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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.

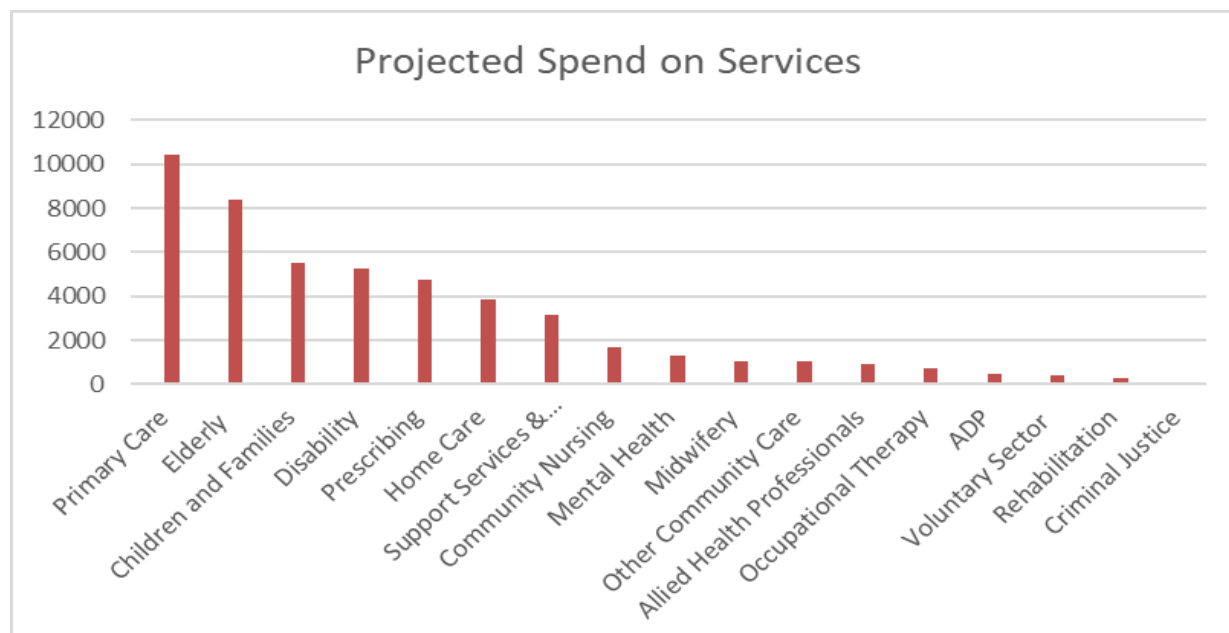
5.2.4. There has been a longstanding requirement for agency staff due to being unable to recruit to the vacancies within the Speech and Language service. The most recent recruitment process resulted in the offer of two posts but the successful applicants are unlikely to be in post until next year. A 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          |
| <b>Service Totals</b>        | <b>20,374</b> | <b>19,324</b> | <b>771</b>   | <b>49,669</b>       | <b>46,780</b> | <b>2,889</b>       | <b>106.2</b> |

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   |
| <b>Sub Total</b>                                     | <b>6,432</b> | <b>6,037</b> | <b>395</b>   |       | Fewer patients being treated there than originally budgeted for                           |
| <b>Memorandum Budget - Off Island Acute Services</b> |              |              |              |       |   |
| 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 |   |
| <b>Sub Total</b>                                     | <b>1,781</b> | <b>1,645</b> | <b>531</b>   |       |   |
| <b>Total Set Aside</b>                               | <b>8,213</b> | <b>7,682</b> | <b>926</b>   |       |   |

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           |
| <b>Revised Budget</b>         | <b>7,682</b> |

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):

|   |      |
|---|------|
| <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 £2,889,000 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](mailto: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

|   |                       |                      |               |
|---|-----------------------|----------------------|---------------|
| <b>Budget Summary</b>                               |                       |                      | <b>£000</b>   |
| <b>NHS Opening Budget 2020/21</b>                   |                       |                      | <b>26,381</b> |
| <b>OIC Opening Budget 2020/21</b>                   |                       |                      | <b>20,343</b> |
| <b>IJB Opening Budget</b>                           |                       |                      | <b>46,724</b> |
|   | <b>Recurring</b>      | <b>Non Recurring</b> |               |
|   | <b>£000</b>           | <b>£000</b>          |               |
| <b>NHS</b>  |                       |                      |               |
| 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                  | <b>56</b>     |
|   |                       |                      |               |
|   | <b>Revised Budget</b> |                      | <b>46,780</b> |

## Annex 2: IJB Reserves / Holding Account

|                                    | Opening<br>Budget | Allocated   | Balance    |
|------------------------------------|-------------------|-------------|------------|
|                                    | £000              | £000        | £000       |
| <b>Opening Budget from 2019/20</b> |                   |             |            |
| 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         |
| <b>New Allocations 2020/21</b>     |                   |             |            |
| 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          |
|                                    | <b>1,461</b>      | <b>-850</b> | <b>611</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<br/>£000</b> | <b>Non-<br/>Recurring<br/>£000</b> | <b>Total<br/>Savings<br/>£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<br>Authority Care Homes | 77                        |                                    |                                   |
| Staffing Restructure                                      | 30                        |                                    |                                   |
|   | <hr/> 145                 | 130                                | 275                               |
|   |                           |                                    | <hr/> <b>3,925</b> <hr/>          |
|   |                           | <b>Unidentified Savings</b>        |                                   |