

**Sally Shaw (Chief Officer)**

Orkney Health and Care

01856873535 extension: 2601

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



Agenda Item: 9

## **Integration Joint Board**

Date of Meeting: 27 March 2019.

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 Commissioning 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 Period 10 (end of January 2019).
- Advise on any areas of significant variances.
- Request approval of the identified savings within the recovery plan, attached as Annex 1.

### **3. Recommendations**

The Integration Joint Board is invited to:

3.1. Note the Revenue Expenditure Report.

3.2. Note the financial position of Orkney Health and Care as at 31 January 2019, as follows:

- A current underspend of £240,000.
- A forecast overspend of £743,000 based on current activity and spending patterns.

3.3. Approve the Recovery Plan, attached at Annex 1.

## **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 break-even 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.

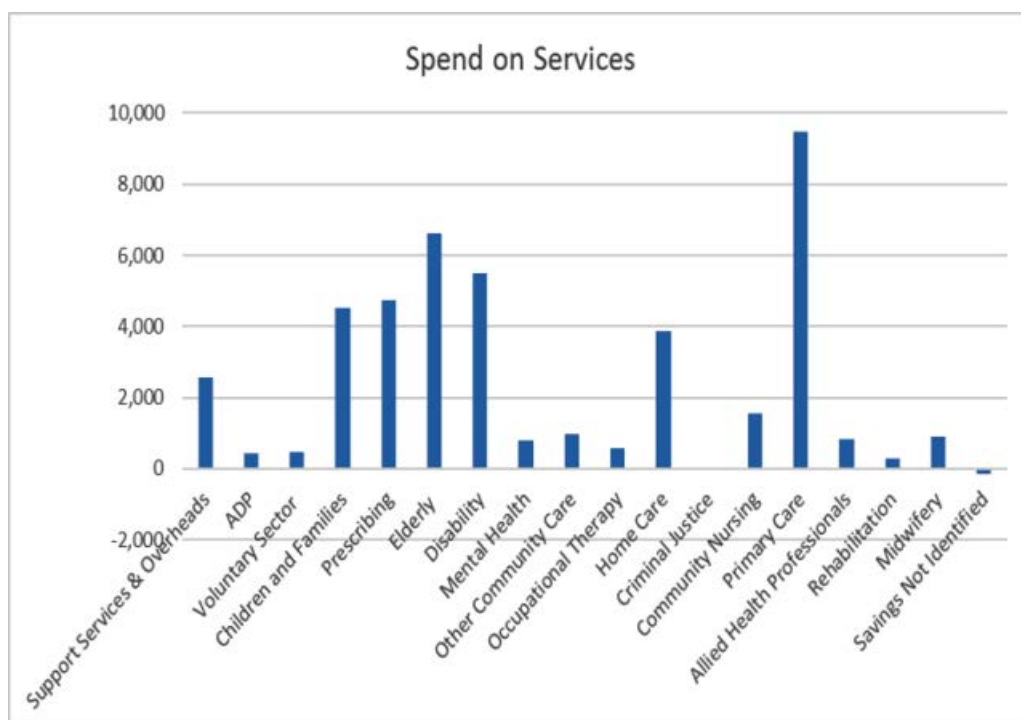
4.7. Where such recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the Board.

## **5. Financial Position**

5.1. The following table shows the current financial position as at 31 January 2019 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2019. 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	1,235	1,268	-33	2,573	2,621	-48	98.2
ADP	343	356	-13	427	427	0	100.0
Voluntary Sector	425	437	-12	467	462	5	101.1
Children and Families	3,486	3,481	5	4,506	4,465	41	100.9
Prescribing	3,831	3,872	-41	4,744	4,709	35	100.7
Elderly	5,176	5,101	75	6,613	6,416	197	103.1
Disability	4,104	4,108	-4	5,482	5,465	17	100.3
Mental Health	599	577	22	805	784	21	102.7
Other Community Care	775	745	30	990	927	63	106.8
Occupational Therapy	455	475	-20	576	583	-7	98.8
Home Care	3,069	2,932	137	3,882	3,646	236	106.5
Criminal Justice	13	33	-20	43	43	0	100.0
Community Nursing	1,228	1,257	-29	1,549	1,576	-27	98.3
Primary Care	7,787	7,944	-157	9,463	9,627	-164	98.3
Allied Health Professionals	693	698	-5	834	842	-8	99.0
Rehabilitation	242	238	4	291	280	11	103.9
Midwifery	727	718	9	899	879	20	102.3
Savings Not Identified	0	-292	292	-137	-488	351	28.1
<b>Service Totals</b>	<b>34,188</b>	<b>33,948</b>	<b>240</b>	<b>44,007</b>	<b>43,264</b>	<b>743</b>	<b>101.7</b>

5.2. The current spend can be illustrated as follows:



5.3. Throughout the financial year there will be budget movements between functions as most budgets are not ring fenced and will be reallocated to service pressure areas as a one off.

5.4. The pay increase for Council employees has not yet been paid as only been recently agreed by the unions. These additional costs will be incurred at year end hence why the forecasted year end expenditure is much higher than at the end of January 2019.

5.5. An analysis of significant variances is as follows:

#### **5.5.1. Elderly** (Y/E Forecast £197K overspend).

There have been significant absences of staff with the residential care units. As a result, there has been double running costs and also the reliance on agency staff to ensure that the service remains within staffing levels agreed with the care inspectorate.

#### **5.5.2. Other Community Care** (Y/E Forecast £63K overspend).

The introduction of charges for some services was not implemented and this budget will be reinstated by year end, if required.

#### **5.5.3. Home Care** (Y/E Forecast £236K overspend).

The demand for direct payments in lieu of Home Care continues to grow. Within in-house service there has been no ability to reduce the service to compensate as the ageing population is continuing to increase. The recognition of the impact of the overall Self-Directed Support Act has been raised with Members and further work is being undertaken to address this issue with Scottish Government. In the short term any underspends from other budgets will be reallocated here.

#### **5.5.4. Primary Care** (Y/E Forecast £164K underspend).

There has been an additional £342K received regarding cost pressures within this service. It has been acknowledged that any funding not required within this financial year can be used towards the unidentified savings.

It is anticipated there will be increased costs over the festive period to cover out of hours. At present we may need to use agency staff to cover some of the shifts. There is also no capacity within the local structure if there is any sick cover and therefore this must be covered by locums which are a higher cost.

There are also additional staffing costs over the next few months that are unbudgeted for.

## **6. Recovery Plan**

6.1. 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.

6.2. The recovery plan has been included within Annex 1. This is only recognising the current issues and how they are being dealt with in the short term.

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

## 7. Unplanned Admissions

7.1. There were issues throughout the previous year relating to whether a 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. Late in the financial year a response was received from the Scottish Government stipulating where a Health Board and an Integration Authority are coterminous, unscheduled adult inpatient services require to be delegated to the Integration Authority, based on the functions included in the legislation.

7.2. In regards to the legislation the following services must be included as per the legislation which can be found at:

[http://www.legislation.gov.uk/sdsi/2014/9780111024546/pdfs/sdsi\\_9780111024546\\_en.pdf](http://www.legislation.gov.uk/sdsi/2014/9780111024546/pdfs/sdsi_9780111024546_en.pdf).

Schedule 3, Part 2, at the bottom of page 11 states:

- (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.

7.3. Based on the current information the budget and spend is:

Spend YTD £000	Budget YTD £000	Variance YTD £000	Year End Projection £000	Annual Budget £000	Over/(Under) Spend	
					£000	%
6,574	6,132	442	7,871	7,334	537	107.3
<b>6,574</b>	<b>6,132</b>	<b>442</b>	<b>7,871</b>	<b>7,334</b>	<b>537</b>	<b>107.3</b>

The forecast overspend in these services is largely but not solely due to the continued costs associated with the medical model and a reliance on locum medical staff. A cost allowance of £750,000 was made available this year however the costs have further increased due to turnover and an increased requirement for locum cover. There is an active recruitment campaign to address this. 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. These significant costs are contributing towards an overall forecast overspend position in NHS Orkney.

7.4. Most of our shift in resources was completed prior to the implementation of integrated working i.e. a ward closed, and the integrated care team was created. The reduction in hospital beds are now at minimum levels as agreed in the new hospital and healthcare facility business case.

7.5. 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 age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care.

7.6. Orkney is too small to support major shifts in the balance of care and we are developing a unique way of working that supports a shift or change in clinical practice and which has partnership working between individuals, families and communities at the heart of what we do.

7.7. 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 us.

7.8. There will be further work undertaken regarding understanding this area which will be reported to the IJB once known.

## 8. Contribution to quality

Please indicate which of the Council Plan 2018 to 2023 and 2020 vision/quality ambitions are supported in this report adding Yes or No to the relevant area(s):

<b>Promoting survival:</b> To support our communities.	No.
<b>Promoting sustainability:</b> To make sure economic, environmental and social factors are balanced.	Yes.
<b>Promoting equality:</b> To encourage services to provide equal opportunities for everyone.	No.
<b>Working together:</b> To overcome issues more effectively through partnership working.	Yes.
<b>Working with communities:</b> To involve community councils, community groups, voluntary groups and individuals in the process.	Yes.

<b>Working to provide better services:</b> To improve the planning and delivery of services.	Yes.
<b>Safe:</b> Avoiding injuries to patients from healthcare that is intended to help them.	No.
<b>Effective:</b> Providing services based on scientific knowledge.	No.
<b>Efficient:</b> Avoiding waste, including waste of equipment, supplies, ideas, and energy.	Yes.

## 9. Resource implications and identified source of funding

9.1. The projected outturn position is showing an anticipated overspend of £743k for the Integration Joint Board for financial year 2018/19.

## 9. Risk and Equality assessment

9.1. 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.

## 10. 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.

## 11. 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.

## 12. Conclusion

12.1. 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.

## **13. Author**

13.1. Pat Robinson (Chief Officer), Integration Joint Board.

## **14. Contact details**

14.1. Email: [pat.robinson@orkney.gov.uk](mailto:pat.robinson@orkney.gov.uk), telephone: 01856873535 extension 2601.

## **15. Supporting documents**

15.1. Annex 1: Recovery Plan.

15.2. Annex 2: Budget Reconciliation.



## Annex 1: Recovery Plan

	Proposed Savings	Recurring Savings to Date	Non Recurring Savings to Date	Total
	£000	£000	£000	£000
IJB Non-Recurring Savings Target				342
IJB Recurring Savings Target				1,106
<b>IJB Total Savings Target</b>				<b>1,448</b>
<b>Proposed Budget Savings/Cost Reductions</b>				
Disestablish Summer activities	-179	-179		
Funding to support children's activities	-14	-14		
Increase charges for Frozen Meals	-25	-25		
Lunch Clubs/non- statutory Third Sector	-11	-11		
Travel	-5	-5		
Pharmacy Review	-6			
Vacant Posts	-469	-25	-469	
<b>Savings to Date</b>		<b>-259</b>	<b>-469</b>	<b>-728</b>
<b>Unidentified Savings</b>				<b>720</b>

## Annex 2: Budget Reconciliation

Budget Summary	£000	£000	£000
17/18 NHS Budget		23,129,042	
Pay & Inflation		406,000	
Cost Pressures		732,778	
Less Savings		(1,060,000)	
<b>NHS Opening Budget 2018/19</b>			<b>23,207,820</b>
17/18 OIC Budget		17,560,900	
Inflation		368,200	
Intensive Fostering Service		264,000	
Holiday Pay		78,800	
Kinship Care (Non Recurring)		9,000	
Carers Act, Living Wage, Sleepovers		289,000	
Less Savings		(388,100)	
<b>OIC Opening Budget 2018/19</b>			<b>18,181,800</b>
IJB Opening Budget			<b>41,389,620</b>
	<b>Recurring</b>	<b>Non Recurring</b>	
<b>OIC</b>			
Residential Childcare		372,000	
Out of Orkney Placement Fund		411,100	
Whole System Approach Youth Justice Redetermination		25,000	
<b>NHS</b>			
Non Cash Limited Reduction	69,962		
0.27 wte Band 2 Admin	5,442		
Physio Funding	1,173		
Overspend added back	180,481		
Pay & Inflation (over original plan)	135,501		
Cash Limited General Dental Services	(36,000)		
OOH GP's		24,126	
Insulin Pump		(3,514)	
Veterans	21,429		
Health Visitors to support GIRFEC (> anticipated)	8,690		
Action 15 Mental Health Strategy	37,154		
Paid As if at Work		119,416	
Flu Vaccination		26,908	
Men C (<anticipated)	(33)		
PMS Uplift	186,000		
Realistic Medicine Lead	8,912		
Best Start Funding		25,000	
TEC Programme Funding		10,000	
<b>Additional Budgets included in 2018/19</b>			
Pregnancy Newborn Screen Cel31	31,353		
Hcp Cont-Non Nhs-Infertility	47,696		
Coronary Heart Disease Service	87,718		
Community Mnd Services	170		
Community Ms Services	33,642		
Red Cross Volunteers Delayed	1,929		
Delayed Discharges	1,749		
Dementia Nurse	37,536		
Learning Disabilities	4,118		
	864,622	1,010,036	<b>1,874,658</b>
<b>Annual Budget as at P10</b>			<b>43,264,278</b>