

Gillian Morrison (Interim Chief Officer)

Orkney Health and Care

01856873535 extension: 2611

OHACfeedback@orkney.gov.uk



Agenda Item: 10.

Integration Joint Board

Date of Meeting: 9 December 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 September 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 September 2020, as follows:

- A current overspend of £1,151,000.
- A forecast year end overspend of £2,926,000 based on current activity and spending patterns.
- Additional funding amounting to £616,000 received from the Scottish Government in regard to Social Care Sustainability and COVID 19.

3.2. That, a savings target of £4,200,000 has applied for the three year period 2020 to 2023, of which only £275,000 has been identified to date.

3.3. That, NHS Orkney has applied its savings target of £800,000 for 2020/21, of which only £130,000 has been identified, with the remaining balance of £670,000 contributing to the forecast year end overspend.

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 not all costs will be covered by partners, or 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 £2,541,974. If the non-achievement of savings is also factored in this

increases the costs to £3,666,974. It is hoped that some of these projections will reduce due to stepping down some of 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.

5.1.3. Additional funding of £616,000 in relation to COVID-19 spend has been received from the Scottish Government and relates to Social Care spend as follows:

- Integration Authority Funding – £277,000.
- Social Care Sustainability Support – £139,000.
- Social Care Sustainability Support Tranche 2 – £200,000.

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 children, young people and their families. Some of this related to the need for 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.

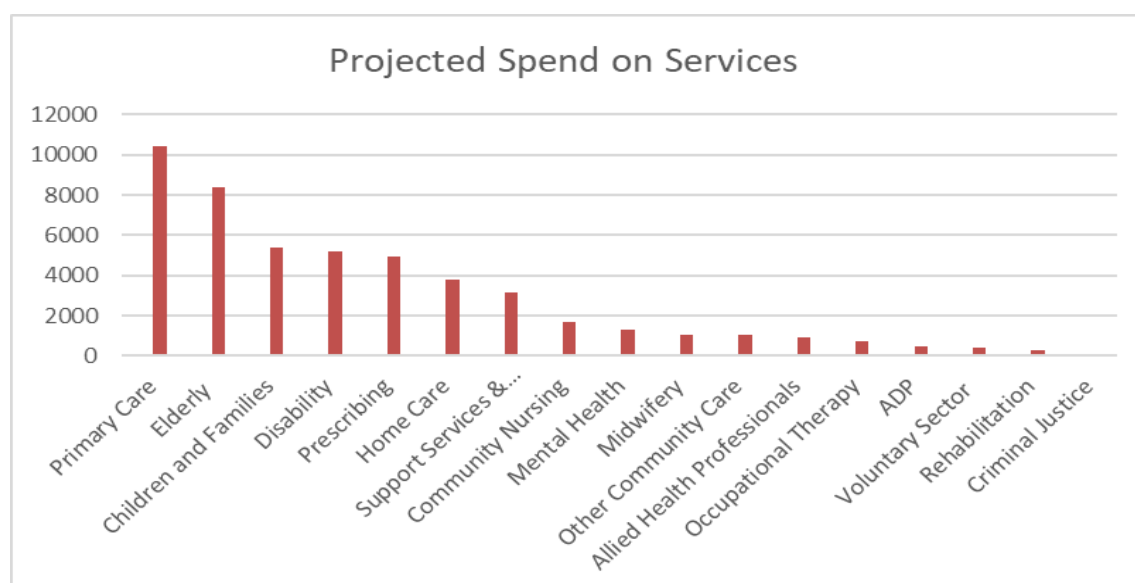
5.2.4. There has been a longstanding requirement for agency staff due to being unable to recruit to the vacancies within the Speech and Language service. The most recent recruitment process resulted in the offer of 2 posts but the successful applicants are unlikely to be in post until 2021. NHS Orkney's Senior Management Team approved an extension for locum adult cover for the period until the new recruits start. Additional capacity to address the Speech and Language Paediatric waiting list, as a result of the longstanding vacancies, was not approved at this time and a request was made for supply and demand work to be undertaken to fully understand the detail of the issues that have led to the waiting list. This work has started with support from the Quality Improvement team at NHS Orkney.

6. Financial Position

6.1. The following table shows the current financial position as at 30 September 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 YTD	Budget YTD	Variance YTD	Year End Projection	Annual Budget	Over/(Under) Spend	
	£000	£000	£000	£000	£000	£000	%
Support Services & Overheads	1,338	1,272	66	3,158	2,884	274	109.5
ADP	211	263	-52	448	448	0	100.0
Voluntary Sector	246	247	-1	378	430	-52	87.9
Children and Families	2,459	2,169	290	5,410	4,681	729	115.6
Prescribing	2,737	2,485	252	4,953	4,802	151	103.1
Elderly	4,121	4,104	17	8,400	8,272	128	101.5
Disability	2,503	2,509	-6	5,191	4,724	467	109.9
Mental Health	626	496	130	1,297	1,019	278	127.3
Other Community Care	492	555	-63	1,032	1,067	-35	96.7
Occupational Therapy	323	313	10	709	670	39	105.8
Home Care	2,213	2,073	140	3,817	3,533	284	108.0
Criminal Justice	-17	35	-52	50	50	0	100.0
Community Nursing	855	807	48	1,711	1,618	93	105.7
Primary Care	5,460	5,431	29	10,445	10,551	-106	99.0
Allied Health Professionals	464	468	-4	926	940	-14	98.5
Rehabilitation	129	120	9	258	240	18	107.5
Midwifery	509	506	3	1,068	1,066	2	100.2
Reserves	16	81	-65	704	704	0	100.0
Savings Applied (NHSO)	0	-400	400	-130	-800	670	16.3
Service Totals	24,685	23,534	1,151	49,825	46,899	2,926	106.2

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 £274K 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 £729K 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 joint inspection improvement plan. There are also additional costs for residential care within Orkney due to the current children's house being at full capacity.

As highlighted within section 5.2.4 above, there has been a requirement for agency staff due to vacancies within the Speech and Language service. The successful recruitment process, in both adults and paediatric posts, underway will see a reduction in projected costs once candidates are in post.

6.3.3. Elderly (Y/E Forecast £128K overspend).

There is a continued reliance on agency staffing due to recruitment issues and long term sickness absence within residential care homes.

6.3.4. Disability (Y/E Forecast £467K 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 recoded.

6.3.5. Mental Health (Y/E Forecast £278K 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. Home Care (Y/E Forecast £284K 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.

6.3.7. Community Nursing (Y/E Forecast £93K 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.

6.3.8. Primary Care (Y/E Forecast £106K 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.

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. Set Aside

8.1. The budget, known as “set aside”, amounting to £7,777,000 was received by the IJB on 30 September 2020. The adjustments are as follows:

Budget Reconciliation	£000
Opening Budget	7,777
Acute Services	-24
Assessment and Rehabilitation	27
Medical Team - Junior Doctors	-148
Medical Team - Consultants	74
Revised Budget	7,706

8.2. The following table shows the current financial position as at 30 September 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.

	Spend	Budget	Variance	Year End	Annual	Over/(Under)		Variance
	YTD	YTD	YTD	Projection	Budget	Spend	%	
Set Aside Budgets	£000	£000	£000	£000	£000	£000		
Acute Services	716	633	83	1,433	1,269	164	112.9	Some posts are unfunded.
Medical Team - Junior Doctors	528	509	19	952	930	22	102.4	
Medical Team - Consultants	415	416	-1	843	854	-11	98.7	
Assessment & Rehab	491	481	10	982	963	19	102.0	Unfunded use of bank staff and unachieved savings target.
Hospital Drugs	437	307	130	874	614	260	142.3	Increases in drug prices (and growth) have been greater than inflationary uplift.
Emergency Department	402	346	56	803	694	109	115.7	Some posts are unfunded.
Acute Mental Health Placements (Ayr Clinic)	304	369	-65	608	737	-129	82.5	Fewer patients than originally budgeted for.
Sub Total	3,293	3,061	232	6,495	6,061	434		
Memorandum Budget - Off Island Acute Services								
Unplanned Activity (UNPACS) other Scottish Boards	139	139	0	542	524	18	103.5	
SLA Healthcare Purchasing - Grampian Mental Health	610	441	169	1,096	881	215	124.3	Increased activity
SLA Healthcare Purchasing - Grampian Block Contract	80	80	0	160	160	0	100.0	
SLA Healthcare Purchasing - Lothian	54	40	14	108	80	28	134.9	
Sub Total	883	700	183	1,906	1,645	261		
Total Set Aside	4,176	3,761	415	8,401	7,706	695		

8.3. The cost pressure funding which was allocated non-recurringly can only be allocated to the extent that the pressure exists, therefore some of the funding has been reduced in line with the forecast spend also reducing. So, there should not be an impact on the bottom line in that area. This will be highlighted within the budget setting within the next financial year.

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 £2,926,000 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

16.1. Email: pat.robinson@orkney.gov.uk.

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	
Medical Pay Award	7	(3)	
Primary Medical Services Pension Uplift	45		
Non Cash Limited Budget Review	89		
Maternal & Infant Nutrition Budget Transfer	13		
2019/20 Prescribing Advance		(66)	
Living Wage Uplift		16	
First Responders	6		
Sonographer	28		
Heart Failure Nurse	30		
Child Healthy Weight Management		47	
Vitamins for Infants		2	
Primary Care Investment Fund	149		
GP Sub Group Transfer	37		
Alcohol & Drugs Partnership b/f		95	
GP Premises		7	
GP Premises		39	
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)		(17)	
MH Action 15		24	
DDTF ADP		2	
School Nursing		46	
Commissioning Uplift (Infertility)	2		
	(394)	569	175
	Revised Budget		46,899

Annex 2: IJB Reserves / Holding Account

	Opening Budget	Allocated	Balance
	£000	£000	£000
Opening Budget from 2019/20			
Alcohol and Drugs Prevention 19/20	94		94
PCIF 19/20	90	-90	0
Primary Care Digital Technology	71	-17	54
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			
Pay Awards	706	-645	61
2019/20 Savings Target	130		130
PCIF 20/21	229	-121	108
Alcohol and Drugs Prevention 20/21	36		36
Living Wage Uplift	16		16
Vitamins for Infants	2	-2	0
School Nursing	46		46
DDTF Alcohol and Drug Partnership	2		2
GP Premises	7		7
Primary Care Rural Fund	39		39
Mental Health Action 15	24		24
	1,579	-875	704

Annex 3: Recovery Plan

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

	Recurring £000	Non- Recurring £000	Total Savings £000
Underspend from 2019/20		130	
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		
	<hr/> 145	130	275
			<hr/> 3,925 <hr/>
		Unidentified Savings	