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Orkney Health and Care

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Agenda Item: 11

Integration Joint Board

Date of Meeting: 30 September 2020.

Subject: Set Aside Budget.

1. Summary

1.1. The Integration Joint Board will lead the preparation of the Strategic Plan with other stakeholders, in line with the principles and duties set out in the legislation. One of these is the amount set aside by the Health Board for any delegated services provided for the population of the Integration Joint Board.

2. Purpose

2.1. The purpose of this report is to present the funding allocation in regard to the Set Aside budget from NHS Orkney for financial year 2020/21.

3. Recommendations

The Integration Joint Board is invited to:

3.1. Note that inpatient hospital services/budgets provided within the Balfour Hospital and capacity in the delegated specialties used in hospitals located in other Health Board areas will form the set aside portion of the hospital budget.

3.2. Note that the Board of NHS Orkney approved the formal delegation of the set aside, otherwise known as unscheduled care, to the Orkney IJB on 28 May 2020 using the calculation detailed at section 5.3 of this report.

3.3. Note that, since the establishment of the Integration Joint Board, the set aside budget has had significant overspends and additional resources have been required from NHS Orkney to achieve a balanced position.

It is recommended:

3.4. That the set aside budget is received from NHS Orkney in accordance with legislative requirements.

3.5. That a Direction for this financial year be given to NHS Orkney delegating the associated budget received to provide those services highlighted within Annex 2 to this report.

3.6. That NHS Orkney be required to report to the Integration Joint Board, on a quarterly basis, on delivery of those services within the set aside budget.

3.7. That, during the current financial year, the Chief Finance Officer of the IJB and the Director of Finance at NHS Orkney work through the six steps, as highlighted at section 4.5 of this report, with a view to managing this budget direct.

4. Background Information

4.1. Within the Public Bodies (Joint Working) (Scotland) Act 2014 and regulations there is a requirement that the budget for hospital services, used by the partnership population, is included within the scope of the Strategic Plan. Where a Health Board and an Integration Authority are coterminous (cover the same area), unscheduled adult inpatient services must be delegated to the Integration Authority, based on the functions included in the legislation. An explanation of a Set Aside budget is included with Annex 1.

4.2. In regard to the legislation the following which can be found at:

<https://www.legislation.gov.uk/ssi/2014/344/schedule/3/part/2/made>

Schedule 3, Part 2, sets out the following services much be included in the budget allocation:

- (a). Accident and emergency services provided in a hospital.
- (b). Inpatient hospital services relating to the following branches of medicine:
 - (i). General medicine.
 - (ii). Geriatric medicine.
 - (iii). Rehabilitation medicine.
 - (iv). Respiratory medicine.
 - v). Psychiatry of learning disability.
- (c). Palliative care services provided in a hospital.
- (d). Inpatient hospital services provided by general medical practitioners.
- (e). Services provided in a hospital in relation to an addiction or dependence on any substance.
- (f). Mental health services provided in a hospital, except secure forensic mental health.

4.3. The Integration Scheme states the following:

4.3.1. Inpatient hospital services/budgets provided within the Balfour Hospital and capacity in the delegated specialties used in hospitals located in other Health Boards will form the set-aside portion of the hospital budget.

4.3.2. Orkney Islands Council and NHS Orkney shall each prepare a schedule outlining the detail and total value of the proposed initial payment, the underlying assumptions behind that initial payment and the financial performance against budget for the delegated services in the shadow year for their respective areas.

4.3.3. Transfers to/from the set aside budget for hospital services are set out in the 3 Year Strategic Plan.

4.3.4. Throughout the financial year the Board shall receive comprehensive financial monitoring reports, including for the sum set aside.

4.4. In previous years NHS Orkney did raise the issue whether set aside should be included as this primarily related to “large hospitals”. The guidance did not appear to be applicable to NHS Orkney as the definition covered functions that are carried out in the Health Board and provided to two or more local authorities. A response was received from the Scottish Government on 24 April 2018 which stated the following:

“Where a Health Board and an Integration Authority are coterminous, such as in Orkney, these services should be delegated to and payments made to the Integration Authority. Where a Health Board has more than one Integration Authority partner, it can either make direct payments for large hospital services or it can retain the resources and establish a set aside budget to be directed and controlled by the Integration Authorities.

In practise of the coterminous areas, only Dumfries and Galloway have fully delegated services and budgets to the Integration Authority. The others (Borders, Fife, Shetland and Western Isles) have established a set aside budget.”

4.5. The National Integration Finance Development Group (FDG) has spent time understanding the types of information that is available to enable local systems to manage set aside budgets for planning, monitoring and shifting resources. The six key steps in the statutory guidance are as follows:

4.5.1. A group should be established, comprising the hospital sector director and finance leads, together with the Chief Officers and Chief Finance Officers of the Integration Authorities, whose populations use the hospital services, including those with a material level of cross boundary flow.

4.5.1.1. The purpose of the group is as follows:

- To develop an understanding of the baseline bed capacity used by Integration Authority residents in the delegated specialties and the resource affected.
- To develop projections and agree a plan for the capacity that will be needed in future.
- To monitor implementation of the plan.

4.5.2. The baseline bed days used by Integration Authority residents in the ten specialties should be quantified and the relevant budgets mapped to the bed capacity. The resulting amounts would then be the baseline sum set aside.

4.5.3. A method should be agreed for quantifying how the sum set aside will change with projected changes in bed capacity. This should be at two levels of detail:

- One allowing for the development of outline plans, giving an initial indication of the potential resource implications.

- A more comprehensive analysis of agreed changes in capacity, that takes into account cost behaviour and timing of resource changes.

4.5.3.1. Although ultimately left to local decision, the guidance recommends that a similar process to the one successfully used for Learning Disability Same As You (LDSAY) should be used for the more detailed modelling.

4.5.4. A plan should be developed and agreed that sets out the capacity levels required by each Integration Authority (taking into account both the impact of redesign and of demographic change) and the resource changes entailed by the capacity changes.

4.5.5. Regular information should be provided to the group to monitor performance against the plan.

4.5.6. As the plan for hospital capacity is a joint risk held by the Integration Authorities and the Health Board an accountability framework should be agreed that clarifies relevant risk sharing arrangements.

4.6. To date none of these steps have been taken to understand these in detail.

5. Current Position

5.1. Within the Audit Scotland external audit report presented to the IJB Audit Committee on 18 March 2020, it states that within the planned audit work there would need to be “confirmation that the unscheduled care budget has been transferred by 31 March 2020, providing comment in our annual audit report.”

<https://www.orkney.gov.uk/Council/C/orkney-integration-joint-board-audit-committee-18-march-2020.htm>.

5.2. At its meeting held on 9 April 2020, the IJB resolved that the Chief Finance Officer should write to NHS Orkney seeking progress with setting out a timescale for progressing delegation of the budget for unscheduled care to the IJB, in accordance with the six steps in the statutory guidance.

5.3. On 28 May 2020, the Board of NHS Orkney approved the formal delegation of the set aside to the Orkney IJB on the following basis

“We have therefore used the annual accounts disclosure as the basis for calculating the set-aside budgets for formal delegation. There are significant cost pressures and overspends within these services with regards recurring budget, the expectation once the delegated areas and budgets are agreed is that the IJB will be in a position to influence the expenditure within these areas.

Details of proposed set-aside budgets are set out below:

- On Island Acute Services: £5.06m.
- Off Island Acute Services: £2.38m.”

5.3.1. Further information on the breakdown of these budget lines can be found within Annex 2 to this report.

5.4. Most of Orkney Health and Care’s shift in resources was completed prior to implementation of integrated working i.e. a ward closed, and the integrated care team was created. The reduction in hospital beds is now at minimum levels as agreed in the new hospital and healthcare facility business case.

5.5. As a very small area with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing numbers of older people, the IJB will have very limited scope to make significant resource shifts from hospital to other forms of care.

5.6. A stronger focus on prevention and re-ablement, and a move away from episodic care delivered in hospitals to greater co-ordinated team based care to support people with long term conditions is a key and ongoing priority for the IJB.

6. 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.

7. Resource implications and identified source of funding

7.1. The proposed budget for 2020/21 is £7,777,000 of which the full breakdown can be found within Annex 2 to this report.

7.2. Since the establishment of the IJB the spend has always exceeded the budget within these services which can be shown as follows:

Financial Year	Actual Spend £000	Budget £000	Variance £000
2016/17	6,700	5,564	1,136
2017/18	7,347	6,478	869
2018/19	7,871	7,309	562
2019/20	8,617	7,842	775

7.2.1. This is largely but not solely due to the continued costs associated with the medical model and reliance on locum medical staff. Over and above this there are continued staff pressures in several departments due to high levels of sickness absence, maternity leave and activity pressures, resulting in a need for additional bank staff and on very rare occasions locum cover. A full breakdown of the costs and budget can be found in Annex 3.

8. Risk and Equality assessment

8.1. 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.

9. Direction Required

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

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

10. Escalation Required

Please indicate if this report requires escalated to:

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

11. Author

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

12. Contact details

12.1. Email: pat.robinson@orkney.gov.uk, telephone: 01856873535 extension 2601.

13. Supporting documents

13.1. Annex 1: What is a Set Aside Budget.

13.2. Annex 2: Delegated Budget 2020/21.

13.3. Annex 3: Set Aside Financial Analysis 2016 to 2020.

13.4. Appendix 1: Draft Direction.

Annex 1: What is a Set Aside Budget?

What is a set aside budget?

The budgets of integration authorities (IAs) are composed of two elements:

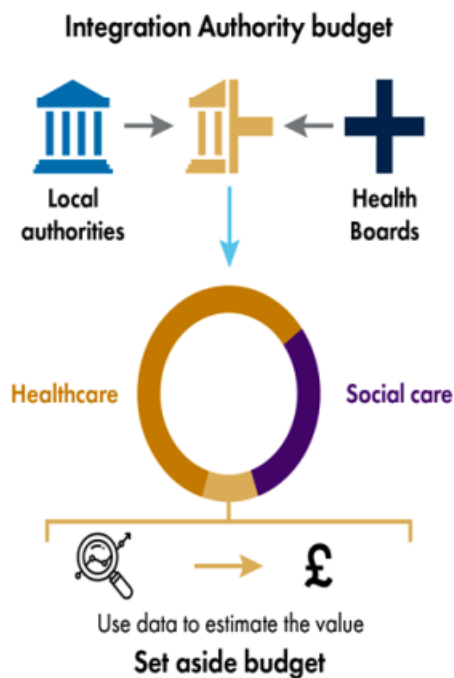
- Social care
- Health care – including primary and community healthcare, as well as some hospital care

The majority of integration authorities (IAs) have a 'set aside' budget. This relates to unscheduled acute hospital care.

How is the set aside budget agreed?

When setting the budget, the integration authority agrees with the NHS health board partner how much it expects to need for unscheduled acute hospital care. To do this, the partners use hospital data on levels of activity.

For IAs using the "set aside" approach, the agreed amount remains within the NHS rather than being paid to the IA (like the rest of the NHS contribution). This "set aside" budget should still remain under the control of the IA.



What can change the set aside budget?

In year

During the year, actual **unscheduled acute activity** might be higher or lower than anticipated.

If activity is higher, the IA needs to agree with partners how these additional costs will be met.

If activity is lower, the IA should be able to decide how to spend the difference between actual and anticipated costs.

For example:

A flu outbreak results in increased unscheduled acute hospital bed space

IA has to find additional funding from partners to cover these costs

Longer term

Over the longer term, changes to how services are delivered should also be aimed at reducing demand for unscheduled acute care and – in turn – the set aside budget.

For example:

A hospital ward providing unscheduled acute care is closed because of increased community service provision in homes and care homes

Reduced costs for unscheduled acute care (and the set aside) and a shift to community spending. This means that, even if the IA budget remains the same, or is rising, a smaller proportion should be accounted for by the set aside budget

Source: SPICe Health and social care integration: spending and performance update.

Annex 2: Set Aside Budget Delegated 2020/21

Set Aside Budgets	£000
Acute Services	1,293
Medical Team - Junior Doctors	1,078
Medical Team - Consultants	781
Assessment and Rehab	936
Hospital Drugs	614
Emergency Department	694
Acute Mental Health Placements (Ayr Clinic)	737
	<hr/>
	6,132
Memorandum Budget - Off Island Acute Services	£000
Unplanned Activity (UNPACS) other Scottish Boards	524
SLA Healthcare Purchasing - Grampian Mental Health	881
SLA Healthcare Purchasing - Grampian Block Contract	160
SLA Healthcare Purchasing - Lothian	80
	<hr/>
	1,645
Total Budget 2020/21	<hr/> £ 7,777 <hr/>
Reconciliation from delegated budget in May 2020	£000
Opening Budget	7,447
Savings Target*	-82
Pay and Other Uplifts (Less than anticipated)**	-83
Locum Funding	444
Open University Students	51
	<hr/>
Total Budget 2020/21	<hr/> £ 7,777 <hr/>

Note: *There is a 1.5% savings target applied to most hospital budgets as a cash releasing efficiency target in 2020/21. It is normal practice within NHS to apply these types of targets to all 'controllable' budgets to allow the overall board resources to be managed effectively.

Note: **Medical pay award not yet been received but the budget will be increased when received. Staff budgets are reduced to match actual costs.

Annex 3: Set Aside Financial Analysis 2016 to 2020

Set Aside Budgets	16/17			17/18			18/19			19/20		
	Budget £'000	Spend £'000	Variance £'000	Budget £'000	Spend £'000	Variance £'000	Budget £'000	Spend £'000	Variance £'000	Budget £'000	Spend £'000	Variance £'000
Acute Services	957	1,052	95	1,001	1,090	89	1,270	1,427	157	1,224	1,521	297
Medical Team - Junior Doctors	582	734	152	944	945	1	1,007	997	-10	1,268	1,218	-50
Medical Team - Consultants	625	1,213	588	821	830	9	896	883	-13	830	859	29
Assessment & Rehab	934	959	25	869	898	29	990	1,050	60	973	1,063	90
Hospital Drugs	453	500	47	503	618	115	675	615	-60	575	934	359
Emergency Department	625	661	36	635	706	71	719	786	67	711	790	79
Acute Mental Health Placements (Ayr Clinic)	204	195	-9	556	556	0	546	598	52	664	610	-54
Sub Total	4,380	5,314	934	5,329	5,643	314	6,103	6,356	253	6,245	6,995	750
Memorandum Budget - Off Island Acute Services												
Unplanned Activity (UNPACS) other Scottish Boards	516	392	-124	474	470	-4	496	390	-106	497	541	44
SLA Healthcare Purchasing - Grampian Mental Health	443	769	326	449	1,004	555	481	916	435	867	855	-12
SLA Healthcare Purchasing - Grampian Block Contract	151	151	0	151	151	0	153	153	0	155	155	0
SLA Healthcare Purchasing - Lothian	74	74	0	75	79	4	76	56	-20	78	71	-7
Sub Total	1,184	1,386	202	1,149	1,704	555	1,206	1,515	309	1,597	1,622	25
Total Set Aside	5,564	6,700	1,136	6,478	7,347	869	7,309	7,871	562	7,842	8,617	775



Integration Joint Board Direction.

Reference	2020.01 – Set Aside Budget.
Date direction issued	30 September 2020.
Date direction in effect from	30 September 2020 for one year.
Direction issued to	NHS Orkney.
Does this direction supersede, amend or cancel a previous direction – If yes, include reference number(s)	No.
Service area covered by direction	Unscheduled Care including: Acute Services; Medical Team - Junior Doctors; Medical Team – Consultants; Assessment and Rehab; Hospital Drugs; Emergency Department; Acute Mental Health Placements (Ayr Clinic); Unplanned Activity (UNPACS) other Scottish Boards; SLA Healthcare Purchasing - Grampian Mental Health; SLA Healthcare Purchasing - Grampian Block Contract and SLA Healthcare Purchasing – Lothian.
Detail of Direction	To provide unscheduled care services within the budget details below. To participate in a short life working group, in line with Scottish Government statutory guidance, to enable a report on proposals for the set aside budget to be transferred to the IJB to be considered by the IJB within the next year. During the interim period, there will be a requirement for the acute sector to develop procedures to deliver services within the budget available which is agreed by the NHS Board and the IJB to ensure that the IJB has strategic

	oversight. The procedures will include quarterly management and budgetary performance monitoring of set aside hospital functions and associated resources.																																
Budget allocated for this direction	<table> <tr> <td>Set Aside Budgets</td> <td style="text-align: right;">£000</td> </tr> <tr> <td>Acute Services</td> <td style="text-align: right;">1,293</td> </tr> <tr> <td>Medical Team - Junior Doctors</td> <td style="text-align: right;">1,078</td> </tr> <tr> <td>Medical Team - Consultants</td> <td style="text-align: right;">781</td> </tr> <tr> <td>Assessment and Rehab</td> <td style="text-align: right;">936</td> </tr> <tr> <td>Hospital Drugs</td> <td style="text-align: right;">614</td> </tr> <tr> <td>Emergency Department</td> <td style="text-align: right;">694</td> </tr> <tr> <td>Acute Mental Health Placements (Ayr Clinic)</td> <td style="text-align: right;">737</td> </tr> <tr> <td></td> <td style="text-align: right;"><hr/>6,132</td> </tr> <tr> <td> Memorandum Budget - Off Island Acute Services</td> <td style="text-align: right;"> £000</td> </tr> <tr> <td>Unplanned Activity (UNPACS) other Scottish Boards</td> <td style="text-align: right;">524</td> </tr> <tr> <td>SLA Healthcare Purchasing - Grampian Mental Health</td> <td style="text-align: right;">881</td> </tr> <tr> <td>SLA Healthcare Purchasing - Grampian Block Contract</td> <td style="text-align: right;">160</td> </tr> <tr> <td>SLA Healthcare Purchasing - Lothian</td> <td style="text-align: right;">80</td> </tr> <tr> <td></td> <td style="text-align: right;"><hr/>1,645</td> </tr> <tr> <td> Total Budget 2020/21</td> <td style="text-align: right;"> <hr/>£ 7,777</td> </tr> </table> <p>This budget will increase when further funds are received such as medical pay awards.</p>	Set Aside Budgets	£000	Acute Services	1,293	Medical Team - Junior Doctors	1,078	Medical Team - Consultants	781	Assessment and Rehab	936	Hospital Drugs	614	Emergency Department	694	Acute Mental Health Placements (Ayr Clinic)	737		<hr/> 6,132	 Memorandum Budget - Off Island Acute Services	 £000	Unplanned Activity (UNPACS) other Scottish Boards	524	SLA Healthcare Purchasing - Grampian Mental Health	881	SLA Healthcare Purchasing - Grampian Block Contract	160	SLA Healthcare Purchasing - Lothian	80		<hr/> 1,645	 Total Budget 2020/21	 <hr/> £ 7,777
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Outcome(s) to be achieved	To meet legislative requirements.																																
How will this be measured	Quarterly management and budgetary performance monitoring as referred to above.																																
Date of direction review	September 2021.																																