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Agenda Item: 10.

Integration Joint Board

Date of Meeting: 25 June 2019.

Subject: 2019/20 Integration Joint Board Budget.

1. Summary

1.1. This report illustrates the funding allocations to the Integration Joint Board (IJB) from NHS Orkney (NHSO) and Orkney Islands Council (OIC) within which the Joint Strategic Commissioning Implementation Plan 2019/20 should be delivered.

2. Purpose

2.1. To present the funding allocation from NHSO and OIC for financial year 2019/20.

3. Recommendations

The Integration Joint Board is invited to:

3.1. Note that, in order to achieve a break-even position for financial year 2018/19 OIC transferred additional resources of £301,000 from its corporate contingency budget.

3.2. Note that OIC is not deducting this additional payment from the funding allocation for 2019/20.

3.3. Note that, although significant savings target has been applied from either partner for the forthcoming financial year, savings of £17,000 have been applied to Social Care by the Council, as detailed within Annex 2 attached.

3.4. Note that further work is required in respect of unscheduled care in order to assess compliance with the six steps detailed at section 5.6.2 of this report.

3.5. Determine whether to approve the budget for financial year 2019/20 as illustrated in section 7.1 of this report, taking into consideration the additional resources required in the last financial year and recognition of no significant savings target applied for financial year 2019/20.

4. Background

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

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

4.3. Inpatient hospital services/budgets provided within the Balfour Hospital and capacity in the designated specialities used in hospitals located in other Health Boards will form the set-aside portion of the hospital budget.

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

4.5. The IJB will produce a Strategic Commissioning Implementation Plan (SCIP) for the use of these resources and give direction and payment to NHSO and OIC for delivery of services in line with the SCIP.

4.6. The total budgets for the functions delegated to the IJB should be allocated prior to the start of each financial year, including the budgets for acute services advised as an unplanned admissions sum.

4.7. The Board receives a formal report on a quarterly basis in regard to revenue expenditure monitoring which informs members of the up to date position.

4.8. Any potential deviation from a break even position should be reported to the Board, OIC and NHSO at the earliest opportunity.

4.9. Where it is forecast that an overspend shall arise a financial recovery plan is prepared setting out how a breakeven position will be achieved. This requires to be approved by the Board. Where an in year recovery cannot be achieved then a recovery plan that extends into the next year should be presented, effectively carrying forward the overspend and setting out how a break even position will be achieved over a period of time beyond the current year. This requires the approval of OIC and NHSO in addition to the Board.

4.10. 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. Any additional payments by OIC and NHSO may then be deducted from future years funding/payments. OIC and NHSO may opt to make any additional payments to the Board at any time, as they see fit and need not require repayment.

5. Current Position

5.1. 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 decommissioning decisions that enables NHSO and OIC to deliver year on year efficiencies to sustain priority services.

5.2. Due to financial constraints there is limited scope to try new ways of working or transformation of services without additional investment, whilst still ensuring existing services are maintained.

5.3. Within the recent Annual Audit Report by Audit Scotland one of the key messages states:

‘The Orkney IJB should review and update their Integration Scheme to ensure there is a shared understanding between partners that it is undesirable to cut subsequent years’ funding allocations by the current year’s additional funding (in the event of a deficit) as this will compound any funding gap because at present it is challenging to achieve in-year balanced budgets without further reductions due to previous year overspends.’

This is further highlighted within the internal audit on Financial Planning which states:

‘Should the partner bodies choose to deduct any additional payments which they have made from future funding allocations, this would be highly likely to compound future funding deficits. This option within the Integration Scheme should be reviewed by the Board to consider the suitability of its inclusion within the scheme.’

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

5.5. A medium-term financial plan has been developed alongside the new Strategic Plan on how services will be commissioned within the available resources, and it the subject of a separate report.

5.6. Regarding the unscheduled care there is an indicative figure of £6.9 million. This has not been delegated to the IJB although the IJB must report on the budget and expenditure.

5.6.1. The National Integration Finance Development Group (FDG) has spent time understanding the types of information that is available to enable local systems to manage unscheduled care budgets for planning, monitoring and shifting resources.

5.6.2. The six key steps in the statutory guidance are as follows:

- A group should be established comprising the hospital sector director and finance leads, and the Chief Officers and Chief Finance Officers of the Integration Authorities, whose populations use the hospital services, including those with a material level of cross boundary flow. The purpose of the group is:

- To develop an understanding of the baseline bed capacity used by Integration Authority residents in the delegated specialties and the resource affected.
- To develop projections and agree a plan for the capacity that will be needed in future.
- To monitor implementation of the plan.
- The baseline bed days used by Integration Authority residents in the ten specialties should be quantified and the relevant budgets mapped to the bed capacity. The resulting amounts would then be the baseline sum set aside.
- A method should be agreed for quantifying how the sum set aside will change with projected changes in bed capacity. This should be at two levels of detail: one allowing for the development of outline plans, giving an initial indication of the potential resource implications; and a more comprehensive analysis of agreed changes in capacity, that takes into account cost behaviour and timing of resource changes. Although ultimately left to local decision, the guidance recommends that a similar process to the one successfully used for Learning Disability Same As You (LDSAY) should be used for the more detailed modelling.
- A plan should be developed and agreed that sets out the capacity levels required by each Integration Authority (taking into account both the impact of redesign and of demographic change) and the resource changes entailed by the capacity changes.
- Regular information should be provided to the group to monitor performance against the plan.
- As the plan for hospital capacity is a joint risk held by the Integration Authorities and the Health Board an accountability framework should be agreed that clarifies relevant risk sharing arrangements.

5.7. There have been delays in progressing this work due to other commitments, but this will need to be progressed moving forward.

5.8. NHS Orkney

5.8.1. NHSO presented a financial plan to the Finance and Performance Committee on 28 March 2019 which was homologated by the NHS Board on 25 April 2019. The detail can be found at Annex 1.

5.8.2. In terms of delivering the required savings in 2018/19, the recovery plan did not manage to deliver a balanced budget and was utilising non-recurrent savings to minimise the overspend through vacancies.

5.8.3. The baseline transfer from NHS Boards to Integration Authorities in support for health and social care has been maintained at £350 million (Orkney's allocation is £1.504 million). This funding is transferred from NHSO to OIC.

5.8.4. In 2018/19 the Alcohol and Drugs Partnership received an additional earmarked allocation of £82,000 in addition to the baseline budget of £427,100. This was not fully utilised and therefore £80,000 will be available for 2019/20.

5.8.5. Primary Care also received an additional £220,700 for transformation by enabling expansion of the multi-disciplinary team for improved patient care and a strengthened and clarified role for GPs as expert medical generalists and clinical leaders in the community (Primary Care Improvement Fund). At year end there was an underspend of £68,600 which is held within IJB reserves and will be available for 2019/20. There was also the second tranche of funding held within the Scottish Government of £27,000 which increases the funding available to £95,600.

5.8.6. Within the report to the Finance and Performance Committee of 28 March 2019, it states that the Scottish Government has indicated that, to meet various commitments to social and integration needs, including Primary Care improvements plans and Mental Health Action 15, a further £785,000 will be allocated. The IJB will need to establish a process to ensure that spending is monitored and in line with the expectations on which the funding was granted. This has not been included in the IJBs allocations, but will be transferred once received a long with any further allocations once known.

5.8.7. Although NHS Orkney has an overall planned recurring savings target of £750,000, none of this has been applied to the IJB in financial year 2019/20. However, within the NHSO financial plan it is assumed that the services commissioned will break even at year end.

5.8.8. There is always a certain amount of uncertainty in regard to allocations due to the fact that financial planning arrangements with Scottish Government are still ongoing nationally.

5.9. Orkney Islands Council

5.9.1. OIC presented the Budget and Council Tax Level for 2019/20 to the Policy and Resources Committee on 12 February 2019, which was subsequently approved by Council on 5 March 2019.

5.9.2. Within the finance settlement there was a commitment “to continue to provide an earmarked £160 million from the Scottish Government for health and social care investment to support social care and mental health services – including those under the direction of Integration Authorities – whilst, as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19, i.e. by up to £50 million across all local authorities to help them manage their own budgets.” OIC transferred the full allocation received of £633,000 to the Integration Joint Board.

5.9.3. A further £40 million is included to extend Free Personal and Nursing Care for under 65s, as set out in the Programme for Government, and continued implementation of the Carers (Scotland) Act 2016. Orkney’s allocation in respect of this is £26,000. This will cover the loss of income through non-charging but it is unknown whether there will be an increase in demand.

5.9.4. The Council has an overall efficiency savings target of £350,000. The savings target applied for Social Care is £17,000 for financial year 2019/20. Further information is available at Annex 2.

6. Contribution to quality

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

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

7. Resource implications and identified source of funding

7.1. The proposed budgets for 2019/20 are as follows:

Partner	Budget £000
NHS Orkney	24,927
Orkney Islands Council	19,552
IJB Baseline Budget 2019/20	44,479

7.2. Since the baseline budgets were agreed within the respective partner bodies, there has also been an additional one off allocation of £204,000 from the Council in relation to additional demands within residential childcare.

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

8. Risk and Equality assessment

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 Integration Joint Board will require to balance its ambitious commissioning decisions to support change alongside decommissioning decisions that enables NHSO and OIC 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 Commissioning Implementation Plan in relation to the financial resources that are available. Failure to breakeven within the financial year means the IJB will remain dependent upon additional payments from both partners.

9. 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.	Yes.

10. Escalation Required

Please indicate if this report requires escalated to:

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

11. Author

11.1. Pat Robinson (Chief Finance Officer), Integration Joint Board.

12. Contact details

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13. Supporting documents

13.1. Annex 1: NHS Orkney's Budget 2019/20.

13.2. Annex 2: Orkney Islands Council Budget 2019/20.

Annex 1: NHS Orkney's Budget 2019/20

	£000's	£000's
Baseline Budget 2018 to 2019		23,208
Baseline Budget Increases 2018/19		
Non Recurring		
Cost Pressures	552	
Pay and Inflation (over original plan)	171	
Amended Scottish Government Allocations	214	
Additional Budgets	235	
Non Cash Limited Budget Review	102	
	<hr/>	1,274
Pay and Inflation Uplift 2019/20		445
Approved Budget 2019 to 2020		<u>24,927</u>

Annex 2: Orkney Islands Council Budget 2019/20

	£000's	£000's
Baseline Budget 2018 to 2019		18,182
Baseline Budget Increases		
Inflation	545	
Adoption Allowance Payments	54	
Free Personal Care for Under 65's	26	
	<hr/>	625
Financial Settlement (Non-Recurring)		
Whole System Approach	25	
Carers Act Extension	46	
Health and Social Care	588	
	<hr/>	659
Baseline Budget Savings		
Reduction in Insurance Costs	-4	
Cease Carbon Reduction Commitment Payments	-13	
	<hr/>	-17
Permanent Adjustments		
Reinstate 2018 to 2019 Baseline Budget Savings	155	
Realignment of Apportioned Costs	-40	
Childcare Partnership Contribution to Education	-12	
	<hr/>	103
Approved Budget 2019 to 2020		19,552
One Off Allocation for Residential Childcare		204
Revised Budget 2019 to 2020		19,756