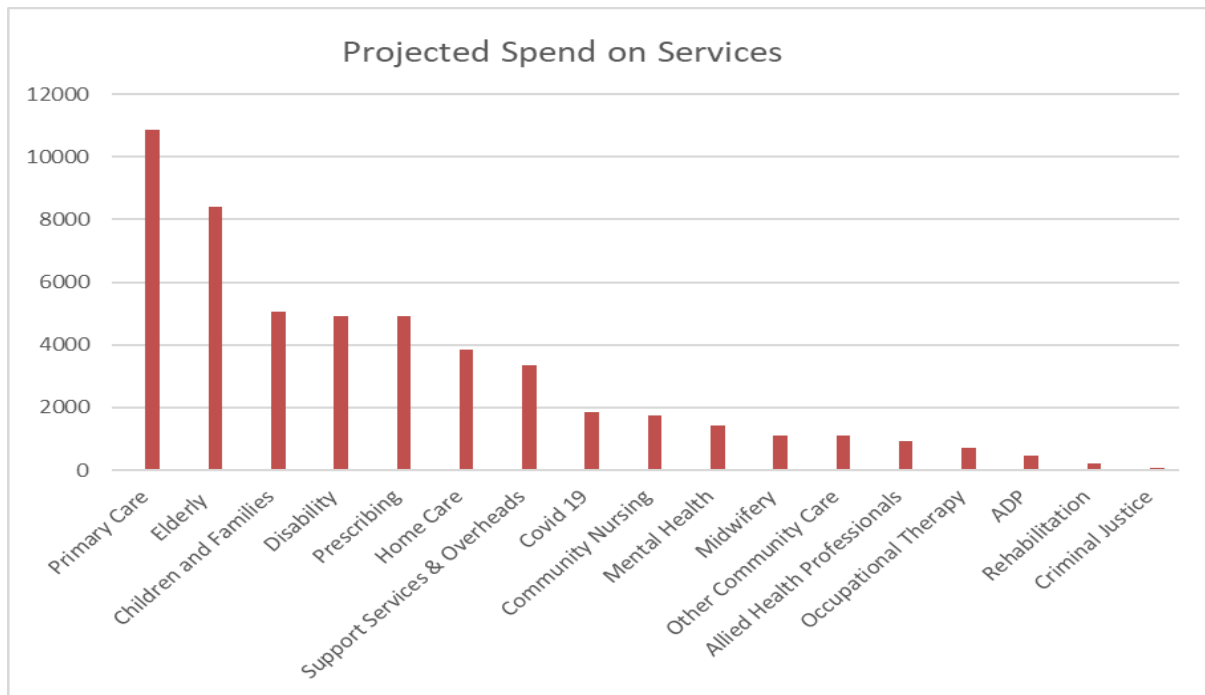
5.3.5. The overall financial position has improved for this financial year only with an allocation of the Further Integration Support funding from the IJB holding/reserves account.

6. Financial Position

6.1. The following table shows the current financial position as at 31 August 2021 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2022. 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	Spend £000	%
Support Services & Overheads	974	1,015	-41	3,360	3,422	-62	98.2
ADP	152	195	-43	454	456	-2	99.6
Children and Families	2,002	1,671	331	5,046	4,896	150	103.1
Prescribing	2,097	2,124	-27	4,920	4,985	-65	98.7
Elderly	3,379	3,358	21	8,391	8,262	129	101.6
Disability	1,959	2,090	-131	4,646	4,919	-273	94.5
Mental Health	604	410	194	1,426	999	427	142.7
Other Community Care	306	394	-88	1,092	1,213	-121	90.0
Occupational Therapy	302	275	27	722	676	46	106.8
Home Care	1,900	1,764	136	3,860	3,815	45	101.2
Criminal Justice	0	13	-13	63	63	0	100.0
Community Nursing	704	698	6	1,747	1,677	70	104.2
Primary Care	4,649	4,659	-10	10,872	10,905	-33	99.7
Allied Health Professionals	384	408	-24	936	981	-45	95.4
Rehabilitation	92	105	-13	227	251	-24	90.4
Midwifery	460	512	-52	1,097	1,232	-135	89.0
Covid 19	573	327	246	1,860	1,860	0	100.0
Service Totals	20,537	20,018	519	50,719	50,612	107	100.2

6.2. The current net 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>Support Services and Overheads (Y/E Forecast £62K underspend).</p> <p>There have been some vacancies within the service and the cost of the case management system (PARIS) is currently less than budgeted for.</p>	Any underspend will be utilised in regard to other pressures within the service.	L Bradford.	31/03/22.	Ongoing.
<p>Children and Families (Y/E Forecast £150K 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.</p>	This has been highlighted within the Senior Management Team with both partners and will be closely monitored.	J Lyon.	31/03/22.	Ongoing.
<p>Prescribing. (Y/E Forecast £65K underspend).</p> <p>Lower than anticipated prescribing costs within the first few months of the year. However, as previously highlighted this can change position on a month by month basis.</p>	Monitor the situation.	W Lycett.	31/03/22.	Ongoing.
<p>Elderly (Y/E Forecast £129K overspend).</p>	A further recruitment campaign was launched again in spring 2021 in ongoing efforts to reduce vacancies. Whilst successful in the short-term the	L Bradford.	31/03/22.	Ongoing.

Service Explanation.	Proposed Action.	Responsible Officer.	Deadline.	Status.
<p>There is a continued reliance on agency staffing due to recruitment issues and long-term sickness absence within residential care homes.</p> <p>There are also residual costs from the transition of the Stromness Care Homes (St Peter's to Hamnavoe House).</p>	<p>recruitment and long-term absence issue continues to be prevalent.</p> <p>Due to COVID-19 there has been a delay in handing over the former residential care property (St Peter's).</p> <p>Continuation of the need to isolate as part of the admission to a care home also has cost implications.</p>			
<p>Disability (Y/E Forecast £273K underspend).</p> <p>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 activity due to closure of day services.</p> <p>A post which became vacant was redesigned into an additional professional post and was successfully recruited to.</p>	<p>This underspend will potentially reduce as services start to reopen and service delivery increases.</p>	L Bradford.	30/11/21.	Ongoing.
<p>Mental Health (Y/E Forecast £427K 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.</p> <p>A permanent Consultant Psychiatrist post has been advertised.</p> <p>An agency nurse is currently backfilling a CAMHS Practitioner vacancy. This</p>	L Bradford.	31/10/21.	Ongoing.

Service Explanation.	Proposed Action.	Responsible Officer.	Deadline.	Status.
	post has attracted applicants and interviews are scheduled.			
<p>Other Community Care (Y/E Forecast £121K underspend).</p> <p>There have been vacancies within the service.</p>	<p>There has been a successful recruitment to the Service Manager post within the service.</p> <p>Other posts will be recruited to in the near future following on from the senior structure.</p>	L Bradford.	31/03/22.	Ongoing.
<p>Home Care (Y/E Forecast £45K 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 sickness within the team whereby there is a requirement to use agency staffing due to very limited relief staff being available.</p>	<p>The Adult Strategic Needs Assessment and work on frailty will improve our understanding of demand.</p> <p>There has been additional one off funding received to cover this shortfall for this financial year but it must be recognised that there will be significant financial pressure moving forward, as mentioned in section 5.3.4 above.</p> <p>A dedicated recruitment campaign will be scheduled for Autumn/Winter.</p>	L Bradford.	31/03/22.	Ongoing.
<p>Community Nursing (Y/E Forecast £70K overspend).</p> <p>There are additional costs due to utilising bank staff on the isles which is unbudgeted.</p>	Monitor the situation.	M Firth / L Bradford.	31/03/21.	Ongoing.

Service Explanation.	Proposed Action.	Responsible Officer.	Deadline.	Status.
<p>Midwifery (Y/E Forecast £135K underspend).</p> <p>£40K forecast under on Maternity Ward, £59K under on Perinatal and £11K under on Maternal and Infant Nutrition due to vacancies.</p>	<p>Successful bids to Scottish Government increased the budget for Midwifery for 2021/22 – there is planned spend in relation to Perinatal Mental Health and Infant Nutrition and it is expected that the additional monies will be spent by year end.</p> <p>Temporary midwifery staffing posts are currently out to advert to address workforce challenges, which will affect the forecasted underspend.</p>	M Swannie.	31/03/22.	Ongoing.

6.4. Variance Analysis

Services	Forecast Year End		Movement £000
	Position as at		
	£000 P3	£000 P5	
Health	187	137	-50
Social Care	792	-30	-822
Service Totals	979	107	-872

IJB Commissioned Services	Year End Over/Underspend		Variance £000	Explanation
	Period 3 £000	Period 5 £000		
Support Services & Overheads	-118	-62	56	Joint Posts hadnt been factored in but now corrected.
ADP	0	-2	-2	
Children and Families	603	150	-453	Additional funding committed for residential care and outwith Orkney placements if required at year end
Prescribing	-70	-65	5	
Elderly	16	129	113	Care income fees have reduced in the short term and there is continued sickness within service.
Disability	-221	-273	-52	Further more accurate projections on actual services provided rather than commissioned.
Mental Health	466	427	-39	Reduction in projected cost of locum psychiatrist
Other Community Care	-39	-121	-82	Assuming some full year vacancies
Occupational Therapy	35	46	11	
Home Care	446	45	-401	Funding allocated from the holding/reserves account.
Criminal Justice	0	0	0	
Community Nursing	100	70	-30	Less requirement of additional staffing
Primary Care	-44	-33	11	
Allied Health Professionals	-58	-45	13	
Rehabilitation	-20	-24	-4	
Midwifery	-117	-135	-18	
Service Totals	979	107	-872	

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 £7.435M, was approved by the Board on 21 April 2021. The adjustments are as follows:

Set Aside Budgets	Spend	Budget	Variance	Year End Projection	Annual Budget	Over/(Under)		Variance
	YTD £000	YTD £000	YTD £000			£000	%	
Acute Services	564	546	18	1,352	1,309	43	103.3	Some posts are unfunded
Medical Team - Junior Doctors	514	514	0	1,235	1,235	0	100.0	Additional Locum costs funded by non-recurring cost pressure.
Medical Team - Consultants	393	393	0	966	966	0	100.0	Additional Locum costs funded by non-recurring cost pressure.
Assessment & Rehab	411	405	6	994	976	18	101.8	Unfunded use of bank staff
Hospital Drugs	409	276	133	980	661	319	148.3	Increases in drug prices (and growth) have been greater than inflationary uplift.
Emergency Department	375	290	85	874	697	177	125.4	Some posts are unfunded
Acute Mental Health Placements (Ayr Clinic)	254	308	-54	610	739	-129	82.5	Fewer patients as been moved to community based services
Sub Total	2,920	2,732	188	7,011	6,583	428		
Memorandum Budget - Off Island Acute Services								
Unplanned Activity (UNPACS) other Scottish Boards	188	222	-34	376	532	-156	70.7	Lower than previous year due to restrictions on travel due to COVID 19
SLA Healthcare Purchasing - Grampian Mental Health	396	370	26	950	889	61	106.9	Increased activity for 3 year rolling average (up to 19/20)
SLA Healthcare Purchasing - Grampian Block Contract	54	54	0	163	162	1	100.6	Notional % of block SLA's with Grampian
SLA Healthcare Purchasing - Lothian	55	34	21	133	81	52	164.2	Increased activity for rolling 3 years (up to 18/19)
Sub Total	693	680	13	1,622	1,664	-42		
Total Set Aside	3,613	3,412	201	8,633	8,247	386		

9. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	No.
Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
Equality: To encourage services to provide equal opportunities for everyone.	No.
Fairness: To make sure socio-economic and social factors are balanced.	Yes.
Innovation: To overcome issues more effectively through partnership working.	No.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
Sustainability: 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 in services delegated of £107K and £386K for the set aside for financial year 2021/22. However, this is based on the current commitments known to the end of the financial year.

10.2. NHS Orkney has stated a savings target of £1,800K for 2021/22 which comprises a carry forward of £800K from 2020/21, of which nothing to date has been identified. This has not been included within the projected overspend highlighted at 10.1.

10.3. Additional funding has been agreed by Orkney Islands Council in regard to additional children's residential care which has a projected cost of £38K for this financial year.

11. Risk and Equality assessment

11.1. The 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 IJB 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

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17. Supporting documents

17.1. Annex 1: IJB Reserves.

17.2. Annex 2: IJB Recovery Plan.

17.3. Annex 3: Mobilisation Plan COVID-19 Projected Full Year.

Annex 1: IJB Reserves / Holding Account

	Opening Balance	New Allocations / Allocated	Balance at Period 5
	£000	£000	£000
Alcohol and Drugs Prevention	145	66	211
PCIF 20/21	641	65	706
Primary Care	136	(95)	41
School Nursing	12	(12)	0
Mental Health Action 15	54	23	77
Reduced Drug Deaths	22		22
District Nursing	11	14	25
ASC Nurse Director Support	60	(60)	0
Adult Social Care Winter Plan	84	(84)	0
Community Living Change	81	(81)	0
Further Integration Support	406	(403)	3
Mental Health Recovery and Renewal	0	798	798
Pay Uplifts and Inflation*		(125)	(125)
	1,652	106	1,758
COVID-19	671		671

*Note: Additional funding due from Scottish Government in relation to 4% Pay Award.

Annex 2: Recovery Plan

	£000
NHS Savings Target	2,400
OIC Savings Target	1,800
Overall Savings Target	4,200

	Recurring £000	Non- Recurring £000	Total Savings £000
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		
Reduction in Un-utilised Budget.	25		
Increase in Residential Care Income.	37		
Increase in Very Sheltered Income.	32		
Additional income to IJB Budget.	20		
	<hr/> 259		259
		Unidentified Savings	<hr/> 3,941 <hr/>

Annex 3: Mobilisation Plan COVID-19 Projected Full Year

	£000
Additional PPE	2
Testing	398
Community Hubs	434
Additional Capacity in Community	96
Additional Infection Prevention and Control Costs	426
Additional FHS Prescribing	42
Additional Staffing Costs	277
Loss of Income	18
Additional Equipment and Maintenance and Other	55
Social Care Provider Sustainability Payments	35
Unachieved Planned Savings	77
Total	1,860