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Agenda Item: 12

Integration Joint Board

Date of Meeting: 28 November 2018.

Subject: 2019/20 Budget Setting Process.

1. Summary

1.1. This report illustrates the budget setting process from NHS Orkney (NHSO) and Orkney Islands Council (OIC) which is the basis of the Integration Joint Board Budget.

2. Purpose

2.1. To update Members on the budget setting process of the partner bodies.

3. Recommendations

The Integration Joint Board is invited to note:

3.1. That the budget for financial year 2018/19 was received but not approved, due to unrealistic savings targets and continued significant budget pressures to meet statutory need.

3.2. The budget timeline for the partners as illustrated within section 6.

3.3. That, based on the timescales provided by the partner bodies, the IJB will be presented with the 2019/20 budget for approval on 27 March 2019.

4. Background

4.1. Within the Integration Scheme it states that OIC and NHSO shall establish a core baseline budget for each function and service that is delegated to the Integration Joint Board (IJB) to form an integrated budget.

4.2. The budgets shall be based on recurring baseline budgets plus anticipated non-recurring funding for which there is a degree of certainty for each of the functions. It will take account of any applicable inflationary uplift, planned efficiency savings and any financial strategy assumptions.

4.3. The legislation also sets out the responsibility of the IJB for planning services around unscheduled care and A and E functions within the acute setting.

5. Updated Position

5.1. A meeting was held on 10 October 2018 with the Chief Executives of NHSO and OIC, the Director of Finance, NHSO and the Head of Finance, OIC, with the purpose to obtain a joint understanding of the budget setting processes, with the potential for aligning these budget setting processes.

5.2. It was acknowledged that annual budgeting was challenging however for NHS there is to be a 3-year budget planning cycle which consists of 1-year budget within a 3-year health and social care framework. The assumptions in this are to be used for budget planning. Although this is clearer for health assumptions rather than social care assumptions.

5.3. There was a clear agreement that partners are working well together and the need to develop the right structures that will enable true integration. The totality of health service budget and social care service budget cannot be planned in isolation from each other and needs to work across both areas with flexible staff resources in all areas of service delivery.

5.4. It was highlighted that social care is based on assessed need and as such, there is a statutory duty to meet this requirement regardless of budget situation.

5.5. It was recognised that it is very challenging to be innovative when still having to provide existing services however, there might be potential in joint planning where an “invest to save” approach could be explored.

5.6. It was acknowledged that there may need to be a revisit of the cost of baseline services as some overspends are just the cost of the service and not actually an ‘overspend’.

6. Budget Timeline

6.1. The budget timeline for both organisations are as follows:

Orkney Islands Council.	
29/10/18.	Autumn Budget (UK Government).
12/12/18.	Local Government Settlement 2019/20.
20/12/18.	Seminar to discuss Local Government Settlement.
14/01/19.	Update from meeting of 20/12/18 and pre-seminar on budget setting.
28/01/19.	Seminar to look at budget setting prior to Policy and Resource Committee.
12/02/19.	Budget presented to Policy and Resource Committee.
21/02/19.	Special General meeting to approve the budget.

NHS Orkney.	
29/11/18.	Financial Plan Review at Finance and Performance Committee.
12/12/18.	Indicative 2019/20 Board allocations.
31/01/19.	Feedback from Operational Plan.
26/02/19.	Final Finance Plan presented and approved at Finance and Performance Committee.
25/04/19.	Approved Finance Plan homologated at the Board.

6.2. NHSO's approved budget is subject to change during the year as additional allocations are made available by Scottish Government which are only notified later in the year.

6.3. Based on the timescales above the IJB will be presented with the 2019/20 budget for approval on 27 March 2019.

6.4. A further meeting is scheduled for 28 November 2018 to discuss progress and any other matters.

6.5. A 3-year medium term financial strategy is currently being written to coincide with the new 3-year Strategic Commissioning Plan which will be presented at a future meeting.

7. 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):

Promoting survival: To support our communities.	Yes.
Promoting sustainability: To make sure economic, environmental and social factors are balanced.	Yes.
Promoting equality: To encourage services to provide equal opportunities for everyone.	No.
Working together: To overcome issues more effectively through partnership working.	Yes.
Working with communities: To involve community councils, community groups, voluntary groups and individuals in the process.	No.
Working to provide better services: To improve the planning and delivery of services.	Yes.
Safe: Avoiding injuries to patients from healthcare that is intended to help them.	Yes.
Effective: Providing services based on scientific knowledge.	Yes.
Efficient: Avoiding waste, including waste of equipment, supplies, ideas, and energy.	Yes.

8. Resource implications and identified source of funding

8.1. The funding available to the IJB shall be dependent on the funding available to NHSO and OIC and the corporate priorities of both.

8.2. The total budgets for the functions delegated to the IJB should be allocated prior to the start of each financial year, including the budgets for acute services advised as a set aside sum.

9. Risk and Equality assessment

9.1. Demand is rising significantly whilst in real terms, available public spending is reducing. Within this financial year there have been no decommissioning or transformation of services which will deliver cash savings on a recurring basis.

9.2. Over the next few years the Integration Joint Board will require to balance its ambitious commissioning decisions to support change alongside a decommissioning strategy that enables NHSO and OIC to deliver year on year efficiencies to sustain priority services.

9.3. The main significant risk is that there will be a failure to deliver the outcomes of the Strategic Commissioning Plan in relation to the financial resources that are available. Failure to breakeven within the financial year means the IJB will remain dependent upon additional payments from both partners.

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.	No.

12. Author

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13. Contact details

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