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Agenda Item: 10

Integration Joint Board

Date of Meeting: 28 November 2018.

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 6 (end of September 2018).
- Advise on any areas of significant variances.
- Request approval of the identified savings within the recovery plan (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 30 September 2018, as follows:

- A current underspend of £161,000.
- A forecast overspend of £957,000 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.

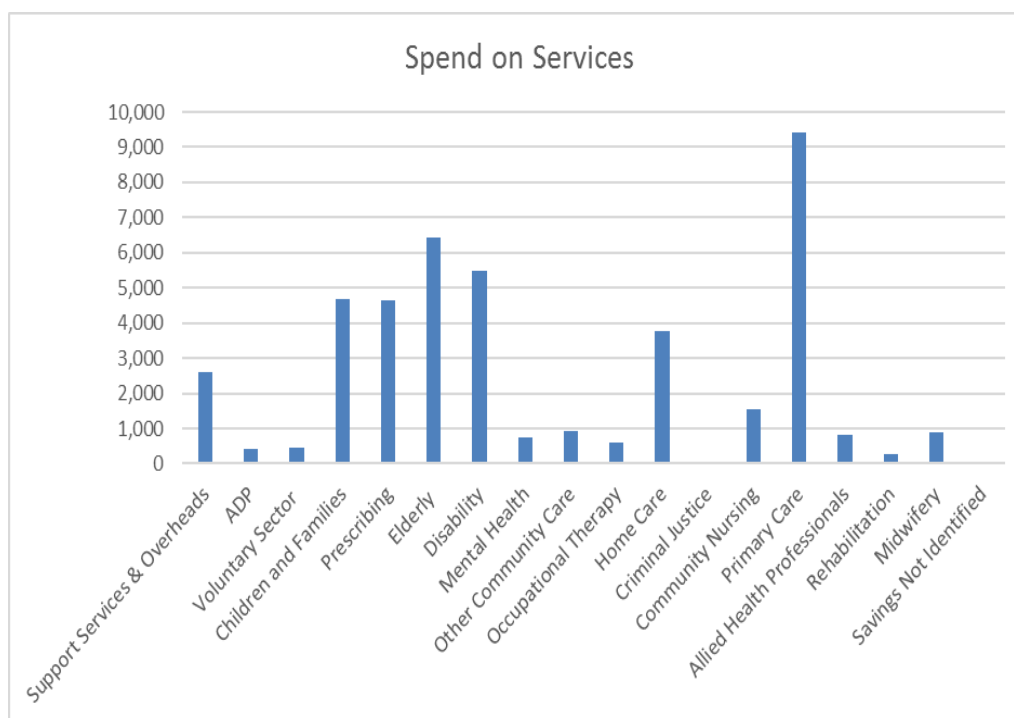
4.7. Where such recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the Board.

5. Financial Position

5.1. The following table shows the current financial position as at 30 September 2018 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	725	793	-68	2,604	2,653	-49	98.2
ADP	189	201	-12	434	434	0	100.0
Voluntary Sector	273	273	0	462	462	0	100.0
Children and Families	2,153	2,245	-92	4,683	4,792	-109	97.7
Prescribing	2,331	2,339	-8	4,627	4,666	-39	99.2
Elderly	3,058	3,072	-14	6,437	6,344	93	101.5
Disability	2,351	2,337	14	5,470	5,450	20	100.4
Mental Health	364	349	15	758	747	11	101.5
Other Community Care	436	449	-13	921	897	24	102.7
Occupational Therapy	286	283	3	614	588	26	104.4
Home Care	1,849	1,720	129	3,780	3,579	201	105.6
Criminal Justice	8	29	-21	43	43	0	100.0
Community Nursing	751	754	-3	1,530	1,536	-6	99.6
Primary Care	4,647	4,762	-115	9,406	9,510	-104	98.9
Allied Health Professionals	414	417	-3	831	841	-10	98.8
Rehabilitation	152	135	17	288	263	25	109.5
Midwifery	476	466	10	874	874	0	100.0
Savings Not Identified	0	0	0	0	-874	874	0.0
Integration Funding	0	0	0	451	451	0	100.0
Service Totals	20,463	20,624	-161	44,213	43,256	957	102.2

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. A pay increase for Council employees of 3% is included in the base budget for 2018 to 2019 which is yet to be agreed. The estimated cost of the backpay from 1 April to 30 September 2018 is £208,700 across Orkney Health and Care which would change the current underspend position to an overspend of £47,700.

5.5. An analysis of significant variances is as follows:

5.5.1. Children and Families (Y/E Forecast £109K underspend).

Vacancies within the CAMHS service have now been recruited to and over 70% of children and young people are seen within 18 weeks.

The Intensive Foster Carers are not up to capacity yet but are currently being recruited to through a rigorous assessment process which can take 9 – 12 months to complete. There has been a foster campaign to encourage potential carers to apply. The underspends within vacancies have been used to offset other pressure areas.

5.5.2. Elderly (Y/E Forecast £93K overspend).

The fees regarding residential care income are less than budgeted for. As all service users are assessed on their ability to pay this can vary the income dramatically. As we must comply with the Charging for Residential Accommodation guide there is no scope to change the charging policy.

The costs for residential care placements outwith Orkney are also higher than budgeted for. Any underspends from other areas will aid this shortfall.

5.5.3. Home Care (Y/E Forecast £201K 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 £104K 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 (Set Aside)

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.

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	%
4,074	3,578	496	7,881	6,945	936	113.5
4,074	3,578	496	7,881	6,945	936	113.5

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):

Promoting survival: To support our communities.	No.
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.	Yes.
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.	No.
Effective: Providing services based on scientific knowledge.	No.
Efficient: 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 £957k for the Integration Joint Board for financial year 2018/19.

9. Risk and Equality assessment

9.1. The IJB 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

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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
IJB Total Savings Target				1,448
Proposed Budget Savings/Cost Reductions				
Disestablish Staffing and Summer activities	-179	-179		
Funding to support vulnerable children	-14	-14		
Children's Residential Care and Fostering	-2	-2		
Introduce Charges for Telecare	-98	0		
Increase Charges for Frozen Meals	-25	-25		
Introduce Charging for Day Care Services	-54	0		
Lunch Clubs/non- statutory Third Sector	-11	-11		
Travel	-5	-5		
Pharmacy Review	-6			
Vacant Posts	-336	-25	-161	
Savings To Date		-261	-161	-422
Unidentified Savings				-1,026

Longer Term Savings Plan (2019/20 onwards)

Out of Hours	-15			
Pharmacy Review	-35			