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Orkney Health and Care

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Agenda Item: 11.

Integration Joint Board

Date of Meeting: 9 December 2020.

Subject: Budget Savings Proposals.

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 consider implementing a range of low risk savings options that have been identified by the Senior Management Team as part of the budget setting process for 2021/22.

3. Recommendations

The Integration Joint Board is invited to note:

3.1. That a savings target of £4,200,000 has been applied for the three year period 2020/21 to 2022/23, of which only £275,000 has been identified to date.

3.2. That, as part of the budget setting process for 2021/22, the Senior Management Team has identified savings proposals that, using the criteria set out in section 4.5 of this report, have been classified as low risk and uncontroversial.

3.3. That, should the low risk savings be implemented, this would result in a reduction of £114,400 to baseline budgets from Orkney Islands Council to the Integration Joint Board for financial year 2021/22.

3.4. That, on 24 November 2020, the Council's Policy and Resources Committee recommended that, with effect from 1 January 2021, a flat rate charge of £3.50 per week be introduced in respect of Telecare services.

3.5. That the recommendation outlined at paragraph 3.4 above is subject to ratification by the Council at its General Meeting to be held on 8 December 2020.

3.6. That work is underway to identify savings proposals in relation to the baseline budgets from NHS Orkney to the Integration Joint Board for financial year 2021/22, the outcome of which will be presented separately.

It is recommended:

3.7. That the efficiency savings for 2021/22, summarised in Annex 1 to this report and amounting to £114,400, be approved and accordingly removed from baseline budgets received from Orkney Islands Council.

4. Background

4.1. At a meeting with the partners, it was agreed that there should be a three-year savings target applied which would give the IJB a set figure to work towards over a three-year period. In total there is a savings target of £4.2 million to be achieved by the end of 2022/23 which is split as follows:

- NHS Orkney – £2,400,000.
- Orkney Islands Council – £1,800,000.

4.2. To date only £275,000 has been identified, of which £130,000 was a one off saving. Therefore, there are still unidentified savings of £4,055,000 to be achieved within the next two years.

4.3. Within Audit Scotland's Annual Audit Report, one of the significant audit risks highlighted was that the Orkney IJB's medium-term financial plan 2019-22 identifies a funding gap of approximately £5 million facing the Board by 2022. A risk was identified that the Orkney IJB may not have been able to deliver the targeted saving in 2019/20 and beyond.

4.4. The IJB cannot propose any charging for services and this remains the responsibility within the partner organisations. On 24 November 2020, the Council's Policy and Resources Committee recommended that, with effect from 1 January 2021, a flat rate charge of £3.50 per week be introduced in respect of Telecare services. It is anticipated this would generate income of £91,000. This recommendation is, however, subject to ratification at the General Meeting of the Council due to be held on 8 December 2020. A verbal update will be provided at this meeting.

4.5. During discussion by the Senior Management Team on savings options for 2021/22 and beyond, several proposals have been identified that would appear to be low risk and uncontroversial. The criteria used to identify the savings in this report at this stage of the budget process generally included the following:

- Individual cost centres that have indicated a trend of underspend over the last three years.
- No impact on frontline service delivery or service user experience.
- No staffing or hours reductions.

5. 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.

6. Resource implications and identified source of funding

6.1. The Integration Joint Board has a savings target applied of £4.2 million of which only £145,000 of recurring savings have been agreed. If this proposal is agreed this will reduce the overall savings target that has been applied by a further £114,400.

6.2. The implications of the savings proposals covered in this report are explained in further detail in Annex 3.

6.3. Work is underway to identify savings proposals in relation to the baseline budgets from NHS Orkney which will be presented at a future date.

6.4. A direction will be issued to Orkney Islands Council in April 2021.

7. Risk and Equality assessment

7.1. 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.

7.2. The increasingly stringent financial circumstances facing the partners as a result of cuts in Government grant allocations, coupled with increased demand for services and heightened regulatory requirements, are placing correspondingly higher levels of risk upon councils. Annex 2 shows the risk matrix that officers have used to assess the risk attached to each savings proposal.

8. Direction Required

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

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

9. Escalation Required

Please indicate if this report requires escalated to:

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

10. Authors

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11. Contact details

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12. Supporting documents

Annex 1: Efficiency Savings Summary 2021/22.

Annex 2: Risk Matrix.

Annex 3: Efficiency Savings Proposals for 2021/22 to 2022/23.

Annex 1 – Savings Summary

SUMMARY SAVINGS

Annex 1

2021/22
Baseline
£

Orkney Health and Care

Reduction in Unutilised Budget	25.0
Increase in Residential Care Income	37.5
Increase in Very Sheltered Housing Income	31.9
Additional Income to Integration Joint Board Budget	20.0
TOTALS	114.4

Annex 2 – Risk Matrix

Risk Impact.		Risk Likelihood	
Negligible.	1.	Almost Impossible.	1.
Marginal.	2.	Very Low.	2.
Critical.	3.	Low.	3.
Catastrophic.	4.	Significant.	4.
		High.	5.
		Very High.	6.

Risk Score (Impact x Likelihood).	
Low.	1 to 6.
Medium.	7 to 12.
High.	13 to 18.
Very High.	19 to 24.

Annex 3 – Efficiency Savings Proposals 2021/22 to 2022/23

Background

Savings Title.	Reduction in Unutilised Budget.
Reference.	SCOHC60.
Lead Officer.	Lynda Bradford.
Service Area.	Orkney Health and Care.
Service Function.	Administration.
Cost Centre.	R19090000.

Savings.	Amount (£000).	Headcount.	FTE.
2021/22.	25.0.	0.	0.0.
Total.	25.0.	0.	0.0.

Savings Detail

The budget available in regard to commissioned services is currently higher than the cost of services we currently commission out.

Current Net Budget = £430,200.

Proposed Payments = £405,200.

HR/Staffing Implications

There are no HR/Staffing Implications with this proposal.

Consequences

There will be more limited spare capacity to increase service provision or procure additional services.

Knock-on Effect to Other Services

None.

Risk and Impact Assessment

Risk Impact.	Negligible.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Procurement.

EqIA Required.	No.
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Justification for Risk Category

This budget is not currently utilised for services but contributes to the overall overspends within the service.

Background

Savings Title.	Residential Care Income Budget.
Reference.	SCOHC61.
Lead Officer.	Lynda Bradford.
Service Area.	Orkney Health and Care.
Service Function.	Elderly Residential.
Cost Centre.	R19305000, R19315000, R19323000.

Savings.	Amount (£000).	Headcount.	FTE.
2021/22.	37.5.	0.	0.0.
Total.	37.5.	0.	0.0.

Savings Detail

Service users are financially assessed on their ability to pay. Actual income has been higher than the anticipated budget over the previous few years.

Residential Income	2020/21 Projections	2019/20 Actuals	2018/19 Actuals	2017/18 Actuals
	£	£	£	£
R19305000 Hamnavoe House	580,332	597,733	713,771	720,316
R19315000 St Rognvald House	723,116	774,094	517,884	701,343
R19323000 Smiddybrae House	595,058	668,948	400,657	435,738
	1,898,506	2,040,775	1,632,312	1,857,398
Budget	1,782,300			
Average residential actual income	1,857,300			
Additional income	-75,000			
However, there will be reduced respite assume 50% due to reduction in income	-37,500			

HR/Staffing Implications

There are no HR/Staffing Implications with this proposal.

Consequences

Income from a service user can vary from around £5K to £46K per year dependant on their capital and income. Therefore, income can drop significantly at any time.

Knock-on Effect to Other Services

None.

Risk and Impact Assessment

Risk Impact.	Negligible.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Asset Management.
EqlA Required.	No.

Justification for Risk Category

This budget is not currently utilised for services but contributes to the overall overspends within the service.

Background

Savings Title.	Very Sheltered Housing Income Budget.
Reference.	SCOHC62.
Lead Officer.	Lynda Bradford.
Service Area.	Orkney Health and Care.
Service Function.	Elderly Residential.
Cost Centre.	R19324000, R19327000, R19337000.

Savings.	Amount (£000).	Headcount.	FTE.
2021/22.	29.0.	0.	0.0.
Total.	29.0.	0.	0.0.

Savings Detail

Service users are financially assessed on their ability to pay. Actual income has been higher than the anticipated budget over the previous few years.

Very Sheltered Housing Income		2020/21 Projections	2019/20 Actuals	2018/19 Actuals	2017/18 Actuals
		£	£	£	£
R19324000	Braeburn	96,936	111,020	113,722	92,293
R19327000	Sunnybrae	149,868	208,745	172,368	133,684
R19337000	Kalisgarth	22,900	50,432	30,792	73,875
		269,704	370,197	316,882	299,852
Budget		250,300			
Average residential actual income		314,200			
Additional income		-63,900			
Assume just over 50% due to reduction in income		-31,900			

HR/Staffing Implications

There are no HR/Staffing Implications with this proposal.

Consequences

Income from a service user can vary from dependant on their capital and income. If someone has less than the upper threshold (£28,500 20/21) their charge will reduce from £317.00 to between £59.70 to £89.50 per week.

Knock-on Effect to Other Services

None.

Risk and Impact Assessment

Risk Impact.	Negligible.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Asset Management.
EqIA Required.	No.

Justification for Risk Category

This budget is not currently utilised for services but contributes to the overall overspends within the service.

Background

Savings Title.	Additional Income to Integration Joint Board.
Reference.	SCOHC63.
Lead Officer.	Gillian Morrison.
Service Area.	Orkney Health and Care.
Service Function.	Integration Joint Board.
Cost Centre.	R19850000.

Savings.	Amount (£000).	Headcount.	FTE.
2021/22.	20.0.	0.	0.0.
Total.	20.0.	0.	0.0.

Savings Detail

There is capacity in the budget to reduce due to a pattern of annual underspend and also income that has not been budgeted for

Reduce Travel	£ 2,000.
Administration	£ 1,000.
Income (unbudgeted for)	£ 17,000.

HR/Staffing Implications

There are no HR/ Staffing implications.

Consequences

No significant consequences. In addition to the pattern of underspend, the reduction includes savings on travel and subsistence for the Chief Officer which will not be necessary in future to the same extent due to digital advances in all local authorities. There are positive consequences in that capacity will be improved due to time savings in travel.

Knock-on Effect to Other Services

None.

Risk and Impact Assessment

Risk Impact.	Negligible.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.

Efficiency Category.	Asset Management.
EqIA Required.	No.

Justification for Risk Category

This budget is not currently utilised for services but contributes to the overall overspends within the service.

Background

Savings Title.	Telecare Charging.
Reference.	SCOHC04.
Lead Officer.	Lynda Bradford.
Service Area.	Orkney Health and Care.
Service Function.	Other Community Care.
Cost Centre.	R19593000.

Savings.	Amount (£000).	Headcount.	FTE.
2021/22.	68.0.	0.	0.0.
Total.	68.0.	0.	0.0.

Savings Detail

To commence charging for Telecare services provided at a rate of £3.50 per week. A consultation process has already been concluded. Orkney Islands Council is now the only Council in Scotland not to charge for this service.

Potentially 500 service users * £3.50 * 52 weeks = £91,000.

However, there might be potential implementation costs and additional staffing if direct debit is not available therefore 75% of income has been assumed at this time = £68,000.

HR/Staffing Implications

There might be an increase in admin staffing requirements in regard to the implementation and invoicing of the service.

Consequences

Vulnerable people may refuse what is a lifeline service to them. However, there will be opportunities for income maximisation and risk assessment for these people, and further safety measures are in place. Although there are currently over 700 users it is anticipated this could drop to around 500.

Knock-on Effect to Other Services

If people no longer have an alarm then other services such as Community Nursing, Home Care and Ambulance Service could be adversely affected.

Risk and Impact Assessment

Risk Impact.	Critical.
Risk Likelihood.	High.

Risk Category.	High.
Impact on Performance.	Moderate.
Efficiency Category.	Asset Management.
EqIA Required.	Yes.

Justification for Risk Category

If people no longer have an alarm then other services such as Community Nursing, Home Care and Ambulance Service could be adversely affected.