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Orkney Health and Care

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Agenda Item: 10

Integration Joint Board

Date of Meeting: 30 September 2020.

Subject: Revenue Expenditure Monitoring.

1. Summary

1.1. The Integration Joint Board (IJB) has responsibility for strategic planning and commissioning of a range of health and social care services and allocates the financial resources it receives from Orkney Islands Council and NHS Orkney for this purpose in line with the Strategic Plan.

2. Purpose

2.1. The purpose of this report is to:

- Summarise the current year revenue budget performance for the services within its remit of the IJB as at 30 June 2020.
- Advise on any areas of significant variances.

3. Recommendations

The Integration Joint Board is invited to note:

3.1. The financial position of Orkney Health and Care as at 30 June 2020, as follows:

- A current overspend of £864,000.
- A forecast year end overspend of £2,266,000 based on current activity and spending patterns.
- That a savings target of £4,200,000 has applied for the three year period 2020 to 2023, of which only £144,000 has been identified to date.

4. Financial Summary

4.1. Within the Integration Joint Board, presentation of the figures is consistent with the Council's approach. Positive figures illustrate an overspend and figures within a bracket show an underspend. This is the opposite way within NHS reports.

4.2. Within the Integration Scheme it states that, throughout the financial year, the Board shall receive comprehensive financial monitoring reports. The reports shall set out information on actual expenditure and budget for the year to date and forecast

outturn against annual budget together with explanations of significant variances and details of any action required.

4.3. Any potential deviation from a breakeven position should be reported to the Board, Orkney Islands Council and NHS Orkney at the earliest opportunity.

4.4. Where it is forecast that an overspend shall arise then the Chief Officer and the Chief Finance Officer of the Board, in consultation with NHS Orkney and Orkney Islands Council, shall identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position.

4.5. The IJB may also consider issuing further Directions to NHS Orkney or Orkney Islands Council. The recovery plan shall be approved by the Board.

4.6. A recovery plan shall aim to bring the forecast expenditure of the Board back in line with the budget within the current financial year. Where an in-year recovery cannot be achieved then any recovery plan that extends into later years should ensure that over the period of the strategic plan forecast expenditure does not exceed the resources made available. Any recovery plan extending beyond in year shall require approval of Orkney Islands Council and NHS Orkney in addition to the Board.

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

5. Main Financial Issues

5.1. COVID-19

5.1.1. The budget proposals for 2020/21 were presented based on “business as usual”, to the Orkney IJB in April 2020, however it is now evident that this is not the case. It must be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by partners, and ultimately by Government.

5.1.2. Local Mobilisation Plans are submitted by NHS Orkney to Scottish Government to capture the actual and anticipated additional costs of the Health and Social Care Partnership. The last submission showed a projected spend across the partnership of £2,654,302. If the non-achievement of savings is also factored in this increases the costs to £3,910,306. It is hoped that some of these projections will reduce due to stepping down some additional staffing that has been required. These costs are mainly in relation to additional staffing at Hamnavoe House, PPE and the COVID-19 assessment centre.

5.2. Children and Families

5.2.1. 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 the children, young people and their families. Some of this related to the need for some staff members to remain at home due to initial COVID-19 restrictions. However, it is anticipated there is also the likelihood for some sickness absence to be long term. This has resulted in the need to employ agency staff.

5.2.2. Most importantly, this statutory requirement to provide social work services for children and young people ensures 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.

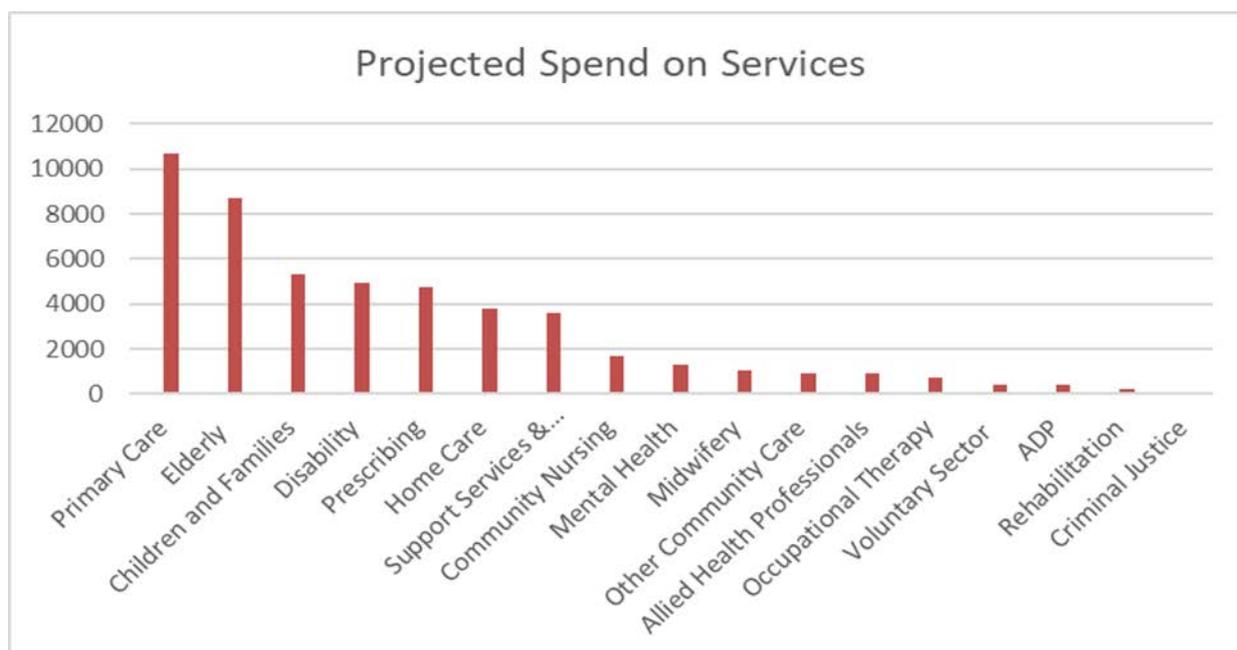
5.2.3. These additional posts are essential at this time to ensure proper review planning and improvement work is undertaken following the findings of the Joint Inspection Report, from February 2020, of Services for Children and Young People in Need of Care and Protection in Orkney.

6. Financial Position

6.1. The following table shows the current financial position as at 30 June 2020 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2021. The year-end projection will be reviewed on a regular basis throughout the year.

IJB Commissioned Services	Spend	Budget	Variance	Year End Projection	Annual Budget	Over/(Under) Spend	
	YTD	YTD	YTD			£000	%
	£000	£000	£000	£000	£000	£000	%
Support Services & Overheads	877	615	262	3,604	2,946	658	122.3
ADP	129	128	1	427	427	0	100.0
Voluntary Sector	232	217	15	430	430	0	100.0
Children and Families	1,096	1,045	51	5,348	4,680	668	114.3
Prescribing	1,589	1,257	332	4,775	4,802	-27	99.4
Elderly	2,226	2,147	79	8,512	8,240	272	103.3
Disability	1,346	1,328	18	4,929	4,724	205	104.3
Mental Health	295	235	60	1,317	1,018	299	129.4
Other Community Care	234	258	-24	1,083	1,065	18	101.7
Occupational Therapy	169	154	15	750	670	80	111.9
Home Care	1,090	1,055	35	3,858	3,533	325	109.2
Criminal Justice	17	22	-5	50	50	0	100.0
Community Nursing	407	402	5	1,675	1,618	57	103.5
Primary Care	3,041	3,020	21	10,672	10,818	-146	98.7
Allied Health Professionals	230	234	-4	920	940	-20	97.9
Rehabilitation	62	60	2	246	240	6	102.5
Midwifery	254	253	1	1,017	1,016	1	100.1
Reserves	0	0	0	-372	-242	-130	153.7
Service Totals	13,294	12,430	864	49,241	46,975	2,266	104.8

6.2. The current spend can be illustrated as follows:



6.3. An analysis of significant projected year end variances is as follows:

6.3.1. Support Services and Overheads (Y/E Forecast £658K overspend).

A separate cost centre was created in regard to additional costs of COVID-19 to be included within the mobilisation plan. These costs include staffing costs associated with opening the fourth wing at Hamnavoe House, additional agency staff required, and additional PPE costs incurred.

6.3.2. Children and Families (Y/E Forecast £668K overspend).

There are additional staffing requirements within the service due to sickness absence within the Children and Families team and the additional work required for the children's improvement plan. There are also additional costs for residential care within Orkney due to the current children's house being at full capacity.

There has been a requirement for agency staff due to vacancies within the Speech and Language service. A recruitment process is underway which will see a reduction in projected costs.

6.3.3. Elderly (Y/E Forecast £272K overspend).

There is a continued reliance on agency staffing due to recruitment issues and long term sickness absence within residential care homes. There were also staffing costs in relation to COVID-19 which will be recoded.

6.3.4. Disability (Y/E Forecast £205K overspend).

Overspend is due to the cost regarding out of Orkney placements with increased supported living rate. There are also increased costs within the supported accommodation service of which some is in relation to COVID-19, this will need to be recorded.

6.3.5. Mental Health (Y/E Forecast £299K overspend).

There are additional costs regarding employing a locum consultant psychiatrist locally as well as agency psychiatric nursing being required to cover vacancies.

6.3.6. Occupational Therapy (Y/E Forecast £80K overspend).

There has been a requirement for agency cover within the service. Although the projection is based on this additional staffing cost continuing until year end, this has now ceased so costs will reduce accordingly.

6.3.7. Home Care (Y/E Forecast £325K overspend).

The demand for Home Care 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.

6.3.8. Community Nursing (Y/E Forecast £57K overspend).

Some of the overspend is in relation to additional costs relating to COVID-19. These additional costs will be identified and moved to the appropriate cost centre.

6.3.9. Primary Care (Y/E Forecast £146K underspend).

The underspend currently is around ring fenced Dental Primary Medical Services funding. This is allocated centrally each year from Scottish Government and reduced accordingly dependent on a yearly service review.

Orkney has been allocated £49,102 towards a rural fellowship GP training post. This post has been vacant within this financial year.

6.3.10. Reserves (Y/E Forecast £130K underspend).

This is in relation to the reinstatement of the underspend within the last financial year which is reducing the overall overspend.

7. Recovery Plan

7.1. Where it is forecast that an overspend shall arise then the Chief Officer and the Chief Finance Officer of the Board shall identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position. The Chief Officer and the Chief Finance Officer of the Board shall consult the Section 95 Officer of Orkney Islands

Council and the Director of Finance of NHS Orkney in preparing the recovery plan. The recovery plan shall be approved by the Board.

7.2. To be able to ensure a balanced budget services will need to be streamlined or delivered in a different way.

8. Unplanned Admissions

8.1. In regard to the legislation the following services must be included as per the legislation which can be found at:

<https://www.legislation.gov.uk/ssi/2014/344/schedule/3/part/2/made>

8.2. A paper is being submitted to the IJB in September 2020 for the formal delegation of this budget and an update will be brought to the December board meeting.

9. Contribution to quality

Please indicate which of the Orkney Community Plan 2019 to 2022 visions are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	No.
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.	No.
Sustainability: To make sure economic and environmental factors are balanced.	Yes.

10. Resource implications and identified source of funding

10.1. The projected outturn position is showing an anticipated overspend of £2,266,000 for financial year 2020/21. However, this is based on the current commitments known to the end of the financial year.

11. Risk and Equality assessment

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

12. 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.

13. Escalation Required

Please indicate if this report requires escalation to:

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

14. Conclusion

14.1. Demand is rising significantly whilst in real terms, available public spending is reducing. Over the next few years, the Integration Joint Board will require to balance its ambitious commissioning decisions to support change alongside decommissioning decisions that enables NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

15. Author

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

16. Contact details

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17. Supporting documents

17.1. Annex 1: Budget Reconciliation.

17.2. Annex 2: IJB Reserves.

17.3. Annex 3: IJB Recovery Plan.

Annex 1: Budget Reconciliation

Budget Summary			£000
NHS Opening Budget 2020/21			26,381
OIC Opening Budget 2020/21			20,343
IJB Opening Budget			46,724
	Recurring	Non Recurring	
	£000	£000	
NHS			
Savings Target	(800)		
Efficiency Savings Reinstated 19/20		130	
Primary Medical Services Pension Uplift	45		
Non Cash Limited Budget Review	89		
Maternal & Infant Nutrition Budget Transfer	13		
Covid-19 Funding (Anticipated)		459	
2019/20 Prescribing Advance		(66)	
Living Wage Uplift		17	
First Responders	6		
Sonographer	28		
Alcohol & Drugs Partnership b/f		95	
Improvement to GP Premises b/f		55	
Primary Care Improvement Plan b/f		90	
Primary Care Support b/f		17	
Primary Care Digital Technology b/f		71	
Third Sector Partnership b/f		14	
PC Near Me Funding (PC Digital Tech transfer to IT)		(13)	
Commissioning Uplift (Infertility)	1		
	(618)	869	251
	Budget at March 2020		46,975

Annex 2: IJB Reserves / Holding Account

	Opening Budget £000	Allocated £000	Balance £000
Opening Budget from 2019/20			
Alcohol & Drugs Prevention 19/20	95		95
PCIF 19/20	90	(90)	0
Primary Care Digital Technology	71	(14)	57
Primary Care Rural Fund	41		41
Improvements to GP Premises	15		15
Third Sector Partnership	14		14
Primary Care Support	17		17
New Allocations 2020/21			0
Pay Awards	706	(623)	83
2019/20 Savings Target	130		130
PCIF 20/21	80	(80)	0
Alcohol & Drugs Prevention 20/21	36		36
Living Wage Uplift	16		16
	<u>1,311</u>	<u>(807)</u>	<u>504</u>

The funding detailed above is ring fenced and therefore cannot be used for any other purpose.

Annex 3: Recovery Plan

	£000
NHS Savings Target	2,400
OIC Savings Target	1,800
IJB Savings Target	4,200

	Recurring £000	Non- Recurring £000	Total Savings £000
Reduction in Photocopying Costs	1		
Removal of grants paid to Lunch Clubs	37		
Removal of Sleep-ins within Local Authority Care Homes	77		
Staffing Restructure	30		
	145	0	145
			4,055
			Unidentified Savings