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Agenda Item: 9.

## **Integration Joint Board**

Date of Meeting: 14 March 2018.

Subject: 2018/2019 Integration Joint Board Budget

### **1. Summary**

1.1. This report illustrates the indicative funding allocations to the Integration Joint Board (IJB) from NHS Orkney (NHSO) and Orkney Islands Council (OIC) within which the Joint Strategic Commissioning Plan 2018/2019 should be delivered.

### **2. Purpose**

2.1. To present the funding allocation from NHSO and OIC for financial year 2018 to 2019.

### **3. Recommendations**

The Integration Joint Board is invited to:

3.1. Note that NHS Orkney will make an additional payment to the Integration Joint Board in regards to the overspend (currently projecting £498K) to achieve a break even position for financial year 2017 to 2018.

3.2. Note the indicative funding allocation of £23,129,042 from NHS Orkney for financial year 2018 to 19, which does not include any pay increases, inflation or any service investments.

3.3. Note that the late resolution of many issues is due to the fact that financial planning arrangements with Scottish Government Health are still ongoing nationally.

3.4. Note that the set aside budget has not yet been set for financial year 2018 to 2019 and therefore not included.

3.5. Note that a savings target might be applied to the allocation from NHS Orkney but has not yet been established however, based on the overall savings target of 5.0% this would equate to approximately £1.2 million.

3.6. Agrees to work urgently to develop plans to deliver financial balance and develop long term sustainable and affordable health services.

3.7. Note the ongoing pressures within Primary Care and Prescribing as explained at section 5.3.3 of this report.

3.8. Note the funding allocation of £17,916,900 from Orkney Islands Council for financial year 2018 to 2019.

3.9. Note the ongoing pressure within Children's Residential Care and Self Directed Support as explained at sections 5.4.8 and 5.4.9 of this report.

3.10. Approve powers be delegated to the Chief Finance Officer to revise the revenue budgets within the internal functions delegated to each partner in respect of service pressures.

## **4. Background**

4.1. Within the Integration Scheme it stated 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 any 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 Plan (SCP) for the use of these resources and give direction and payment to NHSO and OIC for delivery of services in line with the SCP.

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 a set aside sum.

## **5. Current Position**

5.1. The proposals support the IJB's vision, aims and strategic objectives as set out in the Integration Scheme and Strategic Commissioning Plan 2018/2019. However, with an anticipated unidentified savings target still to be applied there are decisions required on how this shortfall will be managed.

5.2. 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 strategy that enables NHSO and OIC to deliver year on year efficiencies to sustain priority services.

### 5.3. NHS Orkney

5.3.1. NHSO presented a draft budget to the Finance and Performance Committee on 27 February 2018 and will be submitted to the NHS Board on 26 April 2018. The detail can be found at Annex 1. This does not include any pay increases, inflation or any service investments but will be included once agreements have been made.

5.3.2. The savings target for NHS Orkney represents circa 5.0%. If this is applied to the IJB this will be in the region of £1.2 million. There has been no agreement to date on what saving will be applied.

5.3.3. The main financial pressures within NHSO are in regards to Primary Care and Prescribing. Primary Care has had to use locum cover to ensure delivery of services which has a significant financial impact. Prescribing can be a difficult budget to manage as it is demand led and there has been an increase within the unit price and volume.

5.3.4. In terms of delivering the required savings in 2017/2018, the recovery plan has not been able to deliver a balanced budget and has been utilising non-recurrent savings to minimise the overspend through vacancies.

5.3.5. The Strategic Planning Group is investigating alternative models of care within Primary Care in the long term so that this service can aim to become affordable and sustainable.

5.3.6. The financial planning assumptions are validated through the Corporate Financial Network and the inflationary uplifts are:

Staff Costs.	3.00%
Incremental Drift.	0.50%

Applying the above percentages provides an uplift of circa £219,000.

5.3.7. 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 £1.504million). This funding is transferred from NHSO to OIC.

5.3.8. NHSO's draft budget is expected to change over the next few months as discussion with the Scottish Government continues. Further clarity is required regarding the following issues:

- A National Transformational Change Fund of £126million will provide support to the regional delivery plans for implementation of new service delivery models, improved elective performance and investment in NHS's digital capability.
- Primary Care will gain an additional £50million in addition to the £60million (£107,000 Orkney's 2017/2018 allocation) provided in 2017/2018 for the transformation by enabling the expansion of multidisciplinary team for improved patient care and a strengthened and clarified role for GP's as expert medical generalists and clinical leaders in the community.

- Mental Health will gain an additional investment of £17million in addition to the continue share of £30million (£165,000 Orkney's 2017/2018 allocation) in regards to the Mental Health Strategy. There is a shift in the balance of care towards mental health, increasing the level of investment in mental health services and improving support in the crucial period from birth to young adulthood. The additional investment will go towards the commitment to increase the workforce by an extra 800 workers over the next 5 years.
- The Alcohol and Drugs Partnership will receive an additional invested share of £20million in 2018/2019 in addition to the £53.8million already allocated (£427,000 Orkney's anticipated 2017/18 allocation).
- As the values are unknown in regards to Orkney's allocation they have not been accounted for, but once the allocations are known all resources received that relate to the delegated functions will be passed to the IJB as an additional allocation.

5.3.9. The late resolution of many issues is due to the fact that financial planning arrangements with Scottish Government Health are still ongoing nationally.

5.3.10. Service Delivery plans and cost pressures for 2018 to 2019 have not yet been agreed. Any resources will be delegated to the IJB once agreed.

#### **5.4. Orkney Island Council**

5.4.1. OIC presented the Budget and Council Tax Level for 2018 to 2019 to the Policy and Resources Committee on 13 February 2018, which was subsequently approved by Council on 22 February 2018.

5.4.2. The savings target applied for Social Care was £383,375 which represents 2.2% of the agreed baseline budget for 2017 to 2018. Further information is available at Annexes 2 and 2a. It should be noted that Annex 2a contains exempt information as defined in paragraphs 1 and 11 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973. Accordingly, the public should be excluded from the meeting, should the IJB wish to discuss any aspect of Annex 2a.

5.4.3. The budget uprating assumptions are:

Staff Costs.	3.00%
Apportioned Costs.	3.00%
Sales.	4.00%
Fees and Charges.	4.00%
Other Income.	4.00%

Applying this inflationary uplift amounts to £364,800 in regards to staffing and apportioned costs.

5.4.4. There has been a baseline growth £264,000 in regards to the Intensive Fostering service.

5.4.5. 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 £1.504 million). This funding is transferred from NHSO to OIC.

5.4.6. An additional £66 million (Orkney's allocation £289,000) to support additional investment in social care in recognition of a range of pressures local authorities are facing, including support for implementation of the Carers (Scotland) Act 2016, maintaining Scottish Government's joint commitment to the Living Wage (including Scottish Government's agreement to now extend it to cover sleepovers).

5.4.6. There is also an allocation of £9,000 in regards to Kinship Care as per the Council's budget setting process.

5.4.7. It is proposed to allocate any General Fund underspend from financial year 2017 to 2018 to the following provisions in regards to Social Care:

- Outwith Orkney Placements to the level required, as indicated in the service pressure bids (£731K for Social Care and Education).

5.4.8. There is ongoing pressure in regards to an additional residential care placement which will be unfunded as of 1 April 2018 unless other care arrangements are put in place. This cost is in the region of £385,000 per year.

5.4.9. There is the ongoing issue of direct payments (an option of self-directed support) whereby resources cannot be released from in house services. This was managed within 2017 to 2018 from savings identified from other sources but this could be a cost pressure for financial year 2018 to 2019 of £242,000 based on current demand.

## 6. Contribution to quality

Please indicate which of the Our Plan 2013 to 2018 and 2020 vision/quality ambitions are supported in this report adding Yes or No to the relevant area(s):

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

<b>Efficient:</b> Avoiding waste, including waste of equipment, supplies, ideas, and energy.	Yes.
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## 7. Resource implications and identified source of funding

7.1. The proposed baseline budgets are as follows:

<b>Partner</b>	<b>Budget £</b>
NHS Orkney	23,129,042
Orkney Islands Council	17,916,900
<b>IJB Baseline Budget 2018/2019</b>	<b>41,045,942</b>

The efficiency savings, growth and ongoing service pressures are detailed at section 5.3. and 5.4. of this report.

## 8. Risk and Equality assessment

8.1. 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 a decommissioning strategy that enables NHSO and OIC to deliver year on year efficiencies to sustain priority services.

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

## 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. Author

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

## 11. Contact details

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## **12. Supporting documents**

12.1. Annex 1: NHS Orkney's Indicative Budget 2018/2019.

12.2. Annex 2: Orkney Islands Council Indicative Budget 2018/2019.

12.3. Annex 2a: Orkney Islands Council Detailed Indicative Budget 2018/2019.

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Annex 2a. Annex 2a contains exempt information as defined in paragraphs 1 and 11 of Part 1 of Schedule 7A of the Act.

12.4. Annex 3: IJB Proposed Funding Allocations 2018/2019.