



REPORT: M6 Narrative – Integration Joint Board
DATE: 06/11/2023
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1. Financial Summary

- 1.1 This report reflects the spend to date and explains any recurring cost pressures and non-recurring cost pressures variances which have arisen in the first 6 months of the year which are likely to have an impact on our year end outturn.
- 1.2 As of 30th September 2023, the IJB is showing an in-year underspend of **£473k** (due to income profiles) and at year end the Board is showing a projected overspend position of **£4.120m** excluding reserves other than £600k of earmarked double running costs of Seaforth House, Summary shown below. Part of the gap is due in part to the NHS pay award not being fully funded by the allocation received to date to be based line (approx. £400k) and COSLA not fully funding local authority increased pay awards (approx. £500k). Both partners have passed on any pay uplifts awarded by the Scottish Government in full to the IJB.

Income & Expenditure at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance	Budget	Actual	Variance
	£'000	£'000	under/ (over) £'000	£'000	£'000	under/ (over) £'000
Expenditure						
Chief Officer - Management	(91)	1,997	(2,088)	(185)	3,197	(3,381)
Adult Social Services	14,549	11,559	2,990	29,097	27,639	1,458
Allied Health Professionals	1,468	1,551	(83)	2,934	2,899	35
Community Nursing and Hospital	4,077	4,024	53	8,152	8,195	(43)
Community Care	934	441	493	1,869	1,869	0
Head of Dental Services	1,915	1,702	213	3,539	3,427	112
Head of Mental Health Services	1,907	2,155	(248)	3,713	4,380	(667)
Associate Medical Director	8,887	9,290	(382)	17,919	18,748	(824)
Alcohol and Drugs Partnership	266	249	17	686	686	0
Acute Set Aside	4,139	4,630	(491)	8,398	9,208	(810)
General Reserves	0	0	0	0	(4,120)	4,120
Total Net Cost	38,050	37,599	473	76,122	76,129	-

- 1.3 The revised budget gap for 23/24 was **£6.017m** for which known vacancies, financial flexibilities and reserves were identified to fill the gap. However, although vacancies are higher than anticipated many vacancies are having to be covered by agency which increases cost pressures, specifically in the Mental Health services, Associate Medical Director Services (GP) and in the acute set aside. Although the table above is showing break-even position this is requiring reserves earmarked for 24/25 financial position.



2. Demographics and Population Decline

2.1 The biggest risk to Health and Social Care is the change in demographics and population. The islands were expecting to see a **6% drop** in population by 2028, one of the biggest population decreases in Scotland. Working age population is set to **decrease by 6%** by 2028 and in contrast the over 75s with the greatest levels of co-morbidity is set to **rise by 25%**. However, the recent release of 2022 census data shows the islands have already lost 5.5% of their population so the drop by 2028 could be larger. A full report was presented to the NHS Board on the 30th August 2023 and is available here [Board Papers - NHS Western Isles | Serving the Outer Hebrides of Scotland](#). (9.1) or on request.

Effect of Demographic Change on the Western Isles

2.2 There are a number of effects on the Health and Social Care Partnership as follows:

2.3 **Increased Costs** - The work undertaken for the Scottish Government, as part of the precursor to the Integrated Joint Boards using 2011 data, calculated a cost per patient, per age group, per area (using GP Practices). This showed that the costs are far higher to provide care for the over 65s than under 65s. The figures calculated have been updated to today's costs and recalculated totals are shown for the change in population in under 65s, 65-74 and the 75s and over. There is a **£5.3m gap** for NHS in total over and above the inflation uplift which can be attributed to demographic changes over the last 12 years. The same exercise for Adult Social Care shows a **£3.1m gap**. **This ties in with the IJB baseline budget gap of £6m for 23/24, £6.5m for 24/25 and £7.2m for 25/26, which is also influenced by partially unfunded pay awards and high inflation.**

2.4 **Recruit and Workforce Issues** - With the falling work age demographics, the jobs that are overall affected by the reducing workforce on the islands are the semi-skilled jobs. These types of jobs for the Health and Social Care Partnership would be for example, Health Care Assistants, Social Care Assistants and Workers, Domestic and Catering staff. Although salary paid plays a part in recruiting, the biggest issue is there is not enough people of workforce age on the islands that are not employed already in the Western Isles.

2.5 The second group of workers that need to be recruited are the skilled workforce, i.e., Allied Health Professionals (AHP), GPs, Senior Social Workers and Medical Consultants, recruitment issues are more dependent on available trained workers. These vacancies within Health translate to a present very high unsustainable hourly rates to employ Consultants, GP, specialised nursing and AHPs.

2.6 The estimated vacancies in Heads across both NHS and Social Care are for August 2023 between 13% - 20% across the partnership.



2.7 **Lower passenger payloads on planes** – as the population numbers drop this could affect the viability of plane links as this will increase subsidy on Public Service Obligation (PSO) routes and could affect the routes run without a PSO contract. This has already started becoming an issue in Uists, Barra and Benbecula and together with problems on the ferries is affecting delivery of services on islands and for transfer of patients to both the Western Isles Hospital and the mainland.

2.8 **Higher Co-morbidities** – With the aging population there are now more people that are requiring renal treatment, orthopaedic procedures, ophthalmology care, cardiac intervention, and oncology treatments for example. Not only does this increase the cost it may mean more patients having to go off island depending on the type of procedure required. A health needs assessment is underway for the Island population which will allow precise strategic health and social care planning.

3. **Main Variances**

3.1 **Agency Costs (inability to recruit despite going out to advert numerous times)** – High Agency costs is continuing with no substantive posts within Psychiatry and long-term absences by the regular locums. Out of the 29 Established Heads within Medical Staffing 15 are vacant (53%) and these posts are being covered by agency or IR35 workers. There are no substantive consultants in the psychiatrist posts and the cost of just these two posts will contribute to an overspend in the service of **£729k**. Controls (accountable officer sign off, agency form and requirement for framework agency staff) have been put in place to reduce the use of off framework agencies and increase the use of IR35 locums, which is a more efficient method of purchasing locum staff, (NHS Western Isles are at a high level of IR35 locums already).

A recruitment campaign for consultants has resulted in some vacancies being filled but it has not been possible to recruit a psychiatrist. Nationally vacancies are at a high level in this speciality international recruitment is being evaluated but it is difficult to support development needs and professional registration in a small Department.

The agency hourly rates are increasing considerably, with many locums refusing to work with our main agency contractor who provide lower cost IR35 workers and are doubling their hourly rates, for example a 2-week period could have cost us £12k including overheads and now we are being asked to pay up to £25k for the same period and often for the same agency member.

3.2 **GP OOH, *Unscheduled Care and Barra Practice*** – There is a projected overspend of **£423k** (M5 **£549k**) within services but recruitment was successful for the permanent GPs in Barra which would reduce overspends, when the GPs start, early autumn, although there are still pressures in other geographical areas. The year end overspend projections have been reduced and will be re-assessed once the GP are working in



post (November 2023) and the Board is not reliant on locum GPs to provide the service in Barra.

- 3.3 *Acute Nursing* - There are continuing pressures on the Acute Nursing budget partly due to number of delayed discharges, if pressures continue there is a forecast overspend of **£260k**, some of which will be the shortfall in salary uplift allocation. Although July delayed figures are creeping upwards, they are comparable to July 2022. However, with a level of unmet need in the community and increasing acuity of our patients, we are expecting winter month's delays to increase further.
- 3.4 *Community hospitals* are forecasting an overspend of **£221k** (**£256k** Uist and Barra Hospital) by year end. There is high bank usage in Uist and Barra Hospital with above average sickness and vacancies.
- 3.5 *General Inflation* – Utility costs are still increasing, and the cost of food, drugs medical supplies etc are continuing to increase month on month.
- 3.6 *Prescribing* – Prescribing costs are projecting a pressure of **£401k** and as mentioned in 2.8 the increasing elderly population with a higher level of co-morbidities is causing these costs to increase. NHS Western Isles do have a team of community pharmacists which are trying to create efficiencies but the changes in demographics means the Board is struggling to make any further efficiencies within Prescribing. It is also to note that all but one GP practice in the Western Isles is privately owned.
- 3.7 Adult Social Services – summary table is shown below:

Adult Social Care at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance	Budget	Actual	Variance
	£'000	£'000	under/ (over) £'000	£'000	£'000	under/ (over) £'000
Adult Care and Support Services	2,444	2,107	337	4,887	4,238	649
Assessment and Care Services	795	472	323	1,590	1,301	289
CnES Home Care	3,345	2,652	693	6,690	6,420	270
CnES Residential Care	3,434	3,375	59	6,868	7,456	(588)
Commissioning and Partnership Services	3,161	1,862	1,299	6,323	5,763	559
Community Care	49	34	14	97	92	5
Criminal Justice	160	115	45	321	226	94
CnES Management and Admin	(1,717)	(136)	(1,581)	(3,434)	(189)	(3,245)
Housing Services	153	153	0	306	306	0
Independent Care Homes	1,161	941	220	2,322	2,143	180
Surplus/ (Deficit)	12,985	11,576	1,408	25,969	27,757	(1,787)



- 3.8 There is a **£3,245k** overspend in CnES and Management and Admin, this is due to unidentified savings being offset by budgeted specific and general reserves. This will be transferred at year end as shown in 1.2, however due to the high number of vacancies in care homes and home care there will be a lower requirement of reserves than anticipated. To note reserves are a one-off resource and the level of budget gap described in 2.3 (due to changes in demographics and partly funded pay awards) will continue to grow. Some of the vacancies offsetting the higher requirement of reserves result in unmet need and late opening of some of the extra care housing flats.
- 3.9 The projected underspend of **£649k** in Adult Care and Support Team is due to the 25 HWECC beds not projected to open in 23/24 and an estimated projection of the extra 10 care home beds being filled over the period of the financial year, resulting in an underspend on salaries of £1.3m offset by the cost of voids and loss of income.
- 3.10 Assessment and Care Services is projected to underspend by **£289k** which is mostly due to vacant posts.
- 3.11 The underspend of **£270k** in Home Care is due to a high level of vacancies **£1,201k**, offset by agency staff and a projection of staff who will be upgraded throughout the year.
- 3.12 The projected overspend in Residential Care of **£588k** is due to a requirement to transfer for the next 3 years earmarked Seaforth House reserves of @ £640k at year end. It was recognised at budget setting that the size and layout of Seaforth House would result in increased staffing resources compared to the old care homes. A 3 years reserve was created to help offset these higher costs.
- 3.13 Commissioning and Partnership Services is projected to underspend by **£559k** due to problems recruiting to the Start/Reablement service which will be funded by specific grant to aid with winter pressures and other service pressures on a recurring basis.

4. Key Financial Risks

- 4.1 There are a number of financial risks associated with the Board achieving financial stability including the ability to break even in 24/25 and beyond.
- It is anticipated that there may be further delayed discharges during the winter months which will result in further bank staff required to open contingency beds. The financial risk is **£250k** and is **high**.
 - There are no longer any Covid funds and any outbreaks in homes and in wards and high sickness within the partners cohort of staff will have to manage in existing budgets. The financial risk is **£250k** and is **medium**.



- The increase in agency across other areas of services which include Consultants, AHPs and Labs are likely to increase as the year progresses. The risk is estimated Nursing could increase over the winter months. The financial risk is **£300k** and is rated as **high**.
- Flat cash, higher pay awards, sustained high inflation and the increasing elderly population will result in the possibility of the 24/25 opening budget gap of £6.017m increasing towards the £7.50m total. With a projected full complement of beds/flats open in Goathill complex and an increase in staff being upgraded within homecare services together with very low reserves (these previously contributed to a break-even position) it is likely a balance budget for 24/25 will not be agreed by 31 March 2024.

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