

Gillian Morrison (Interim Chief Officer)

Orkney Health and Care

01856873535 extension: 2611

OHACfeedback@orkney.gov.uk



Agenda Item: 10

Integration Joint Board

Date of Meeting: 29 October 2020.

Subject: Revenue Expenditure Monitoring.

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 August 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 August 2020, as follows:

- A current overspend of £771,000.
- A forecast year end overspend of £2,889,000 based on current activity and spending patterns.
- Additional funding amounting to £616,000 received from the Scottish Government in regard to Social Care Sustainability and COVID 19.

3.2. That a savings target of £4,200,000 has applied for the three year period 2020 to 2023, of which only £145,000 has been identified to date.

3.3. That NHS Orkney has applied its savings target of £800,000 for 2020/21 which contributes to the forecast year end overspend.

The Integration Joint Board is invited to approve:

3.4. The underspend of £130,000 from financial year 2019/20 be used to reduce the savings target on a non-recurring basis for this financial year, as illustrated within the recovery plan at Annex 3.

4. Financial Summary

4.1. Within the Integration Joint Board, 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 costs will be covered by partners, and 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 showed a projected spend across the partnership of £2,654,302. If the non-achievement of savings is also factored in this increases the costs to £3,910,306. 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 £616,000 in relation to COVID 19 spend 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.

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.

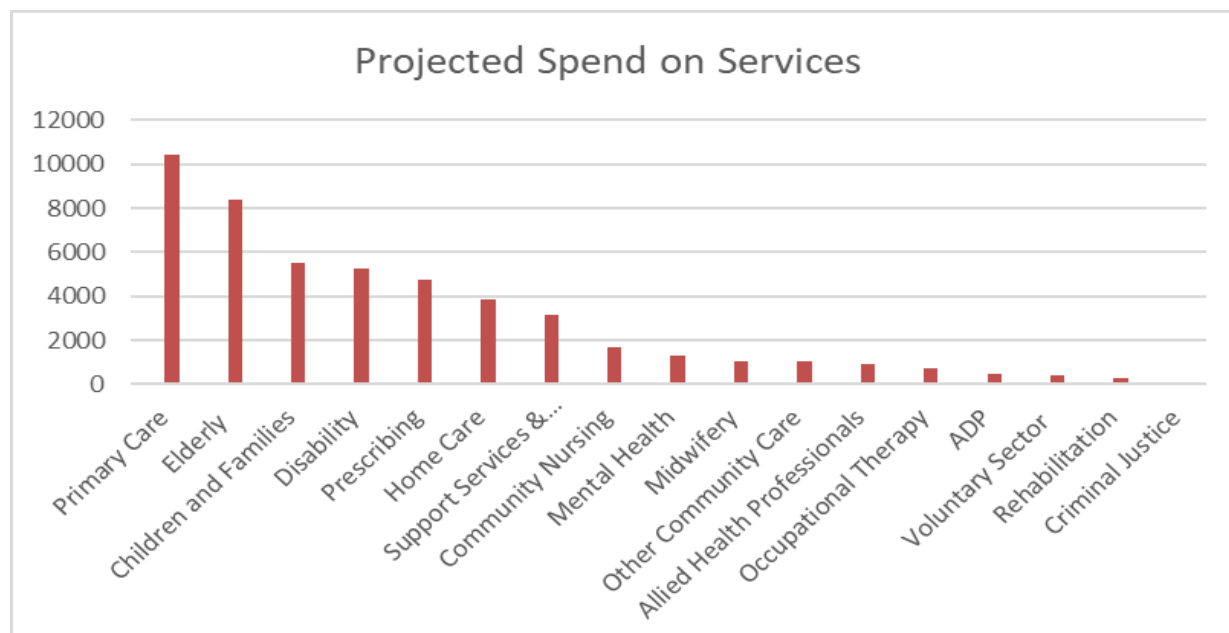
5.2.4. There has been a longstanding requirement for agency staff due to being unable to recruit to the vacancies within the Speech and Language service. The most recent recruitment process resulted in the offer of two posts but the successful applicants are unlikely to be in post until next year. A report on this situation, and proposed interim solution, is being considered by the Senior Management Team of NHS Orkney on 19 October 2020.

6. Financial Position

6.1. The following table shows the current financial position as at 31 August 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 YTD	Budget YTD	Variance YTD	Year End Projection	Annual Budget	Over/(Under) Spend	
	£000	£000	£000	£000	£000	£000	%
Support Services & Overheads	1,175	1,085	90	3,180	2,927	253	108.6
ADP	184	189	-5	448	448	0	100.0
Voluntary Sector	232	228	4	378	390	-12	96.9
Children and Families	1,883	1,855	28	5,494	4,680	814	117.4
Prescribing	2,378	2,058	320	4,777	4,802	-25	99.5
Elderly	3,474	3,379	95	8,374	8,271	103	101.2
Disability	1,938	1,860	78	5,240	4,724	516	110.9
Mental Health	525	415	110	1,320	1,019	301	129.5
Other Community Care	408	456	-48	1,029	1,067	-38	96.4
Occupational Therapy	270	261	9	705	670	35	105.2
Home Care	1,738	1,651	87	3,823	3,533	290	108.2
Criminal Justice	2	31	-29	50	50	0	100.0
Community Nursing	710	672	38	1,704	1,618	86	105.3
Primary Care	4,530	4,535	-5	10,426	10,525	-99	99.1
Allied Health Professionals	383	390	-7	921	940	-19	98.0
Rehabilitation	106	100	6	255	240	15	106.3
Midwifery	422	422	0	1,064	1,065	-1	99.9
Reserves	16	-263	279	481	-189	670	n/a
Service Totals	20,374	19,324	771	49,669	46,780	2,889	106.2

6.2. The current spend can be illustrated as follows:



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

6.3.1. Support Services and Overheads (Y/E Forecast £253K overspend).

A separate cost centre was created in regard to additional costs of COVID-19 to be included within the mobilisation plan. These costs include staffing costs associated with opening the fourth wing at Hamnavoe House, additional agency staff required, and additional PPE costs incurred.

6.3.2. Children and Families (Y/E Forecast £814K overspend).

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 children's improvement plan. There are also additional costs for residential care within Orkney due to the current children's home being at full capacity.

There has been a requirement for agency staff due to vacancies within the Speech and Language service. A recruitment process underway which will see a reduction in projected costs.

6.3.3. Elderly (Y/E Forecast £103K overspend).

There is a continued reliance on agency staffing due to recruitment issues and long term sickness absence within residential care homes.

6.3.4. Disability (Y/E Forecast £516K overspend).

Overspend is due to the cost regarding out of Orkney placements with increased supported living rate. There are also increased costs within the supported accommodation service of which some is in relation to COVID-19, this will need to be recoded.

6.3.5. Mental Health (Y/E Forecast £301K overspend).

There are additional costs regarding employing a locum consultant psychiatrist locally as well as agency psychiatric nursing being required to cover vacancies.

6.3.6. Home Care (Y/E Forecast £290K overspend).

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.

6.3.7. Community Nursing (Y/E Forecast £86K overspend).

Some of the overspend is in relation to additional costs relating to COVID-19. These additional costs will be identified and moved to the appropriate cost centre.

6.3.8. Primary Care (Y/E Forecast £99K underspend).

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.

Orkney has been allocated £49,102 towards a rural fellowship GP training post. This post has been vacant within this financial year.

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 following table shows the current financial position as at 31 August 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.

Period 5	Year End	Annual	Over/(Under)		Variance
	Projection	Budget	Spend		
Set Aside Budgets	£000	£000	£000	%	
Acute Services	1,432	1,293	139	110.8	Some posts are unfunded
Medical Team - Junior Doctors	921	921	0	100.0	
Medical Team - Consultants	843	843	0	100.0	
Assessment & Rehab	998	936	62	106.6	Unfunded use of bank staff and unachieved savings target
Hospital Drugs	834	614	220	135.9	Over time actual increases in drug prices (and growth) have been greater than anticipated
Emergency Department	794	694	100	114.5	inflationary uplift
Acute Mental Health Placements (Ayr Clinic)	610	737	-127	82.8	Some posts are unfunded
Sub Total	6,432	6,037	395		Fewer patients being treated there than originally budgeted for
Memorandum Budget - Off Island Acute Services					
Unplanned Activity (UNPACS) other Scottish Boards	541	524	17	103.3	
SLA Healthcare Purchasing - Grampian Mental Health	972	881	91	110.3	Increased activity
SLA Healthcare Purchasing - Grampian Block Contract	160	160	0	100.0	
SLA Healthcare Purchasing - Lothian	108	80	28	134.9	
Sub Total	1,781	1,645	531		
Total Set Aside	8,213	7,682	926		

8.2. 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:

Budget Reconciliation	£000
Opening Budget	7,777
Medical Team - Junior Doctors	-157
Medical Team - Consultants	62
Revised Budget	7,682

8.3. The changes in budget are due to non-recurring funding for locums being less than anticipated.

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):

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 of £2,889,000 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, telephone: 01856873535, extension 2601.

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
	Recurring	Non Recurring	
	£000	£000	
NHS			
Savings Target	(800)		
Efficiency Savings Reinstated 19/20		130	
Primary Medical Services Pension Uplift	45		
Non Cash Limited Budget Review	89		
Maternal & Infant Nutrition Budget Transfer	13		
2019/20 Prescribing Advance		(66)	
Living Wage Uplift		17	
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	
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	
Third Sector Partnership b/f		14	
PC Near Me Funding (PC Digital Tech transfer to IT)		(14)	
Commissioning Uplift (Infertility)	1		
	(402)	458	56
	Revised Budget		46,780

Annex 2: IJB Reserves / Holding Account

	Opening Budget	Allocated	Balance
	£000	£000	£000
Opening Budget from 2019/20			
Alcohol & Drugs Prevention 19/20	94		94
PCIF 19/20	90	-90	0
Primary Care Digital Technology	71	-14	57
Primary Care Rural Fund	41		41
Improvements to GP Premises	15		15
Third Sector Partnership	14		14
Primary Care Support	17		17
New Allocations 2020/21			
Pay Awards	706	-623	83
2019/20 Savings Target	130		130
PCIF 20/21	229	-121	108
Alcohol & Drugs Prevention 20/21	36		36
Living Wage Uplift	16		16
Vitamins for Infants	2	-2	0
	1,461	-850	611

Annex 3: 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
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/> 3,925 <hr/>
		Unidentified Savings	