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Agenda Item: 13

Integration Joint Board

Date of Meeting: 29 June 2022.

Subject: Medium Term Financial Plan.

1. Purpose

1.1. To present the Medium Term Financial Plan for Members' approval.

2. Recommendations

The Integration Joint Board is invited to note:

2.1. That the Medium Term Financial Plan serves as a planning document for the use of the resources over the period 2022 to 2025.

2.2. The cumulative funding gaps identified in the Medium Term Financial Plan over a three-year period ranging between £0.6 million and £7.9 million based on different scenarios.

It is recommended:

2.3. That the Medium Term Financial Plan 2022 to 2025, attached as Appendix 1 to this report, be approved.

3. Background

3.1. At its meeting held on 16 March 2022, the Audit Committee received Audit Scotland's Annual Audit Plan for the Orkney Integration Joint Board (IJB) for 2021/22.

3.2. The Auditor's report highlighted several audit risks, including that medium term financial planning will have to be revised to determine a realistic approach to achieving savings targets.

3.3. Since the Orkney IJB became operational in April 2016, there has only been funding received on a one-year basis. This is due to both partners only receiving Scottish Government funding allocations on a yearly basis.

3.4. The funding available to the Orkney IJB shall be dependent on the funding available to NHS Orkney and Orkney Islands Council and the corporate priorities of both.

4. Current Position

4.1. The Scottish Government has not provided detailed spending plans beyond their draft budget for 2022/23. Although there have been continued requests for multi-year settlements this has not been forthcoming which inhibits medium term and long term financial planning in a local context.

4.2. People in the older age group are most often in need of health and social care services. The National Records for June 2020 estimates between 2018 and 2028, the 0 to 15 age group is projected to see the largest percentage decrease (-11.5%) and the 75 and over age group is projected to see the largest percentage increase (+37.4%). In terms of size, however, 45 to 64 is projected to remain the largest age group. This will have a significant impact on how we deliver services in the future. So, in practice this means that there will be less people available to look after the older population in the future.

4.3. There are wider recruitment challenges, across the workforce with it becoming more difficult to recruit to posts, exacerbated further by national shortages of qualified staff in fields such as Social Work. There has also been feedback that due to shortages within the housing rental market, some successful candidates have had to decline positions within the partner organisations.

5. Medium Term Financial Plan Key Messages

5.1. Demand is rising significantly because of changing demographics, whilst in real terms, available public spending is reducing. Over the next few years, the Orkney IJB will be required to balance its commissioning decisions to support change alongside its decommissioning decisions, which will enable NHS Orkney and Orkney Islands Council to deliver year-on-year efficiencies in order to sustain priority services.

5.2. As a very small area, with a hospital that cannot be further reduced in number of beds available, as agreed in the new hospital and healthcare facility business case, a demographic profile and geography that presents some of the biggest challenges in Scotland in terms of the increasing number of older age and older people, we have very limited scope to make significant resource shifts from other forms of care. Most of the shift in resource was completed prior to implementation of integrated working, i.e. a ward closed, and the Intermediate Care Team was created.

5.3. The significant demographic pressures which public bodies face over the next few years are particularly acute in Orkney. Increased community, third sector and voluntary participation is essential to manage the increase in demand that will materialise. This will require re-prioritisation of resources to provide more integrated and outcome-focused services.

5.4. If no additional funding is received from our partner organisations or the Scottish Government to fund these pressures, the recurring savings required will be in the region of between £0.6 million to £7.932 million over the three year period based on different scenarios.

5.5. To manage these pressures whilst remaining financially sustainable requires change in the way that services are delivered. There are two overarching priorities, Prevention and Early Intervention and Tackling Inequalities and Disadvantage, which are embedded within the four identified priorities within the Strategic Plan as follows:

- Mental Health.
- Carers.
- Supporting Older People to stay in their homes.
- Community Led Support.

6. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	Yes.
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.	Yes
Sustainability: To make sure economic and environmental factors are balanced.	Yes.

7. Resource and financial implications

7.1. Three scenarios have been calculated which highlights “what if” and enables the potential fluctuation which could exist within each model. The following table shows assumptions which indicate adverse variances between £0.6 million to £7.9 million over the three-year period based on different scenarios.

Scenario 1	Scenario 2	Scenario 3
2% increase in funding from NHSO and OIC	1% increase in funding from NHSO and OIC	0% increase in funding from NHSO and OIC
1% increase in pay costs 1% increase in non-pay costs 2% increase in income	2% increase in pay costs 4% increase in non-pay costs 1% increase in income	3% increase in pay costs 7% increase in non-pay costs 0% increase in income

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Funding Gap £000
Scenario 1	(2,400)	584	601	619	(596)
Scenario 2	(2,400)	(1,118)	(654)	(1,214)	(2,987)
Scenario 3	(2,400)	(2,820)	(1,963)	(3,149)	(7,932)

7.2. The approved budgets for 2022/23 are as follows:

Partner	Budget £000
NHS Orkney	23,180
Set Aside	8,032
Orkney Islands Council	27,661
Orkney IJB Baseline Budget 2019/20	58,873

7.3. As new allocations become known to Orkney all resources received that relate to the delegated functions are passed to the Orkney IJB as an additional allocation.

8. Risk and equality implications

8.1. 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.

8.2. Over the next few years, the Orkney IJB 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.

8.3. The main significant risk is that there will be a failure to deliver the outcomes of the Strategic Plan in relation to the financial resources that are available.

9. Direction required

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

NHS Orkney.	No.
Orkney Islands Council.	No.

10. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

11. Author and contact information

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12. Supporting documents

11.1. Appendix 1: Medium Term Financial Plan 2022 to 2025.



Medium Term Financial Plan 2022 – 2025

Orkney Integration Joint Board



ORKNEY
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Contents

1. Executive Summary.....	3
2. Introduction.....	5
3. National Position.....	5
4. COVID-19.....	7
5. National Care Service.....	8
6. Local Position	9
7. UK and Scottish Legislative and Policy Changes	13
8. Health and Social Care Current Expenditure.....	15
9. Future Demand on Health and Social Care	19
10. Understanding the Financial Challenge	20
11. Closing the Financial Gap.....	21
12. Strategic Plan Priorities	22
Relevant Documents	24

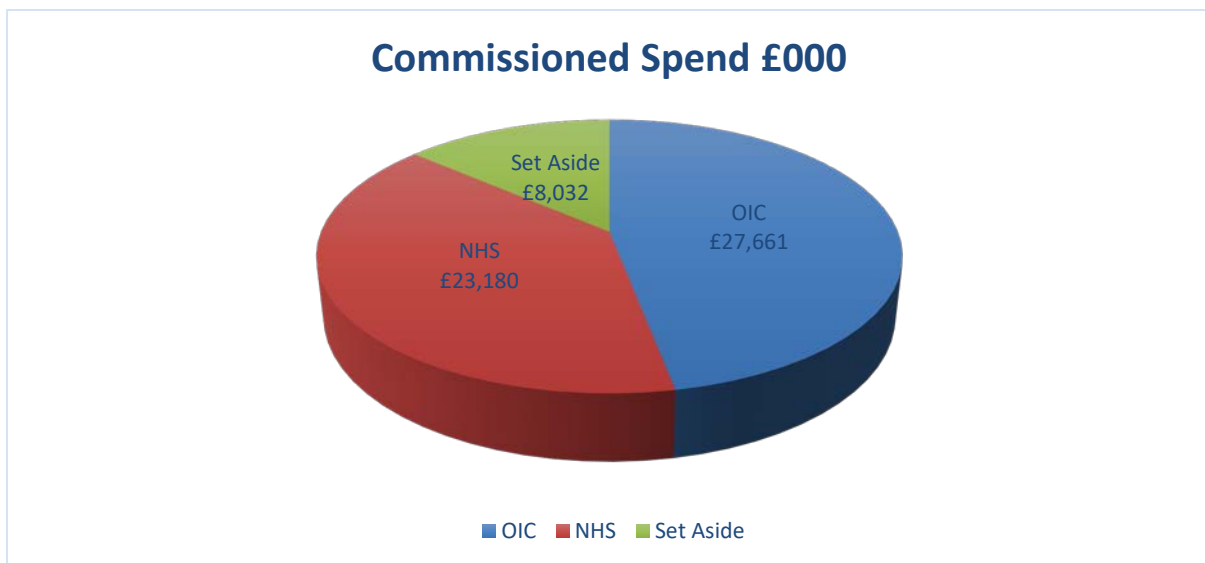
1. Executive Summary

1.1. The three-year plan outlines the financial challenges and opportunities the Orkney Integration Joint Board (IJB) and the associated delivery of services through the Orkney Health and Social Care Partnership (OHSCP) faces over the next 3 years and provides a framework which will support OHSCP to remain financially sustainable. It also complements the Strategic Plan, highlighting how the partnership’s financial planning principles will support the delivery of OHSCP’s strategic objectives and priorities for the years 2022/25.

1.2. This financial plan includes a range of key assumptions and planning assumptions. These are subject to a certain degree of uncertainty.

1.3. Given the uncertainty and potential for variations, it is important that the IJB plans for a range of potential outcomes, ensuring sufficient flexibility to manage in, a sustainable manner, the position which emerges over the course of this financial plan.

1.4. The IJB has a budget of £58,873,000, in 2022/23, to commission a range of services from NHS Orkney and Orkney Islands Council. The services delegated to the IJB are detailed within Appendix 1 and 2. The funding can be illustrated as follows:



Key messages:

- Demand is rising significantly whilst, in real terms, available public spending is reducing. Over the next few years the IJB will require to balance its ambitious commissioning decisions to support change, alongside a decommissioning plan that enables NHS Orkney and Orkney Islands Council to deliver year-on-year efficiencies, to sustain priority services.
- 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 the increasing number of older age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care.
- 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 is now at minimum levels, as agreed in the new hospital and healthcare facility business case.
- Based on the new rising demand and cost pressures, if no additional funding is received from our partner organisations or the Scottish Government to fund these pressures, the recurring savings required will be in the region of between £0.596 million to £7.932 million over the three year period based on different scenarios.
- The significant demographic pressures which public bodies face over the next few years are particularly acute in Orkney. Increased community, third sector and voluntary participation are essential to manage the increases in demand that will materialise. This will require re-prioritisation of resources to provide more integrated and outcome-focussed services.
- To manage these pressures whilst remaining financially sustainable requires change in the way that services are delivered. There are two overarching priorities Prevention and Early Intervention and Tackling Inequalities and Disadvantage which is embedded within the 4 identified priorities - Mental Health, Carers, Supporting Older People to stay in their homes and Community Led Support.

2. Introduction

2.1. The IJB commissions community health services, 'set-aside' services and social care from NHS Orkney (NHSO) and Orkney Islands Council (OIC) (The Parties) for the population of the Orkney Islands, which is in the region of 22,400 people. This is an increase of 0.6% from 22,270 in 2019. Between 1998 and 2020, the population of Orkney Islands has increased by 14.3%. This is the 6th highest percentage change out of the 32 council areas in Scotland. Over the same period, Scotland's population rose by 7.7%. (National Records of Scotland mid-2020 population estimate).

2.2. The purpose of the Medium Term Financial Plan (MTFP) is to provide an overview of the key messages in relation to the IJB's financial planning for 2022/23 to 2024/25, which coincides with the new Strategic Plan. It also provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of Orkney.

2.3. The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

2.4. The financial plan will cover the following key areas:

- Overview of the national position.
- OHAC's position and key achievements to date.
- The UK and Scottish Legislative and Policy changes.
- Current expenditure and understanding the financial challenges.
- Closing the financial gap.

2.5. The MTFP is an important part of the strategic planning process; to deliver on the vision and priorities set out in the IJB's strategic plan whilst ensuring, as an organisation, we commission appropriately to remain financially sustainable.

2.6. This MTFP for the IJB provides key information on its financial position over the next three years. It is hoped this Plan will help inform IJB decision making to effectively assess the potential financial impact of current and future decisions, ensuring the health and social care partnership remains financially sustainable.

3. National Position

3.1. The IJB operates in a complex environment with requirements to ensure statutory obligations, legislative and policy requirements, performance targets and governance and reporting criteria are met whilst ensuring the operational oversight of the delivery of health and care services.

3.2. Since the last MTFP was written, there has been a worldwide pandemic (COVID-19) and as a direct consequence, it has represented the most challenging and complex last two financial years in the history of the public sector.

3.3. The UK Government's October 2021 Spending Review set out departmental spending plans for 2022/23, 2023/24 and 2024/25. This sets out the level of the

Scottish Government's Block Grant over the same period and gives a degree of certainty about future funding. The UK Government has not made spending commitments for 2025/26 and 2026/27, so funding for those years remains more uncertain. Any changes to the UK Government's spending plans in future years represents a risk for the Scottish Government's funding outlook.

3.4. Whilst the initial grant funding available to Local Authorities looked as though there was a large increase from 2022/23 following the UK Spending Review, block grant funding has been cut by 7% in real terms as COVID-19 funding has been withdrawn despite the ongoing effects of the pandemic.

3.5. The Scottish Government published its Medium Term Financial Strategy in December 2021. It is recognised that any medium term financial planning is challenging due to a complex fiscal landscape. The Fiscal Framework is an agreement between the UK and Scottish Governments that sets the rules for how Scotland's tax and social security powers are managed and implemented.

3.6. The Resource Spending Review Framework frames the debate around the Scottish Government's spending priorities and the fiscal challenges it faces over the next four years, with clear plans for public spending over the medium term to be published in the Resource Spending Review in May 2022.

3.7. Although it was initially expected to be temporary as the economy continues to rebalance, the war in Ukraine has created significant uncertainty in the global economy, particularly in energy markets. The sanctions and strong response by the UK and its allies are vital in supporting the Ukrainian people, but these decisions will inevitably have an adverse effect on the UK economy and other economies too.

3.8. Trading conditions remain challenging for businesses at this stage of the pandemic, as supply chain disruption and inflationary pressures on input costs have intensified and have presented new cash flow challenges for many businesses. Businesses have also been more immediately exposed to the recent sharp rise in energy costs, particularly those without access to financial instruments that can help hedge or manage such risks.

3.9. Some businesses are partly absorbing some of these higher costs, but due to significant hike in costs some businesses are beginning to pass these cost pressures through to consumers. As a result, inflation could rise further in the months ahead.

3.10. The Scottish Government will act to mitigate the effects of the pandemic, which has exacerbated inequalities across society. Their aim is to rebuild public services, including taking vital steps to increase social care capacity and establish a National Care Service.

3.11. The Scottish Government has committed to maintaining funding growth for health and social care at comparatively high levels. Nonetheless, there is a need to maximise the opportunities to mitigate the fiscal pressures. Managing demands on the health system through public health improvement and prevention is a key element not only in improving people's health for better outcomes but also in managing the financial risks of health demand pressures. There needs to be a continuation to shift the balance of care towards mental health, and to primary,

community and social care. It is known that in many circumstances outcomes improve and fewer interventions are required when care is delivered in a community setting.

3.12. In the annual review of the NHS published in February 2022, the Auditor General for Scotland has stated that the NHS in Scotland is operating on an emergency footing and remains under severe pressure, NHS and social care workforce planning has never been more important, the ability to plan from COVID-19 remains hindered by a lack of robust and reliable data across several areas and NHS was not financially sustainable before the pandemic and responding to COVID-19 has increased those pressures. Some of the recommendations state that The Scottish Government and NHS boards should:

- Work with partners in the social care sector to develop a long-term, sustainable solution for reducing delayed discharges from hospital.
- Take a cohesive approach to tackling health inequalities by working collaboratively with partners across the public sector and third sector and be transparent on how it will do this.
- Improve the availability, quality and use of workforce data to ensure workforce planning is based on accurate projections of need.
- Monitor and manage risks around the impact of additional work outlined in the NHS recovery plan on the NHS workforce, to make sure recovery does not negatively affect staff wellbeing.
- Communicate widely with the public on changes to how services are delivered so that people are aware of how best to access services, and monitor the effectiveness of that communication.
- Prioritise the prevention and early intervention agenda as part of the recovery and redesign of NHS services, enabling the NHS to be sustainable into the future.
- Improve the availability, quality and use of data on primary, community and social care so that service planning is based on accurate measures of existing provision and demand.

4. COVID-19

4.1. As a direct consequence of the COVID-19 pandemic, the last two years have represented the most financially challenging and complex in the history of the public sector.

4.2. The impact of COVID-19 on services commissioned by the IJB has been unprecedented. It required a significant degree of service change within a short period of time, ultimately having a substantial financial impact, some of which is likely to continue over the short to medium term.

4.3. On the 25 February 2022 the Director of Health Finance and Governance advised that following submission of the Quarter 3 returns there would be further funding of £981 million for NHS Boards and Integration Authorities to meet COVID-19 costs and to support the continuing impact of the pandemic. This funding is being provided on a non repayable basis and includes provision for under-delivery of

savings. For OHAC the allocation is £3.746 million. The funding that remains the year end 2021/22 must be carried as an earmarked reserve for use in 2022/23.

4.4. Any proposed utilisation of the earmarked reserves to meet new expenditure that had not been funded in 2021/22 will require agreement from the Scottish Government, and it will remain important that reserves are not used to fund recurring expenditure, given the non-recurring nature of Covid funding.

5. National Care Service

5.1. The independent review published its report on 3 February 2021. The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families; and the experience of people who work in adult social care.

5.2. The report suggested a bold vision for adult social care support in Scotland building on the opportunity for meaningful change as we move beyond the COVID-19 pandemic.

5.3. Everyone in Scotland will get the social care support they need to live their lives as they choose and to be active citizens. Everyone will work together to promote and ensure human rights, wellbeing, independent living and equity.

5.4. It calls for new thinking and a new positive narrative around the role of social care support, recognising its 'foundational' importance in society and moving towards a human rights based approach.

Old Thinking	New Thinking
Social care support is a burden on society	Social care support is an investment
Managing need	Enabling rights and capabilities
Available in a crisis	Preventative and anticipatory
Competition and markets	Collaboration
Transactions	Relationships
A place for services (e.g. a care home)	A vehicle for supporting independent living
Variable	Consistent and fair

5.5. It also argues that we must strengthen the foundations of the social care system. This means: fully implementing positive approaches such as self-directed support and the integration of health and social care; as well as nurturing and strengthening our workforce and supporting unpaid carers.

5.6. The independent review calls for some structural changes such as the establishment of a National Care Service (NCS) with accountability for social care support moving from local government to Scottish Ministers. The proposed NCS would oversee improvements in the consistency, quality and equity of care and support. The report also suggests a reformed role for Integration Joint Boards in

implementing the social care vision outcome measures, and delivering planning, commissioning/procurement, managing local GP contracts, as well as local planning and engagement. The report makes 53 wide-ranging recommendations in relation to the following priorities:

- Mainstreaming and embedding a human rights approach.
- Ensuring better, more consistent support for unpaid carers;
- Establishing a National Care Service (NCS) for Scotland.
- Establishing a new approach to improving outcomes through a National Improvement Programme for social care.
- Developing models of care.
- Commissioning for the public good through collaborative commissioning and a greater focus on people’s needs.
- Developing fair work arrangements with national oversight.
- Improving investment with a focus on prevention rather than crisis response.

5.7. The report suggested that **additional investment estimated in the region of £0.66 billion per annum** was required to support the recommendations and that future funding for social care needed to be as a minimum sufficient to meet the increased needs due to demographic change. This would require 3.5% real terms increase in funding each year.

5.8. It is expected that the findings from the review will have significant impacts for the delivery of social care and wider supports moving forward.

6. Local Position

6.1. OHAC has responsibility for strategic commissioning of a range of services for the local population, estimated by National Records Scotland for June 2020 at 22,400. In terms of overall size, the 45 to 64 age group was the largest in 2020, with a population of 6,661 (Figure 1). In contrast, the 16 to 24 age group was the smallest, with a population of 1,793.

Figure 1: Age distribution by sex 2020.

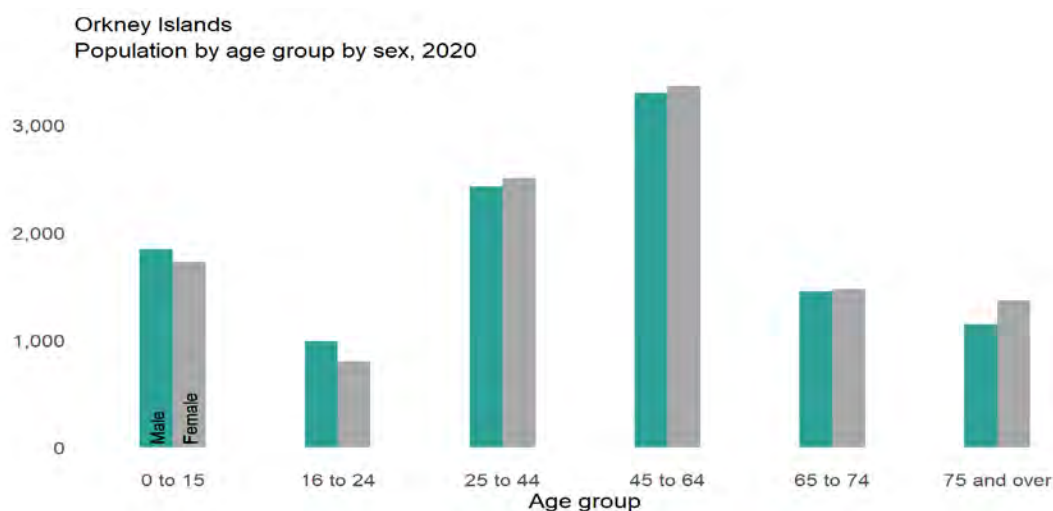


Figure 2: Age group by year 2018 and 2028.

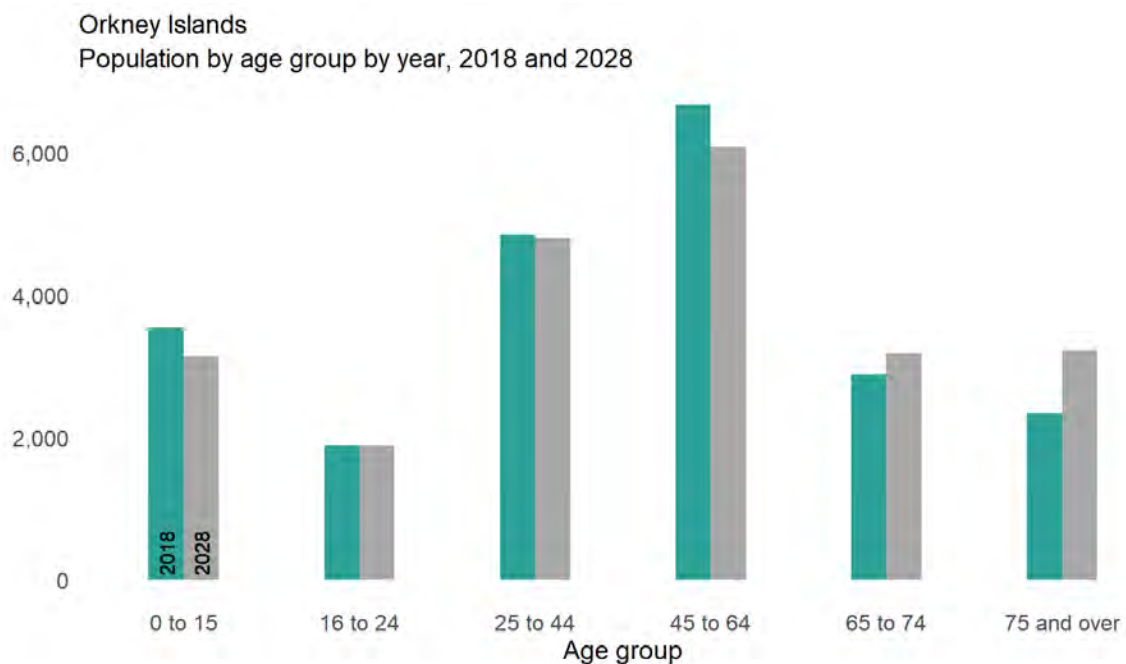
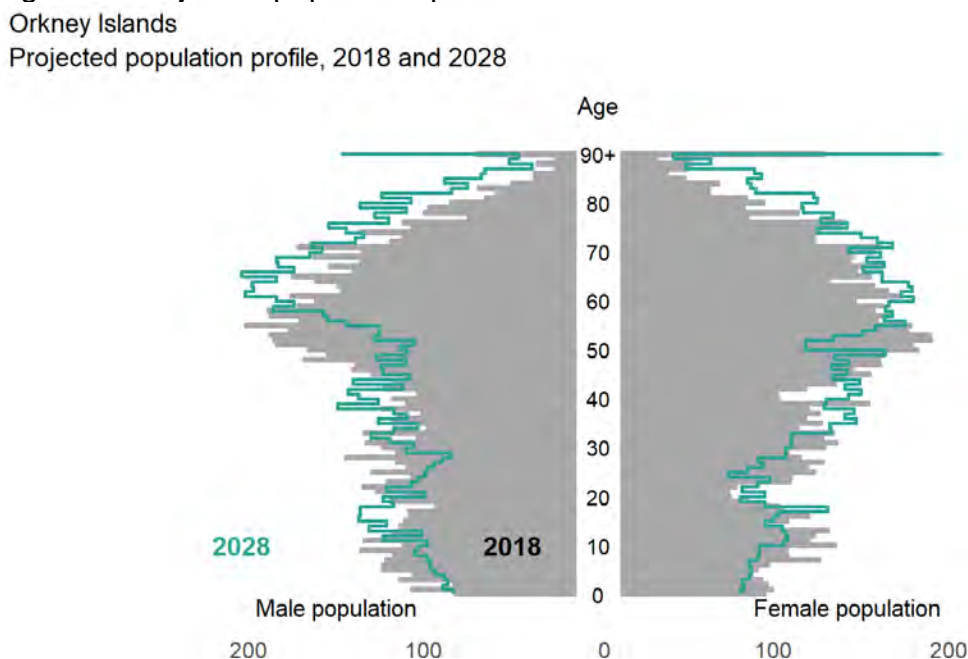


Figure 3: Projected population profile 2018 and 2028



Source: National Records Scotland 2020.

6.2. It is estimated that although the overall Orkney population will decrease by 0.7% between 2020 and 2035, people aged 16 to 64 is forecast to decrease by 11% whilst people aged 75+ is set to increase by 58% by 2042. So, in practice this means that there will be less people available to look after the older population in the future.

6.3. The IJB’s Strategic Plan is a three-year plan and is at the heart of integration. The plan outlines the IJB’s vision for health and social care services for the people of

Orkney, what the IJB's priorities are and how the IJB will build on a foundation of strong partnership working, to deliver them.

6.4. It sets out how services will be delivered in a more integrated way to improve the quality of support for people who need them and deliver the national health and wellbeing outcomes.

6.5. The Joint Strategic Needs Assessment (JSNA) is an assessment of the current and future health and social care needs of the local community, which could be met by the local authority, health board and/or third sector parties, with the purpose of improving the health and wellbeing of the local community and to reduce inequalities for all ages. As there is no defined structure for producing JSNAs, organisations can use their discretion to decide how best to present the information in a clear and meaningful format. The IJB approved its local JSNA on 15 December 2021.

6.6. A key priority is to be able to support people and their carers to live at home and, for people living with long term conditions, we need to champion and encourage people to make life-long changes. This requires us to move at pace to introduce more integrated care pathways between primary, community and hospital care to maximise support for self-care and self-management. Greater integration of social care, including Third Sector, primary, community and hospital care, helps us achieve this ambition; however, Orkney is too small to support shifts in the balance of care and so we must find a unique way of working that has partnership working between individuals, families and communities at the heart of what we do.

6.7. In terms of operational delivery since the last MTFP much progress has been made within the last year, including:

- There has been recurring budget savings approved of £259,400 over the three year period 2020-2023.
- The IJB approved a statement of intent in respect of the Pledge of Support in regard to the National Trauma Training Programme. This is intended to provide a signal of leadership to the workforce that delivery of trauma informed care and practice across all services and sectors is a public health priority. The Pledge will demonstrate a shared commitment to adopting and embedding a long term, trauma informed culture in Scotland to support anyone affected by psychological trauma.
- The approval of the Children's Services Plan 2021-23, in so far it relates to the remit of the IJB. This Plan contains a suite of performance indicators which will enable partner agencies to measure their collective progress towards the eight target outcomes of the 'Getting it Right for Every Child' framework.
- The Annual Budget was approved for financial years 2021/22 and 2022/23 recognising that there was a significant savings target and work must be undertaken with both partners to deliver savings in order to deliver a balanced budget.
- The building of a new 40-bed residential care facility in Kirkwall has been approved, with a start date for construction in Summer 2021, with delivery at the end of 2023.

- Approval of the outcomes contained within the Equality Outcomes Report and the Mainstreaming Report, in so far as they relate to the remit of the IJB. The Scottish Government added Integration Joint Boards to Schedule 19 of the Equality Act 2010 and to the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2015. The Act places a single equality duty on public authorities, covering the nine 'protected characteristics' of race, sex, disability, sexual orientation, religion and belief, age, gender reassignment, pregnancy and maternity and marriage and civil partnership.
- A refreshed one year Strategic Commissioning Implementation Plan for 2021/22 was approved which was developed based on the priorities of the existing Strategic Plan.
- There was further progress on the implementation of the Primary Care Improvement Plan which focuses on a new contract moving away from patients always accessing services via a GP consultation. In future GP Practices will provide patient consultations via a skill mix of professionals with the GPs being freed up to concentrate on areas of more complex care. As part of the new Contract, a Memorandum of Understanding (MOU), was published that outlined six specific key areas of change that are to be implemented by 2021 which would allow the new multi-disciplinary way of working within GP Practices to be in place.
- A pilot project was approved for two years to develop Distress Brief Intervention (DBI) locally. DBI's are an innovative way of supporting people in distress. It is proposed that through the multiagency/organisation collaboration and coproduction in Orkney a direct referral pathway from the Emergency Department, Primary Care, Police Scotland and Scottish Ambulance Service is developed and tested, using a phased approach across Orkney mainland and the Isles.
- In relation to the National Mental Health Strategy Action 15 Funding it was recognised that some of the original proposals submitted in October 2018 needed to be amended. After consultation with GPs, there was an agreement for the final year of funding to be used differently. This aim of this funding is to try and increase mental health staffing by 800 across Scotland.
- The IJB approved a number of posts for Child and Adolescent Mental Health Services (CAMHS) through the Mental Health Recovery and Renewal Fund. This fund is to be used for the implementation of the CAMHS specification, expanding CAMHS up to age 25 and year 1 of 2-year funding to support clearing waiting times backlogs for CAMHS and Psychological Therapies.
- MacMillan Cancer Support has approached the Orkney, Shetland and Western Isles health and social care partnerships, seeking to implement the Improving Cancer Journey model. This will be a partnership arrangement between Macmillan and the three island health and social care partnerships, through the investment of £900,000 covering a three-year programme.
- The evaluation of the Home First Service project was extremely positive and therefore was approved as a permanent service in March 2022. This service is a discharge to assess model offering up to six weeks of reablement support to enable timely discharge from the hospital and the opportunity to assess patients in their own home.

6.8. In terms of governance arrangements there was recognition that some of the documents needed to be refreshed which included a refreshed Risk Management

Strategy, an updated role descriptor for IJB Members and appointment of new Stakeholder Members, a revised Complaints Handling Procedure, appointment of new Chief Internal Auditor, Communications and Engagement Strategy, Orkney Alcohol and Drugs Partnership Strategy and Operational Framework and Scheme of Delegation, Performance Management Framework, Climate Change Duties, Review of Sub Committees, Records Management Plan and Code of Conduct.

6.9. There have also been regular progress updates on the progress being made in respect of the improvement areas identified in the response to the Joint Inspection of Services for Children and Young People in Need of Care and Protection in Orkney.

6.10. The Orkney IJB has an established reputation for good joint working between NHS Orkney and Orkney Island Council, as well as our wider community planning partners and therefore has a strong foundation to build on to address the challenges that the future brings

6.11. The Orkney IJB's finances are overseen by the Chief Finance Officer, with support from the Finance Teams within NHS Orkney and Orkney Islands Council. There is also support from Corporate Services, who provide a range of services such as Finance, Human Resources and Legal Services.

7. UK and Scottish Legislative and Policy Changes

7.1. Additional Investment

In December 2021 it was announced that The Health and Social Care Portfolio will transfer additional funding of £554 million to Local Government to support social care and integration, which recognise the recurring commitments on adult social care pay and on winter planning arrangements. In doing so, the Scottish Government recognise the potential range of costs associated with elements of the winter planning commitments, and that some flexibility in allocation of funding may be required at a local level. The measures that make up this settlement (Orkney's allocation in brackets) as follows:

- £174.5 million (£820K) for continued delivery of the real Living Wage within Health and Social Care.
- £15 million (£30K) for uprating of free personal and nursing care payments
- £20.4 million (£100K) for implementation of the Carers Act 2016.
- Additional investment of £124 million (£540K) to provide care at home.
- £20 million (£90K) to support Interim Care.
- An additional £200 million (£940K) to support investment in health and social care.

It was also stated that the funding allocated should be additional and not substitutional to the recurring budgets and therefore the allocation must be at least £554 million greater than 2021/22 recurring budgets.

7.2. Primary Care Improvement Plan

The Primary Care Improvement Plan is to function as a framework that sets out an ambitious and attractive vision for how services will be delivered in General Practice

and primary care in partnership with the wider health and care system. The key principles are:

- A shift in the GP role to Expert Medical Generalist, leading a team and free from the responsibilities of managing a team and responsibility for premises.
- A new workload formula for practice funding and income stabilisation for GPs.
- Reducing GP workload through health and social care services employing additional staff to take on roles currently carried out by GPs.

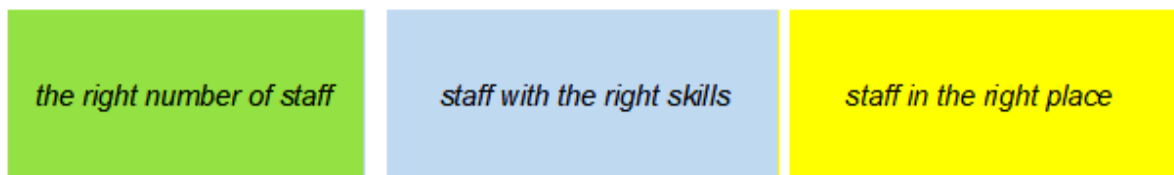
There are particular challenges associated with implementing the new GP contract in remote and rural areas. The British Medical Association and Scottish Government have acknowledged this and state that the new GP contract, as it stands, does not easily fit remote and rural general practice. A “one size fits all” approach will work neither across Scotland nor Orkney given the unique geographical challenges and variations between practices. Work is underway with NHS Orkney to identify how the resources available can meet the needs of Orkney’s patient population, taking account of Scottish Government strategic priorities and taking account of clinical priorities. A further plan was agreed by the IJB in June 2021 in regard to further roll out of the Plan.

7.3. Safe and Effective Staffing

The Health and Care (Staffing) (Scotland) Act 2019 was passed in June 2019. The aim is to help ensure improved outcomes for service users by putting in place a framework to support appropriate staffing for high quality care.

The aim is to make sure there are correct levels of staffing for NHS Scotland and care services providers. It seeks to provide safe and effective care for all patients.

This will be done by having:



How staff levels are monitored and managed is part of the Act. Scottish Health Boards must plan health and care staffing to deliver their services. Unfortunately, there has been delays due to the COVID-19 pandemic.

It is too early to assess the implications of this Act, but is an area which the IJB will closely monitor to enable any financial and operational consequences to be fully understood

7.4. Mental Health

The Scottish Government announced a £120 million Recovery and Renewal Fund to support the implementation of the Scotland’s Mental Health Transition and Recovery Plan which was published on 8 October 2020.

It was recognised that if this funding is to be truly transformational, some investments will ultimately need to be made on a recurring basis. It is encouraged to plan on the basis that funding for staff will become recurring at a future date, recognising that there may need to be some reprioritisation in the event this was not fully achieved in the next Spending Review.

A report was presented to the IJB, at its meeting held on 27 October 2021, with funding proposals which had a full year cost of £798,247. Further details can be found at [CAMHS proposals](#).

7.5. Withdrawal from the European Union (Brexit)

One of the biggest risks for the economic outlook is leaving the European Union with no deal, which could have a long-term negative impact on the economy. This uncertainty increases risks to the planning assumptions included in this plan.

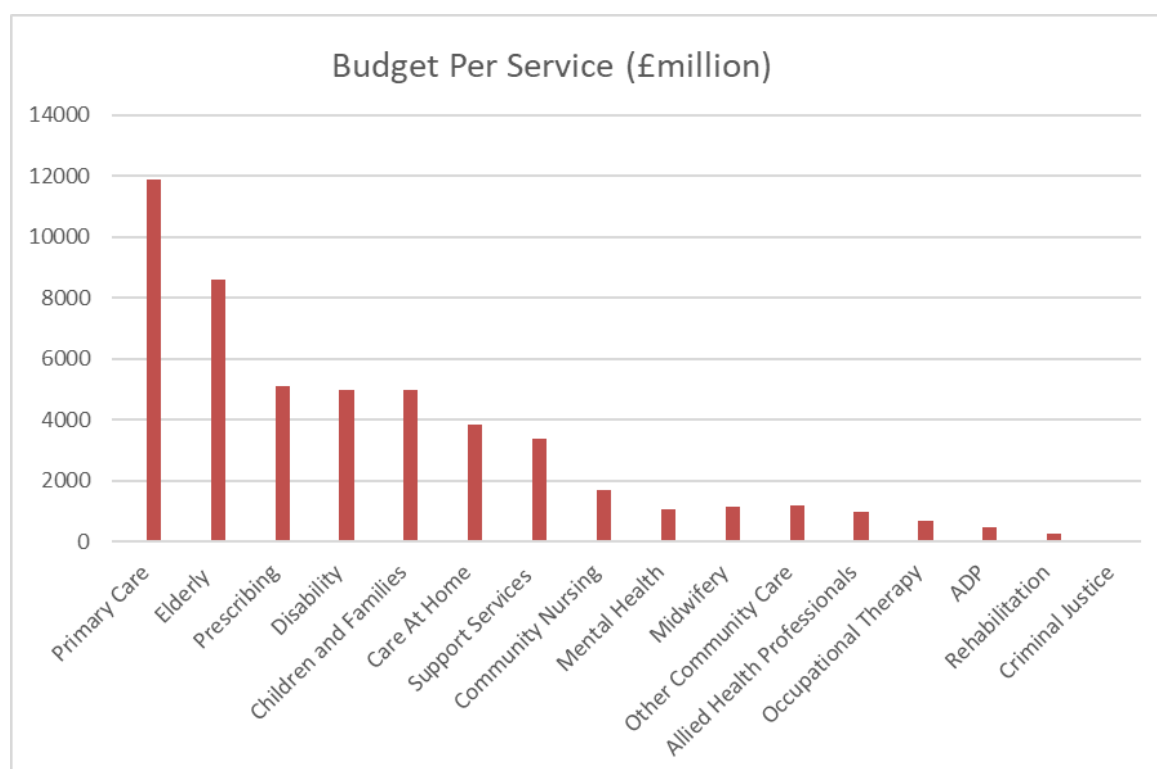
8. Health and Social Care Current Expenditure

8.1. The Scottish Government has not provided detailed spending plans beyond their draft budget for 2022/23. Although there have been continued requests for multi-year settlements this has not been forthcoming which inhibits medium term and long term financial planning in a local context.

8.2. The IJB's budget comprises of the allocations made by its partners, NHS Orkney and Orkney Islands Council. As both partners receive their allocations from the Scottish Government, they must take into consideration their own allocations, additional demands on services and unavoidable costs and increases, i.e. legislative duties and pay awards. The resources available have reduced in real terms which, in turn, have a knock-on effect on budgets allocated to the IJB.

8.3. The budget proposals given by both partners are submitted to the IJB on an annual basis for approval. The annual budget for financial year 2022/23 was approved on 20 April 22 and the approved paper can be found at [Annual Budget 2022/23](#).

8.4. Regarding financial year 2022/23, the budget per service is illustrated below:



8.5. In 2019 through a series of meetings between NHS Orkney and the Council, a savings target over the three-year period 2020/21 to 2022/23 of £4.2 million, with £2.4 million attributable to NHS Orkney delivered services and £1.8 million attributable to Orkney Islands Council delivered services. To date, only £259,400 of recurring savings have been identified.

8.6. In financial year 2022/23, the savings target to be achieved for services commissioned to NHS Orkney is now £2.4 million.

8.7. In Orkney Islands Council settlement there has been a recognition of the exceptionally difficult second year of the pandemic and the acute pressure that services have been under to maintain existing provision, therefore no efficiency savings have been requested in the preparation for the 2022/23 budget.

8.8. Within the Annual Audit Report by Audit Scotland presented to the IJB Audit Committee on 16 March 2022 some of the financial risks identified are:

“A savings target of £4.2M has been applied for the three year period 2020 to 2023, of which only £259.4K of recurring savings has been identified to date per the most recent financial monitoring report. NHS Orkney has applied a savings target of £1.8M for 2021/22 (£800K carried forward from 2020/21), with zero savings identified to date. Medium term financial planning will have to be revised to determine a realistic approach to achieving savings targets.

8.9. An improving outcomes paper was presented to the IJB in October which highlighted the financial challenge faced by public services is likely to be greater than ever as the nation emerge from the pandemic. For health and social care, managing

limited budgets in the context of ageing demographics and increased levels of need, will be hugely challenging. It will not be sufficient to simply consider year on year budget allocations and, instead, the Board will need to plan for transformation that can bring longer-term safe and sustainable services for the people of Orkney. The IJB agreed that an approach to service transformation presents the greatest opportunity to find longer-term financial sustainability. There was also agreement to the following four proposed areas for focusing efforts in improving outcomes and being more efficient:

- Adopt an Asset-Based Community Led approach to supports and services.
- Work with communities to transform Primary Care provision.
- Develop the workforce plans to reduce reliance on agency staff.
- Embed the approach to realistic medicine and prescribing.

8.10. In 2022/23 there are significant reserves allocated of £6,084 million of which is earmarked which means they can only be used for a specific purpose i.e. Primary Care Improvement Fund, Alcohol and Drugs Partnership, COVID-19 and Mental Health Recovery and Renewal.

8.11. Current Pressures Within Services Commissioned

Throughout the 2021/22 financial year there was significant financial pressures highlighted within the revenue and expenditure monitoring reports which are as follows:

8.11.1 Children and Families – Social Work services have been experiencing high levels of sickness absence for a considerable length of time, including key leadership and management roles, all of which has had a significant impact on the service's ability to deliver effective and statutory social work services to children, young people and their families. Some of this is related to the need for staff members to remain at home due to initial COVID-19 restrictions. However, it is anticipated some sickness absence will be long term and combined with significant recruitment challenges, are proving difficult to remedy. This has resulted in the need to employ locum staff.

Most importantly, the statutory requirement to provide social work services for children and young people requires the ability to respond to need and to have responsive Child Protection capacity. Temporary arrangements to ensure this capacity have incurred significant, additional, unfunded expenditure.

These additional posts are essential at this time to ensure proper review planning and improvement work is undertaken following the findings of the Joint Inspection Report, from February 2020, of Services for Children and Young People in Need of Care and Protection in Orkney.

There are also additional costs for residential care within Orkney due to the current children's house being at full capacity. The requirement for outwith the local authority placements have also increased for children who require a more specialist service, that cannot be provided in Orkney.

8.11.2. Care at Home / Day Care - The demand for Care at Home continues to grow as the ageing population is continuing to increase. Once an assessed need has

been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria. The introduction of self-directed support became an enabler for service users whereby they can choose to either have an in house service, funding to employ their own personal assistant or ask for another agency to provide the care. This means that there is more choice for service users and where an in house service is at full capacity there are other options to receive the care. Unfortunately, due to the high demand there has been no ability to reduce the in house provision and no significant investment within the last few years to meet the pressures within the service.

8.11.3. Prescribing - Prescribing can be a difficult budget to manage as it is demand led and this financial year has seen an increase within the unit price and volume. The exit of the European Union has also caused more uncertainty.

8.11.4. Unscheduled Care - Within the Act 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. High levels of absence through COVID-19 and an inability to recruit to permanent medical posts has increased costs in relation to locums and agency staff. Significant effort has been given to recruitment with some progress made very recently in filling some long-standing medical vacancies on a permanent basis.

8.11.5. Workforce - There are wider recruitment challenges, across the workforce with it becoming more difficult to recruit to posts, exacerbated further by national shortages of qualified staff in fields such as Social Work. There has also been feedback that due to shortages within the rental market, some successful candidates have had to decline positions within the partner organisations.

Many of the issues around waiting times are due to the inability to recruit. The fact is that we are small teams and, therefore, if a member of staff is absent, capacity can reduce by 50% in some services.

The Scottish Government has recognised some of these issues and has given additional investment, as further explained within section 6.

There is also guidance provided to NHS Boards and Health and Social Care Partnerships on completion of the three year workforce plan. A key aim of the approach to workforce planning is to ensure a robust and aligned approach across workforce, operational service and financial planning. Three Year Workforce Plans should therefore align with priorities identified in Board Medium term Operational and Financial Plans, and Health and Social Care Partnerships (HSCP) Strategic Commissioning Plans (SCPs). In particular, financial planning assumptions should reflect how you prioritise actions within your local workforce plans (i.e. to support training, new recruitment, retention etc.), so that investment is made in the areas that will make the greatest impact on achieving the Strategy's tripartite ambition leading to long-term workforce sustainability.

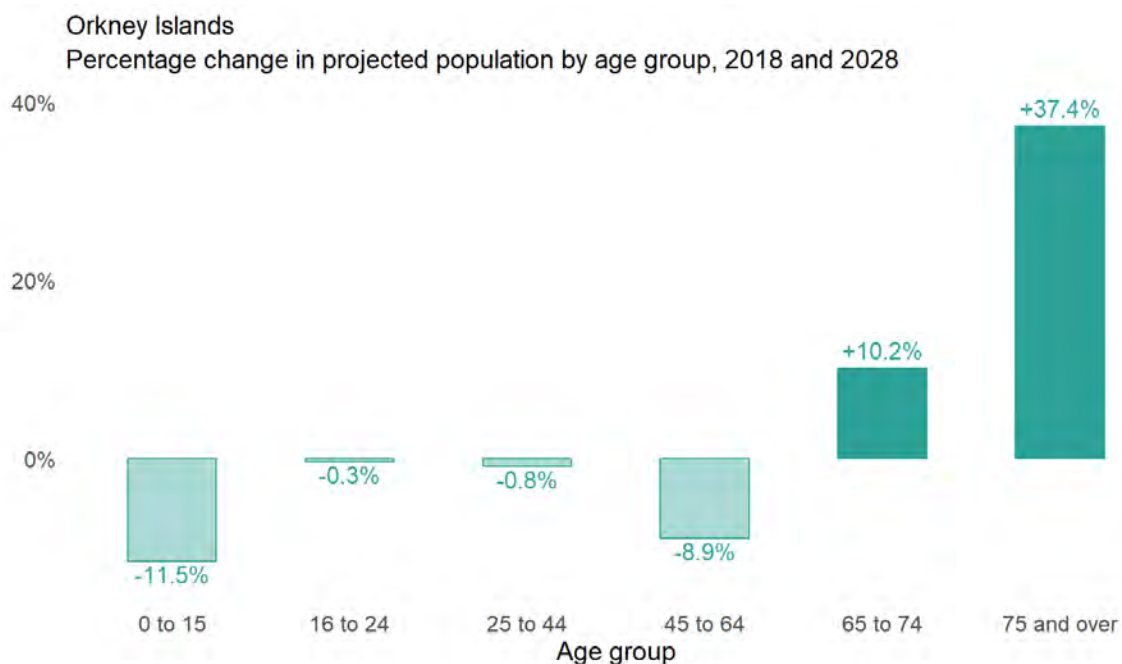
8.11.6. As a very small area, with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing number of older age and older people, we have very limited scope to make significant resource shifts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

8.11.7. We have also been working in partnership with NHS Orkney and Orkney Islands Council for many years and have already made several of the changes and shifts that were available. The task at hand therefore presents a significant challenge.

9. Future Demand on Health and Social Care

9.1. Demand is rising significantly because of changing demographics, whilst in real terms, available public spending is reducing. Over the next few years, the Orkney IJB will be required to balance its commissioning decisions to support change alongside its decommissioning decisions, which will enable NHS Orkney and Orkney Islands Council to deliver year-on-year efficiencies in order to sustain priority services.

9.2. People in the older age group are most often in need of health and social care services. The National Records of Scotland have produced population projections for Orkney. The graph below illustrates between 2018 and 2028, the 0 to 15 age group is projected to see the largest percentage decrease (-11.5%) and the 75 and over age group is projected to see the largest percentage increase (+37.4%). In terms of size, however, 45 to 64 is projected to remain the largest age group. This will have a significant impact on how we deliver services in the future.



10. Understanding the Financial Challenge

10.1. With much political and economic uncertainty around substantial energy price increases, the war in Ukraine, ongoing financial implications that COVID-19 will have on our population and only one year finance settlements it is not possible to provide a definitive savings target over the medium term. However, a number of different scenarios have been costed on the assumptions as stated below which highlights the potential budget pressures on services.

10.2. The Bank of England stated in March 2022 that the rate of inflation went up quickly in 2021 and it has continued to rise this year. They expect it to reach around 9% within this year and could go even higher. However, there is an expectation that the rate of inflation will fall considerably over the next couple of years as they don't expect these causes of the current high rate of inflation to persist.

10.3. It is unlikely that the prices of energy and imported goods will continue to rise as rapidly as they have done recently. The Bank of England states that this would mean that inflation will decline to be around our 2% target in two or three years' time.

10.4. But even though the rate of inflation will slow down, the prices of some things may stay at a high level compared with the past.

10.5. In May 2022 the Consumer Price Index (CPI) is 7% as UK inflation rises to its highest level since 1992.

10.6. A few scenarios have been calculated which effectively tests "what if" and enables the IJB to determine the potential fluctuation which could exist within each mode. The following table has some main assumptions:

Scenario 1	Scenario 2	Scenario 3
2% increase in funding from NHSO and OIC	1% increase in funding from NHSO and OIC	0% increase in funding from NHSO and OIC
1% increase in pay costs	2% increase in pay costs	3% increase in pay costs
1% increase in non-pay costs	4% increase in non-pay costs	7% increase in non-pay costs
2% increase in income	1% increase in income	0% increase in income

Based on these assumptions the 3-year funding gap will be as follows:

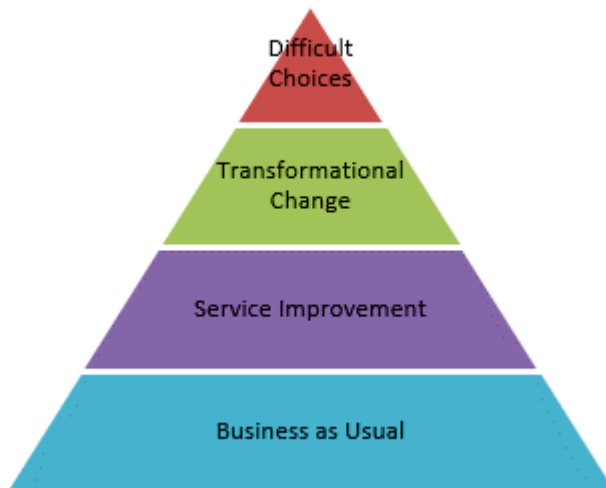
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Funding Gap £000
Scenario 1	(2,400)	584	601	619	(596)
Scenario 2	(2,400)	(1,118)	(654)	(1,214)	(2,987)
Scenario 3	(2,400)	(2,820)	(1,963)	(3,149)	(7,932)

10.7. There has been a savings target applied from NHS Orkney for financial year 2022/23 of £2.4 million. At present there is no recurring savings identified. Based on the income levels there will be a **shortfall of between £0.596 million to £7.932 million** to deliver services which, therefore, demonstrates the essential requirement to change the way that services are delivered, thereby ensuring we can commission

appropriate, safe, sustainable services, meeting the needs of the Orkney population. This is based on current demographics on a business as usual scenario

11. Closing the Financial Gap

11.1. To get a better understanding of how to address demand versus ensuring delivery of safe sustainable services, the decisions required can be broken down as illustrated.



11.1.1. Business as Usual - In respect of most of our services we need to ensure that patients/service users receive the appropriate care based on their assessed need and, therefore, budgets and expenditure are managed through robust financial management redirecting funds throughout the course of the year to try and achieve an overall year end balanced position. However, it is recognised that we do not have the finances or workforce now let alone in the future to continue to do things as they have been done previously.

11.1.2. Service Improvement - This can be achieved by looking at current structures and processes, trying to use all the available resources, such as people and funds, in the best way possible to achieve Best Value.

There has been a significant investment announced in respect of £0.5million to enhance the structures so as there will be capacity at trying to ensure that services will be sustainable moving forward.

Implement a range of initiatives which will ensure services are delivered in the most efficient manner.

Ensuring that the services purchased from the external market reflect the needs of the local population, deliver good quality support and align to the strategic priorities of the Orkney HSCP.

11.1.3. Transformational Change – This requires that we change the way in which services are delivered to ensure that we are able to deliver safe and sustainable services in the future, taking into account demographic growth and increasing long term conditions. This is imperative for Orkney as the demographic profile continues

to illustrate that the older population is estimated to increase by 37.4% from 2018 to 2028.

Transformation and service redesign needs to focus on identifying and implementing opportunities to redesign services using alternative models of care in line with the ambitions of the HSCP Strategic Plan.

Progressing work around the unscheduled care commissioning plan to address a shift in the balance of care away from hospital based services to services delivered within the community. This within the context of a fragile primary care and community services infrastructure also needing redesign.

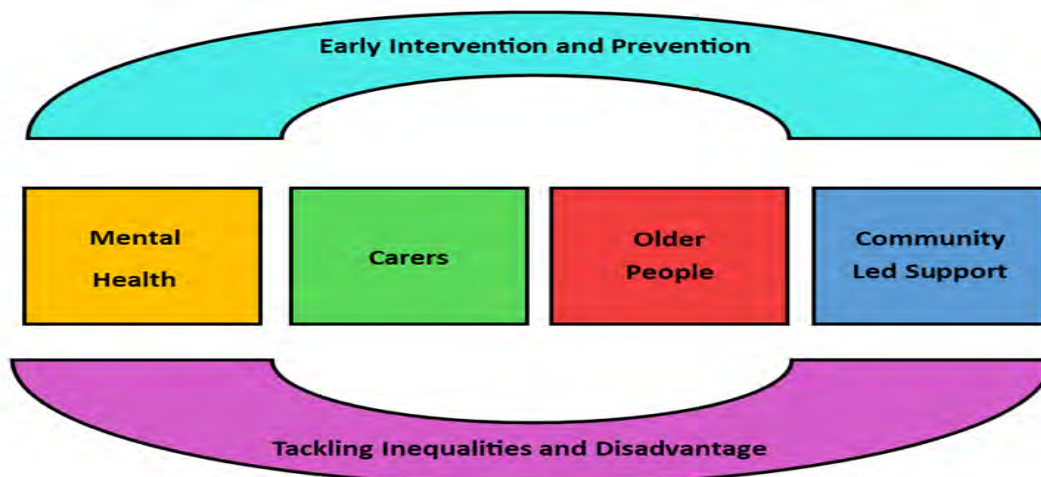
A requirement to promote good health and wellbeing through realistic medicine, self-management of long term conditions and intervening at an early stage which will prevent escalation to more formal care settings and people can remain within their own homes.

11.1.4. Difficult Choices – This will be the hardest to achieve as there might be a requirement for us to decommission current services that are not a main priority of the Strategic Plan. Therefore, we need to ensure that we are delivering the right services at the right time to the right people. Early intervention and prevention will be one of the key drivers in minimising the ongoing demands within services. It is imperative that all stakeholders have their say on the way forward of the future health and social care services in Orkney.

There are always new legislative and statutory requirements that must be adhered to, but this should not be a driver in minimising innovation and different ways of working.

12. Strategic Plan Priorities

12.1. The priorities for this Strategic Plan came from a number of consultation exercises that have taken place, across Orkney, in recent months. There are two overarching priorities that are embedded within the identification of the 4 main priorities.



12.1.1. Mental Health

Orkney's Mental Health Strategy (2020-2025) sets out a framework for the improvement and development of mental health and wellbeing supports. Future plans to improve services include:

- A focus more on prevention and early intervention including increased education and support for our Children and Young People.
- Enabling statutory health and social care services, third sector organisations, communities, and individuals to continue to work together in a person-centred way which makes best use of local resources.
- Increasing training and capacity of staff across health and social care, including the third sector, so that they have the knowledge, skills, and resources to provide the range of different clinical and social support that people need.
- Adopting a recovery-based approach which recognises the strengths and resources of individuals, promotes rights, choice, and self-management, and enables people living with mental ill health to live the best life they can.
- Encouraging everyone in our community to work together to reduce stigma and to encourage positive conversations about mental health and wellbeing.
- Providing houses for people with enduring mental health conditions.

12.1.2. Carers

- Continue to publicise the support available to our Unpaid Carers.
- Further investment in services that allow Unpaid Carers to take a break from their caring responsibilities.
- Train staff to identify Unpaid Carers and help them to access support.
- Offer an Adult Carer Support Plan or Young Carer Statement to everyone who wants one.
- Develop a strategy to specifically address the needs of Young Carers.

12.1.3. Supporting Older People to Stay in Their Homes

- To identify people who are facing fuel poverty to benefit from the national support initiatives available to them, work with partner agencies in accessing funds and support, as well as publicising how people can seek support.
- To support the co-housing projects within the islands which initiatives is to tackle loneliness and isolation among older people by building rented homes, where people can live independently, but within a supportive community.
- Work closely with the Council's Housing Service and Orkney Housing Association Limited to ensure that affordable housing helps to support older people and provide the housing that is necessary for Orkney's ageing demographic.
- Ensure help is available to help people remain in their homes for longer from the Care and Repair Orkney service, which contributes towards the installation of adaptations at home, as well as small repairs.
- Embed the Home First Project. This allows for a period of safe assessment and reablement, within people's homes, where their long-term needs can be assessed

more accurately, and ensure to deliver the right support to enable them to be at home, rather than in hospital, or a residential care home.

- To utilise the use of technology when it is appropriate to do so. Trialling the use of tablet computers to carry out reviews with people receive use services, when it is not always possible, or safe to carry out a visit, such as during the COVID-19 pandemic.
- In addition it is proposed to use a one-button computer that enables people to keep in touch with family and friends and for services to communicate with people who, for example, are unable to answer a phone.

12.1.4. Community Led Support

Community Led Support was first introduced in the summer of 2019 when OHAC talked to communities about what is important, what would help and what matters to them. Although good progress was being made the pandemic COVID -19 meant that face to face was no longer an option and resources were redeployed to meet the needs of those most vulnerable in the communities.

However, many parishes and islands led their own successful community support efforts. There can be learning from these as time progresses, designing collaborative approaches and engaging further with communities to develop this. It is hoped that there will be a local Community Led Support Implementation Strategy, which will be published later in 2022.

All of these will play a significant role in ensuring the delivery of the nine National Health and Wellbeing Outcomes and the agreed locally set outcomes. This Board will:

- Steer, drive and enable progress at pace, with activity relating to the following priority programmes: Strategic Commissioning, Planning of Acute Sector and Self-Directed Support.
- Review and approve any project proposals.
- Consider “deep dives” into working group programmes to provide assurance of progress.
- Identify and enable new tests of change in support of our strategic priorities.
- Ensure identification and delivery of programme benefits. Where these are identified as no longer deliverable, redirect projects/ programmes accordingly.

Legislation is constantly changing, and this can have significant impacts on island communities and how services are commissioned and delivered.

Relevant Documents

[Orkney Integration Scheme.](#)

[Health and Social Care Delivery Plan.](#)

[Strategic Plan.](#)

[Risk Management Strategy.](#)

[Risk Register.](#)

[Orkney IJB and IJB Performance and Audit Committee Board Papers.](#)

[Orkney IJB Sub-committee.](#)

Further information can be obtained from:

Chief Finance Officer, Orkney IJB, School Place, Kirkwall, Orkney, KW15 1NY.