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Agenda Item: 11.

Integration Joint Board

Date of Meeting: 25 June 2019.

Subject: Medium-Term Financial Plan 2019 to 2022.

1. Summary

1.1. The Medium-Term Financial Plan is seeking to identify the financial constraints that the Integration Joint Board (IJB) will face in commissioning services over the next three year period.

2. Purpose

2.1. To consider the Medium Term Financial Plan for the period 2019 to 2022.

3. Recommendations

The Integration Joint Board is invited to note:

3.1. That the Medium Term Financial Plan serves as a planning document for the use of the resources over the period 2019 to 2022.

3.2. The cumulative funding gaps identified in the Medium Term Financial Plan over a three-year period amounting to £1.6 million per year.

It is recommended:

3.3. That the Medium Term Financial Plan 2019 to 2022, attached as Appendix 1 to this report, be approved.

4. Background

4.1. At its meeting held on 26 September 2018, the Audit Committee received Audit Scotland's Annual Audit Report on the Orkney Integration Joint Board for 2017/18.

4.2. The Auditor's report made several recommendations, including that longer-term financial planning should be developed to take account of any future budget savings pressures and to link to the objectives set out in the Strategic Commissioning Plan.

4.3. Since the Integration Joint Board become 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 allocation on a yearly basis.

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.

5. Current Position

5.1. Due to medical advances and improved quality of care individuals who require or are in receipt of complex care (also known as long-term care or continuing care) have substantial and ongoing health and social care needs. These can be the result of chronic illness, disabilities or following hospital treatment. Social care services previously tended to be more of a general nature, but there is an increasing requirement for specialist input as individuals have the rightful expectation to receive care whilst in their own homes.

5.2. Although this challenge is not unique to Orkney, our older population is increasing faster than the national average. In addition, significant numbers of our working age population are leaving the Islands, and so fewer people are available to provide the care and support required with the predicted levels of chronic illness and disabilities. This reality is also highlighted in NHS Orkney's Transforming Services Strategy, which states 'if nothing else changes in the way we deliver care, this means that for every 10 people over 85 currently accessing health and social care services, there will be 31 people over 85 accessing it by 2033. Equally, if nothing else changes, for every 10 people providing care to people over 85 we will need 31 people by 2033.'

5.3. However, alongside the challenges, the contribution that older people make to our society also needs to be recognised. For example, people over 65 years of age deliver more care than they receive – acting as unpaid carers, child minders and volunteers.

6. Medium Term Financial Plan Key Messages

6.1. Demand is rising significantly whilst, in real times, available public spending is reducing. Over the next few years the Integration Joint Board will require to achieve 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.

6.2. 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.

6.3. 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.

6.3. 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 £1.6 million per annum for financial years 2019/20.

6.4. To manage these pressures whilst remaining financially sustainable requires transformational change in the way that services are delivered and, in response, to this, Orkney Health and Care has recognised three key areas for development:

- Community First.
- Tech First.
- Strategic Commissioning.

7. 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.	Yes.
Working to provide better services: To improve the planning and delivery of services.	Yes.
Safe: Avoiding injuries to patients from healthcare that is intended to help them.	Yes.
Effective: Providing services based on scientific knowledge.	Yes.
Efficient: Avoiding waste, including waste of equipment, supplies, ideas, and energy.	Yes.

8. Resource implications and identified source of funding

8.1. In May 2018, the Institute of Fiscal Studies and the Health Foundation reported that using the assumptions about activity, pay and productivity changes from the status quo scenario, they project an increase in spending pressures as follows:

- 3.3% increase in Health Care.
- 3.9% increase in Social Care.

	Total.	Projected Expenditure.		
	2018/19.	2019/20.	2020/21.	2021/22.
	£000.	£000.	£000.	£000.
IJB Commissioned Services.	43,764.	45,345.	46,986.	48,684.
Increase in Spend.		1,581.	1,641.	1,698.

This projection does not consider any budget increases for pay/inflation. However, it also assumes that there will be no savings targets applied from the partner bodies.

8.2. 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.

Based on the budget received for 2019/20 this would reduce the overspend to £866,000. However, it must be noted that the spend in 2018/19 was less due to the high number of vacancies within the services.

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

9. Risk and Equality assessment

9.1. 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.

9.2. 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.

9.3. 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.

10. Direction Required

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

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

11. Escalation Required

Please indicate if this report requires escalated to:

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

12. Author

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

13. Contact details

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14. Supporting documents

14.1. Appendix 1: Orkney Integration Joint Board Medium Term Financial Plan 2019 to 2022.



Medium Term Financial Plan 2019/22

Integration Joint Board.



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1. Executive Summary

1.1. The three-year plan outlines the financial opportunities and challenges the Integration Joint Board (IJB) faces over the next 3 years and provides a framework which will support financial sustainable. It also complements the Strategic Plan and the soon to be developed, Strategic Commissioning Implementation Plan. It highlights how the partnership's financial planning principles will support delivery of the IJB's strategic objectives and priorities for the years 2019 to 2022.

1.2. This financial plan includes a range of key assumptions and planning assumptions on advice from our key partners: NHS Orkney, Orkney Islands Council and the Scottish Government's Medium-Term Health and Social Care Financial Framework. These are subject to a certain degree of uncertainty. Therefore, the plan will be kept under continuing review, with appropriate adjustments made as further detail becomes known.

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. Orkney IJB has a budget of £44,479,000, in 2019/20, to commission a range of services from NHS Orkney and Orkney Islands Council. The services delegated to the IJB are detailed within Appendices 1 and 2. The funding received from the partners 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 Integration Joint Board will require to achieve 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 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.
- 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 increases in demand that will materialise. This will require re-prioritisation of resources to provide more integrated and outcome-focussed services.
- 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 £1.6 million per annum for financial years 2019 to 2022.
- To manage these pressures whilst remaining financially sustainable requires transformational change in the way that services are delivered and, in response to this, Orkney Health and Care has recognised three key areas for development:
 - Community First.
 - Tech First.
 - Strategic Commissioning.

2. Introduction

2.1. The Integration Joint Board (IJB) was established as a Body Corporate, by order of Scottish Ministers, with effect from 6 February 2016, on approval of an Integration Scheme.

2.2. The IJB commissions Community Health and Social Care services for the population of the Orkney Islands, which is in the region of 22,190 people. This is an increase of 0.9% from 22,000 in 2017. Over the same period, the population of Scotland increased by 0.2% (National Records of Scotland mid-2018 population estimate).

2.3. The purpose of this Financial Plan is to provide an overview of the key messages in relation to the IJB's financial planning for 2019/20 to 2021/22, 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.

2.4. The Orkney 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.

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

- Overview of the national position of health and social care partnerships.
- Orkney Health and Care's position and key achievements to date.
- The UK and Scottish Government Legislative and Policy changes.
- Current expenditure and understanding the financial challenges.
- Closing the financial gap.

2.6. The Financial Plan 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.

2.7. This first Financial Plan for the IJB provides key information on its financial position over the next three years, including the service delivery pressures which have a significant financial cost. 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 Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) required Health Boards and Local Authorities (the Parties) to integrate planning for, and delivery of, certain adult health and social care services. The Parties could also choose to integrate planning and delivery of other services, including additional adult health and social care services beyond the minimum prescribed by Ministers, as well as

children's health and social care services. The breakdown of services within Orkney Health and Care can be found at Appendices 1 and 2.

3.2. The Act puts in place arrangements for integrating health and social care, to improve outcomes for patients, service users, carers and their families. The Act requires Health Boards and Local Authorities to work together effectively to agree a model of integration to deliver quality, sustainable care services.

3.3. This Health and Social Care 3 year Delivery Plan sets out a programme to further enhance health and social care services, working so the people of Scotland can live longer, healthier lives at home or in a homely setting and we have a health and social care system.

3.4. The Scottish Government published its Medium-Term Financial Strategy in May 2018. The Strategy describes the Fiscal Framework and the various strategies available to meet the financial challenges, the policy environment and spending pressures that the public sector faces over the next 5 years. It does not, however, set out new policy commitments nor any detail of proposed allocation of funding.

3.5. The Scottish Government published a Medium-Term Health and Social Care Financial Framework in October 2018, which is a "top down" approach. This gives a national picture on what the current position is, what the future demands are and the need for reforming of health and social care, to ensure that we create a financially balanced and sustainable health and social care system. This document can be found at:

<https://www.gov.scot/publications/scottish-government-medium-term-health-social-care-financial-framework/>.

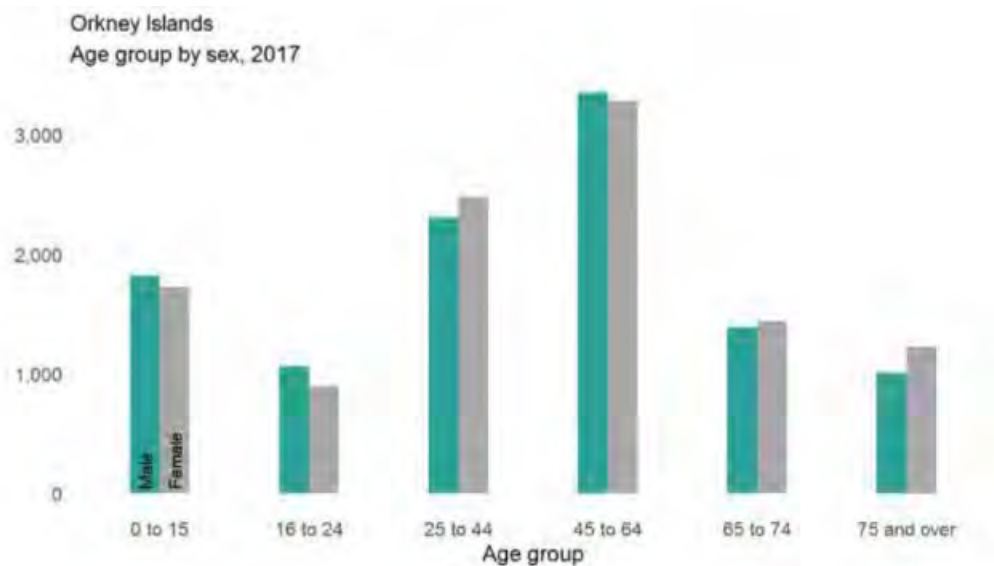
3.6. In her annual review of the NHS, the Auditor General for Scotland has stated that the NHS in Scotland is not in a financially sustainable position. NHS boards are struggling to break even, relying increasingly on Scottish Government loans and one-off savings. One of the recommendations states that the Scottish Government, in partnership with NHS boards and Integration Authorities, should:

- Continue to develop a comprehensive approach to workforce planning that:
 - Reflects forecasts of future staffing and skills requirements to deliver changing models of healthcare provision at regional, local and community level.
 - Provides a clear breakdown of transitional and future costs to meet projected demand, through additional recruitment and training.
- Work together to develop a clearer understanding of demand for services, capacity and activity trends within primary and secondary care, and use this to inform medium to long term service and workforce planning.
- Publish clear and easy to understand information on how the health funding system works, including how much funding was provided, what it was spent on, and the impact it has on people's lives.
- Put NHS staff, local communities, and the public at the heart of change and involve them in planning and implementing changes to how services are accessed and delivered.

4. Local Position

4.1. The IJB has responsibility for strategic commissioning of a range of services for the local population, estimated by National Records Scotland for June 2017 at 22,000. In terms of overall size, the 45 to 64 age group was the largest in 2017, with a population of 6,635 (Figure 1). In contrast, the 16 to 24 age group was the smallest, with a population of 1,961.

Figure 1: Age distribution by sex 2017



Source: National Records Scotland 2018.

The average age of the population is projected to increase as the baby boomer generation ages and more people are expected to live longer (Figures 2, 3).

Figure 2: Age group by year 2016 and 2026

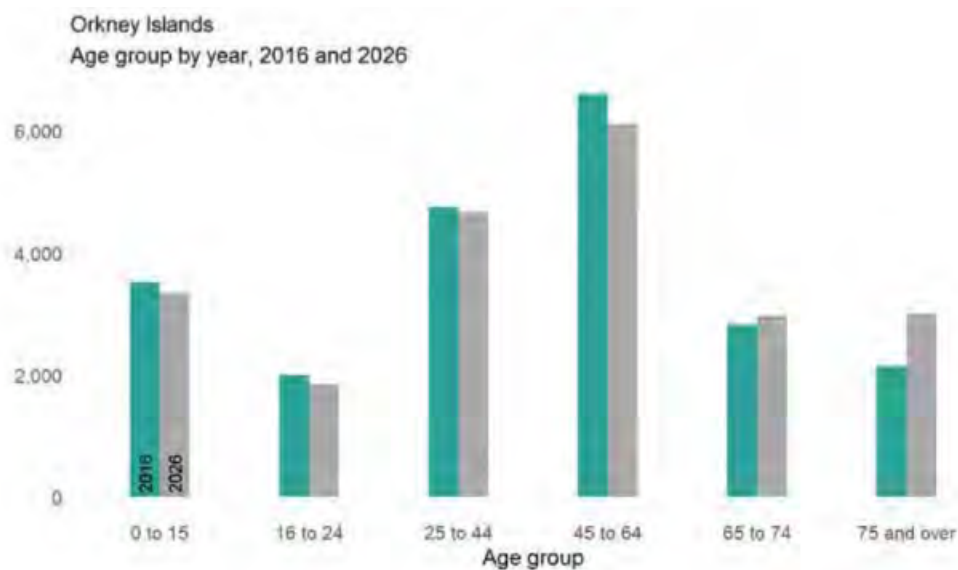
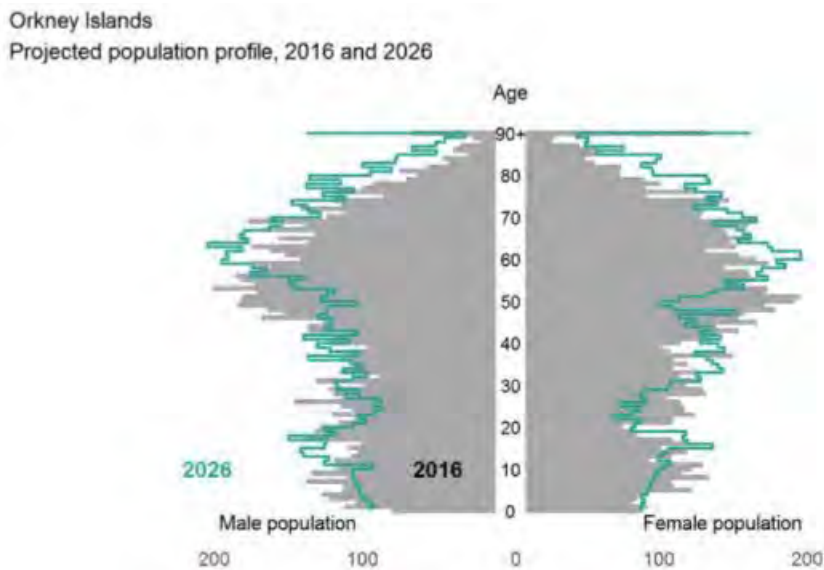


Figure 3: Projected population profile 2016 and 2026



Source: National Records Scotland 2018.

4.2. Orkney Health and Care was formed in 2010 and was responsible for the management of Orkney Islands Council’s social work and social care services and NHS Orkney’s community-based health services. Orkney Health and Care was run under joint management arrangements and was accountable to both the Council and NHS Orkney for effective delivery of these services, through the Orkney Health and Care Board. This arrangement was superseded with the introduction of Integration Joint Boards.

4.3. Prior to Integration Joint Boards the local Health and Social Care Partnership started working towards the integration of services. This included closure of a ward within the hospital setting (The Piper Ward) and creation of the Intermediate Care Team, whose aims are to deliver care within the community and a person’s own home. There was also the introduction of a senior staffing structure across the partnership which saw responsibilities across the partnership rather than with just one of the partners.

4.4. 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.

4.5. 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.

4.6. The Joint Strategic Needs Assessment can be defined as:

“a systematic method for reviewing the health and wellbeing needs of a population, leading to agreed commissioning priorities that will improve health and wellbeing outcomes and reduce inequalities”.

This assessment examines population need and does not aim to identify need at an individual level. In other words, it can identify groups where needs are not being met. The key features are that it involves partnership working, providing direction for decision making by identifying current and future health and wellbeing needs.

4.7. A key priority for integration as a principle is to be able to support people to live at home for longer and as independently as possible. For people living with long term conditions, we need to maximise their individual ability to manage these conditions safely. 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 further shifts in the balance of care, and our focus needs to be ensuring care is happening in the right place. 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.

4.8. In terms of operational delivery much progress has been made since integration, including:

- The local eligibility criteria for adult social care services was revised to ensure the most effective arrangements are in place to manage and prioritise its services and resources.
- The Carers eligibility criteria was approved in relation to the legislative requirement to assess and support carers' health and wellbeing needs.
- Over the past 5 years Orkney has had the lowest percentage of delayed discharges for people over 75 in Scotland. A new protocol is being developed to record and better manage the delays that arise due to patient and family preference.
- There are alternatives to admission to hospital by commissioning a step up/down community facility delivered by the third sector. Although there has been a great deal of seasonal variation, it is providing the desired outcomes for individuals.
- The Rapid Mobile Community Responder Service has enabled many people to remain within their own homes and is valued by those who use it. It has also demonstrated success in the objectives that were set. However, as with the step up/step down facility, this does not release any savings from acute services. It was agreed to reduce the service from 24 hours per day to an 18-hour day provision, which would save approximately £0.026m. The original Community Mobile Responder team, who install and respond to community alarms, still operate a 24 hour per day service.
- The Intensive Fostering Service has now been baselined which increases the range and quality of foster care placements in Orkney, ultimately enhancing our provision for Looked After and Accommodated Children. This has given an overall financial saving of £836k for Orkney Islands Council and delivered good outcomes by retaining children within the county in a family-based setting.
- A local phototherapy service is now in place which reduces the requirement for people to travel to Aberdeen to access treatment.

- Orkney Islands Council has committed to replace two residential care homes. Work has begun on the Stromness care facility and is scheduled for build completion in August 2019, whilst the site has been approved and the initial design prepared for the Kirkwall care facility.
- The introduction of the Attend Anywhere clinics could reduce travel time for patients which enables staff to be more centrally based. This was designed to reduce waiting times for services.
- The establishment of a Corporate Parenting Board has been approved which will report through the Orkney Partnership. This Board, comprising senior members and officers from across the community planning partnership, has responsibility for ensuring scrutiny of performance in matters affecting looked after children and care leavers, improving outcomes and responding to the views of care experienced children and care leavers.

4.9. Prior to the IJB we had an established reputation for successful joint working between Orkney Islands Council and NHS Orkney, as well as our wider community planning partners and therefore have a strong foundation to build on to address the challenges that the future brings. The integration agenda has built on this partnership.

4.10. 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 within NHS Orkney and Orkney Islands Council, who provide a range of services such as Finance, Human Resources and Legal Services, with no charges to Orkney IJB.

5. UK and Scottish Legislative and Policy Changes

5.1. Primary Care Improvement Plan

The Primary Care Improvement Plan will 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 in the proposal of the Primary Care Improvement Plan 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 not work, either across Scotland nor Orkney, given the unique geographical challenges and variations between practices.

The local plan was approved by the Board on 3 October 2018 and can be found here:

http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/03-10-2018/I17_PCIP.pdf.

5.2. Carers (Scotland) Act 2016

This is a key piece of new legislation which commenced on 1 April 2018 and promises to 'promote, defend and extend the rights of adult and young carers across Scotland'. This Act places a duty on local authorities to provide support for carers, based on the carer's identified needs which meet the local eligibility criteria. The Carers' Strategy was approved by the IJB in March 2019 following consultation and engagement with stakeholders.

5.3. Local Governance Review

A review of local governance in Scotland has been underway for 12 months and aims to consider how powers, responsibilities and resources are shared across national and local spheres of government, including with communities. It includes all public services. The review has been organised into two overlapping strands: an inclusive 'conversation' with local communities, reflecting the commitment to community empowerment, and a dialogue with public sector leaders on how Scotland is governed, seeking views on how to improve Scottish governance.

5.4. Safe and Effective Staffing

Scottish Government has established the Health and Care (Staffing) (Scotland) Bill. 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 Bill creates a coherent overall legislative framework for appropriate staffing across the health and care services landscape, setting out a requirement that Health Boards and organisations providing care services (those care services registered with and inspected by the Care Inspectorate) ensure appropriate levels of suitably qualified staff for the provision of high-quality care, and to consider staffing requirements according to a set of principles. This ensures the right people with the right skills are in the right place at the right time. This requirement extends to all staff groups providing care.

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

5.5. Mental Health

The Scottish Government published its Mental Health Strategy 2017-27 in March 2017. This 10-year vision focuses on a series of actions to improve:

- Prevention and Early Intervention.
- Access to treatment, and joined up accessible services.
- The physical wellbeing of people with mental health problems.
- Rights, information use and planning.
- Data and measurement.

A local Mental Health Strategy is being developed, taking into consideration the additional issues that we face as a remote and rural area. The strategy will be developed as an all age strategy and will be an aspirational strategy for how we do things here in Orkney. Whether this is perinatal mental health, supporting children and young people, adults or older people, the strategy will ensure our services are developed to demonstrate that, here in Orkney, you are valued as a member of our community.

Action 15 of the Mental Health Strategy is to increase the workforce, to give access to dedicate mental health professionals, to all Accident and Emergency units, all GP Practices, every police station custody suite and to our Prisons. Additional funding of £53,077 was made available in 2018/19.

5.6. Scottish Living Wage

There is an expectation from the Scottish Government that adult social care workers will be paid the Living Wage, regardless of whether they work for the public, private or voluntary sectors. The Cabinet Secretary for Health and Sport announced that this commitment would also be extended to sleepovers hours. This had to be implemented by 31 March 2019.

There was a total funding allocation of £289,000 received, but this was to cover the pressures of implementation of the Carers (Scotland) Act 2016 and an increase in Free Personal and Nursing Care payments, as well as the Living Wage commitment.

5.7. Free Personal Care – Under 65s

The Scottish Government has committed to the extension of Free Personal Care to all under 65s who require it, regardless of condition (known as Frank's Law). This was implemented on 1 April 2019. Although there was additional funding of £26,000 received, this will represent a significant change, not only to how personal care is funded, but could also see an increase in demand for personal care services.

5.8. Children's and Young People (Scotland) Act 2014

The responsibilities under the legislation relate to care experienced children and young people as well as to young people who have experienced care, up to their 26th birthday.

5.9. 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.

6. Health and Social Care Current Expenditure

6.1. The IJB's budget comprises 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 to the Council have reduced in real terms which, in turn, have a knock-on effect to budgets allocated to the IJB.

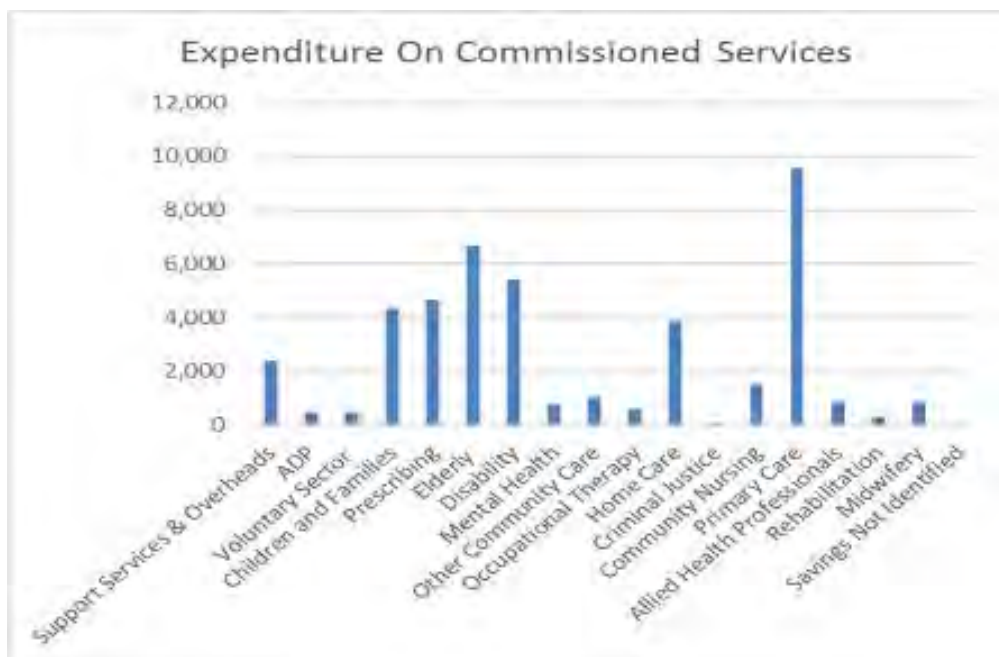
6.2. The budget proposals given by both partners are submitted to the IJB and it is then decided whether the allocations are adequate. To date, the IJB has not approved a budget, but has received the funding allocation.

6.3. The IJB has not been able to achieve a year end balanced budget since it became operational, in April 2016, and has required additional funds from both partners. The position at financial year end, before any “top ups” were received is outlined in the table below:

Partner	2016/17.	2017/18.	2018/19.
	£000.	£000.	£000.
Social Care.	17,836.	18,270.	19,088.
NHS.	16,840.	23,997.	24,375.
Total.	34,676.	42,267.	43,463.

6.4. Prescribing was not included within the financial statements for 2016/17 but has been included within 2017/18 onwards (£4,648,000).

6.5. Regarding financial year 2018/19, the spending per service is illustrated below:



Source Orkney IJB Annual Accounts 2017/18.

6.6. The savings targets applied since the IJB came into operation are as follows:

Partner	2016/17.	2017/18.	2018/19
	£000.	£000.	£000.
Social Care.	315.	64.	388.
NHS Recurring.	656.	180.	718.
NHS Non Recurring.	0.	0.	342.
IJB Savings.	971.	244.	1,448.

6.7. Regarding the additional funds from NHS Orkney in 2016/17 (£0.180m), this was deducted from the baseline budget for financial year 2017/18, but no additional savings target was applied.

6.8. Unlike other IJB's, Orkney has had no reserves as there have been overspends within services, and additional funding has had to be received from both partners at year end.

6.9. In 2018/19 reserves have been earmarked which means they can only be used for a specific purpose. This is in relation to the Primary Care Improvement Fund (£68,600) which also has second tranche funding held in Scottish Government which increases the funding brought forward to £95,600. There is also the additional allocation for the Alcohol and Drug Partnership (£80,000).

6.10. The recent internal audit on financial planning, and Audit Scotland's annual audit report both highlight the current section within the Integration Scheme which states that any additional payments paid by partner bodies may be deducted from future years' funding. They advised that the IJB should review and update the Integration Scheme to ensure a shared understanding between partners that it is undesirable to cut subsequent years' funding 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.

6.11. Audit Scotland also highlighted the fact that "there is lack of funding to allow innovation on any major changes. Therefore, there is no capacity to change services whilst still maintaining current care arrangements to patients/service users."

6.12. The Cabinet Secretary recently announced that all brokerage (loans) for NHS Boards will be written off at the end of financial year 2018/19. NHS Orkney did not require any brokerage for financial year 2018/19.

6.13. Most of our shift in resources was completed prior to implementation of integrated working, i.e. a ward closed and the integrated care team was created. Hospital beds are now at minimum levels.

6.14. Current Pressures Within Services Commissioned

6.14.1 Children and Families

The increased prevalence of issues affecting children, young people and their families has resulted in increased numbers of looked after children, referrals to the Children's Reporter and Police Scotland child concern reports. At the highest level of intervention this has resulted in the requirement for additional residential child care capacity to be provided locally. There has also been a shortfall in the budget regarding children requiring to be looked after and accommodated away from Orkney. Alongside the immediate direct care issue there are also significant pressures in the capacity that exists to deliver the continuing care agenda as well as capacity in relation to shifting child care services to an early intervention model.

6.14.2 Home Care / Day Care

The introduction of Self-Directed Support was to enable choice and flexibility in how people receive their care and should not incur additional costs; however, there is an inability to reduce the current, limited, in-house service provision and release cash to fund these packages of care. There will be further work undertaken to highlight the issues.

Although there has been investment in Home Care within the last few years, demand is increasing which is largely as a result to keep people at home for longer and to keep hospital stays to a minimum length of stay.

6.14.3 Primary Care

In recent years there has been a significant service pressure, within Primary Care, regarding unavoidable costs for agency and locum cover to ensure safe delivery of services; however, there is more stability within the service following the appointment of key posts. The Primary Care Improvement Plan should enable Primary Care to become more sustainable going forward by ensuring patients see the right professional at the point of need, thus reducing the workload of General Practitioners. This will continue to be an area of potential budget pressure due to the small size of the Board in Orkney and the continual need for occasional locum cover.

6.14.4 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. There have also been overspends within dispensing practices. Work is being undertaken to try to understand these costs and will be reported upon once known.

6.14.5 Unscheduled Care

Within the Public Bodies (Joint Working) (Scotland) Act 2014 and regulations there is a requirement that the budget for hospital services used by the partnership population are 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. At present the budget is not formally delegated to the IJB, but further work will be required to understand the planning and responsibilities of the IJB and partners.

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

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.

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

6.14.6 Workforce

There are increasing recruitment challenges, whereby it is becoming more difficult to recruit to posts, as there are national shortages of qualified staff. 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, i.e. commitment to increase Mental Health workers, as further explained at section 5.5. above.

6.15. 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.

6.16. Orkney Islands Council and NHS Orkney have worked in partnership for many years, such as closure of wards and creating the intermediate care team, and have already made several of the changes and shifts that were available. The task at hand therefore presents a significant challenge.

6.17. Due to medical advances and improved quality of care individuals who require or are in receipt of complex care (also known as long-term care or continuing care) have substantial and ongoing health and social care needs. These can be the result of chronic illness, disabilities or following hospital treatment. Social care services previously tended to be more of a general nature, but there is an increasing requirement for specialist input as individuals have the rightful expectation to receive care whilst in their own homes.

6.18. Although this challenge is not unique to Orkney, our older population is increasing faster than the national average. In addition, significant numbers of our working age population are leaving the Islands, and so fewer people are available to provide the care and support required with the predicted levels of chronic illness and disabilities. This reality is also highlighted in NHS Orkney's Transforming Services Strategy, which states 'if nothing else changes in the way we deliver care, this means that for every 10 people over 85 currently accessing health and social care services, there will be 31 people over 85 accessing it by 2033. Equally, if nothing else changes, for every 10 people providing care to people over 85 we will need 31 people by 2033.'

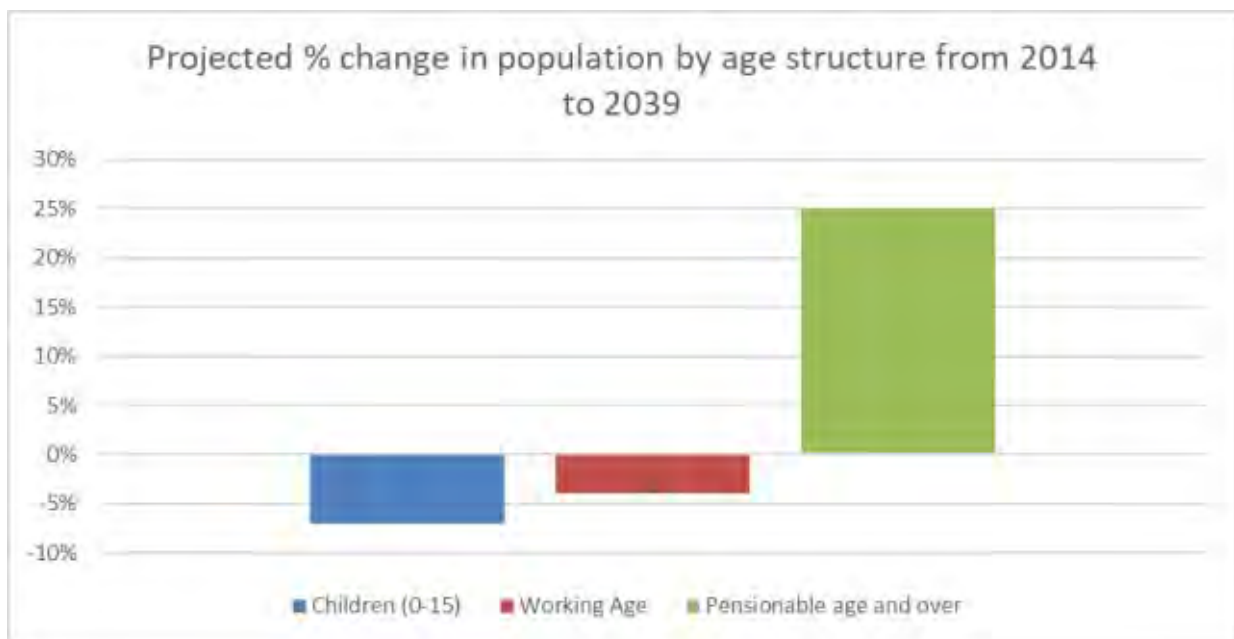
6.19. However, alongside the challenges, the contribution that older people make to our society also needs to be recognised. For example, people over 65 years of age deliver more care than they receive – acting as unpaid carers, child minders and volunteers.

7. Future Demand on Health and Social Care

7.1. The recent Scottish budget announcement sets out funding pressures for future years. Orkney Islands Council and NHS Orkney only have one-year funding agreed but, as a prudent approach, we are expecting a 3% reduction in real terms, of which there is a presumption that the Orkney IJB will not be ring fenced in future funding allocations.

7.2. 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.

7.3. People in the older age group are most often in need of health and social care services. The National Records of Scotland has produced population projections for Orkney (2014 based) and, as illustrated below, the older age group is projected to increase by 25%, whilst the working age group will decrease by 4%. This will have a significant impact on how we deliver services in the future.



8. Understanding the Financial Challenge

8.1. The Scottish Government Medium Term Health and Social Care Financial Framework has stated that overall, NHS expenditure has increased by 4.2%, and social care by 3.8% year on year over the past 10 years. However, this rate of growth has slowed in the last five years to 3.2% and 1.8% for the NHS and social care respectively. This largely reflects the real terms reduction in the overall Scottish Government budget. What this means in simplistic terms is there is less funding received than what is required to be able to sustain current, and future needs using existing models of care.

8.2. In May 2018, the Institute of Fiscal Studies and the Health Foundation reported that using the assumptions about activity, pay and productivity changes from the status quo scenario, they project an increase in spending pressures as follows:

- 3.3% increase in Health Care.
- 3.9% increase in Social Care.

Taking these assumptions into consideration, and assuming a “do nothing” approach, the following expenditure would result, over the next few years:

IJB Summary.	Total.		Projected Expenditure.	
	2018/19.	2019/20.	2020/21.	2021/22.
	£000.	£000.	£000.	£000.
Support Services and Overheads.	2,392.	2,481.	2,574.	2,670.
Alcohol and Drug Partnership.	442.	457.	472.	488.
Voluntary Sector.	459.	477.	496.	515.
Children and Families.	4,369.	4,535.	4,706.	4,884.
Prescribing.	4,667.	4,821.	4,980.	5,144.
Elderly.	6,658.	6,917.	7,188.	7,467.
Disability.	5,382.	5,592.	5,810.	6,036.
Mental Health.	763.	789.	816.	845.
Other Community Care.	1,032.	1,071.	1,112.	1,154.
Occupational Therapy.	607.	630.	653.	677.
Home Care.	3,889.	4,040.	4,197.	4,360.
Criminal Justice.	61.	63.	65.	68.
Community Nursing.	1,489.	1,538.	1,589.	1,641.
Primary Care.	9,558.	9,873.	10,199.	10,536.
Allied Health Professionals.	838.	865.	893.	922.
Rehabilitation.	286.	295.	305.	315.
Midwifery.	872.	901.	931.	972.
Service Totals.	43,764.	45,345.	46,986.	48,684.
Increase.		1,581.	1,641.	1,698.

8.3. Based on the current income levels with no savings target applied there will be a shortfall of £1.6 million per year 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 projection does not consider any budget increases for pay/inflation. However, it also assumes that there will be no savings targets applied from the partner bodies.

9. Closing the Financial Gap

9.1. 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.



9.1.1. 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.

9.1.2. 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.

9.1.3. 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.

9.1.4. 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 future health and social care services in Orkney.

9.2. 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.

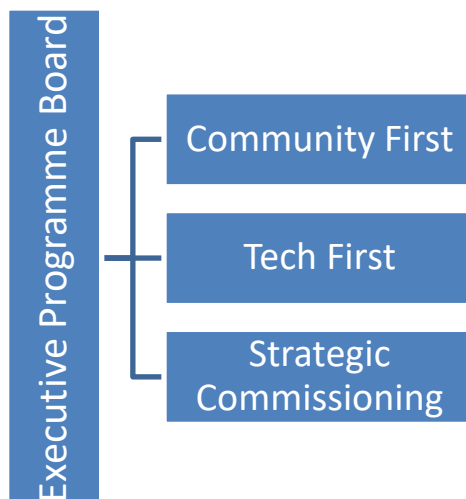
9.3. In September 2017 the Orkney IJB tasked the Strategic Planning Group to take forward three actions with the aim of transforming services, as follows:

- Locality/Hub based working - What could locality or hub based working look like in Orkney?

- Potential for expansion of the role of Generic Worker – To look at whether a worker could be employed across various services within Health and Social Care.
- Model of service delivery on the isles – To look at what a service model for the isles might look like, taking into consideration the differences between each island’s needs.

9.3.1. Although there have been some initial discussions and draft reports submitted to the Strategic Planning Group, there have been delays, mostly owing to registration and regulatory constraints, and staff capacity to drive this forward, owing to competing priorities. These three projects will be under consideration in the new Strategic Plan.

9.4. The new Strategic Plan focuses not only on how we achieve the original aims, but also change how and where services are delivered. There have been some initial discussions on the following:



9.4.1. Executive Programme Board – The Executive Programme Board provides the overall direction for Orkney Health and Care and is accountable for the delivery of programme benefits. It provides assurance to the Integration Joint Board of effective and efficient progress towards delivering the Strategic Priorities as agreed by the Integration Joint Board, providing leadership, direction, challenge, permission, governance and control, ensuring delivery at pace and at scale. This will include addressing risks and issues that have been escalated from the reporting Programme Boards.

9.4.2. Community First – The principles are:

- Coproduction brings people and organisations together around a shared vision.
- There has to be a culture based on trust and empowerment.
- There is a focus on communities and each will be different.
- People are treated as equals, their strengths and gifts built on.
- Bureaucracy is the absolute minimum it must be.
- People get good advice and information that helps avoid crises.
- The system is responsive, proportionate and delivers good outcomes.



This programme aims to work collaboratively with local communities and all stakeholders to redesign services that work for everyone, that evolve and are continually refined, based on learning.

In April 2019 the National Development Team for Inclusion (NDTi) carried out a two-day readiness check, to ascertain the position for undertaking the programme. The conclusion from NDTi was extremely positive, in that Orkney is deemed ‘very much ready’ to get started with the Community Led Support programme. A programme of community events is being planned over the next 18 months to ensure that Orkney is truly inclusive and will reach all stakeholders.

9.4.3. Tech First – Defined as “where outcomes for individuals in home or community settings are improved through the application of technology as an integral part of quality, cost-effective care and support”.

These projects have been planned to recognise that Orkney has the highest expected growth rate in numbers of older people and, along with the efforts of social work, social care and health staff, and services across the whole system, have resulted in good performance against the six indicators that the Scottish Government ascribed to Integration Authorities to report upon.

Orkney Health and Care will now be a named partner within the Scottish Government initiative and working alongside East Ayrshire who are the Lead Pathfinder taking forward a project called “thinking differently and think TEC first”. This will be invaluable as there will be sharing of information and best practice.

9.4.4. Strategic Commissioning – This will play a significant role in ensuring 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 scrutiny 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.

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

10. Relevant Documents

Orkney IJB Integration Scheme:

http://www.orkney.gov.uk/Files/OHAC/Integration_Scheme_Accessible_Version.pdf.

Health and Social Care Delivery Plan:

<https://www.gov.scot/Topics/Health/Policy/HSC-DeliveryPlan>.

Orkney IJB Strategic Plan:

<http://www.orkney.gov.uk/Service-Directory/S/ohac-strategic-commissioning-plan.htm>.

Risk Management Strategy:

http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/28-06-2017/I13_App1_Revised_Risk_Management_Strategy.pdf.

Risk Register:

http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2019/IJB27-03-2019/I18_Risk_Register.pdf.

Orkney IJB Board Papers:

<http://www.orkney.gov.uk/Council/C/ijb-minutes-agendas-and-papers.htm>.

Orkney IJB Structure and Membership of Groups:

http://www.orkney.gov.uk/Files/OHAC/IJB/IJB_Structure_and_Membership_of_Groups.pdf.

Further information can be obtained from Chief Finance Officer, Orkney IJB, School Place, Kirkwall, Orkney, KW15 1NY.

Appendix 1: Service Delegated from Orkney Islands Council

- Social work services for adults and older people.
- Services and support for adults with physical disabilities and learning disabilities.
- Mental health services.
- Drug and alcohol services.
- Adult protection and domestic abuse.
- Carers support services.
- Community care assessment teams.
- Support services.
- Care home services.
- Adult placement services.
- Aspects of housing support, including aids and adaptations.
- Day services.
- Local area co-ordination.
- Respite provision.
- Occupational therapy services.
- Reablement services, equipment and telecare.

Additional services, delegated by choice:

- Social work services for children and young people.
- Child Care Assessment and Care Management.
- Looked After and Accommodated Children.
- Child Protection.
- Adoption and Fostering.
- Special Needs / Additional Support.
- Early Intervention.
- Through-care Services.
- Youth Justice Services.
- Social Work Criminal Justice Services.
- Services to Courts and Parole Board.
- Assessment of offenders.
- Diversions from Prosecution and Fiscal Work Orders.
- Supervision of offenders subject to a community-based order.
- Through care and supervision of released prisoners.
- Multi Agency Public Protection Arrangements.

Appendix 2 Services Delegated from NHS Orkney

- Accident and emergency services provided in the Balfour Hospital for planning and operational oversight purposes with the Chief Officer working closely with Board staff responsible for operational management of hospital services.
- Inpatient hospital services/budgets provided within the Balfour Hospital and capacity in the delegated specialties used in other hospitals located in other Health Boards will form the set aside portion of the hospital budget.
- Macmillan palliative care services provided in the Balfour Hospital also includes cancer chemotherapy. It is proposed that the service is not split into hospital palliative and cancer care, however it is proposed to allocate a number of bed days (corresponding budget).
- Mental health services provided in a hospital – transfer bed budget to the IJB.
- Community mental health teams / service.
- Clinical Psychology Service.
- Substance misuse services (ADP budget).
- District nursing services.
- Health visiting.
- Maternity Service.
- School nursing.
- Primary medical services provided under a general medical services contract, and arrangements for the provision of services made under section 17C of the National Health Service (Scotland) Act 1978, or an arrangement made in pursuance of section 2C(2) of the National Health Service (Scotland) Act 1978.
- General dental services provided under arrangements made in pursuance of section 25 of the National Health (Scotland) Act 1978.
- Public Dental Services.
- Ophthalmic services provided under arrangements made in pursuance of section 17AA or section 26 of the National Health Service (Scotland) Act 1978.
- Pharmaceutical services and additional pharmaceutical services provided under arrangements made in pursuance of sections 27 and 27A of the National Health Service (Scotland) Act 1978.
- Services providing primary medical services to patients during the out-of-hours period.
- Palliative care services provided outwith a hospital.
- Community learning disability services.
- Continence services.
- Services provided by health professionals that aim to promote public health.
- Community Physiotherapy, speech and language, dietetic and OT services.
- Intermediate Care services.
- Family Health Service Prescribing.
- Resource Transfer, including Voluntary services.
- Sexual and Reproductive Health services excluding hospital obstetrics / gynaecology services.