

# CÙRAM IS SLAINTE NAN EILEAN SIAR

## INTEGRATION JOINT BOARD



**Meeting date:** 19 September 2024

**Item:** 6.1

**Title:** Chief Finance Officer Update Report

**Responsible Officer:** Debbie Bozkurt, Chief Finance Officer

**Report Author:** Debbie Bozkurt, Chief Finance Officer

### 1 Purpose

**This is presented to Board Members for:**

- Discussion

**This report relates to a:**

- Annual Operation Plan

**Competence:**

- There are no legal, financial or other constraints associated with the report.

### 2 Report summary

#### 2.1 Situation

There is a lack of available in year monitoring figures for social care due to the on-going recovery from the November 2023 Cyber Attack. The assessment is the Chief Finance Officer update on the current financial situation that is known plus any financial risks that may be realised in 24/25

#### 2.2 Background

The IJB partnership accounts are taken from the relevant part of the NHS Finance delegated and the Social Care figures from Comhairle nan Eilean Siar.

#### 2.3 Assessment

##### 2023/24 Year End

The 23/24 data is now on the ledger and Comhairle nan Eilean Siar (CnES) are just about to start pulling their 23/24 annual accounts together and finalising the figures. Once the Social Care Figures are ready, I will need to consolidate and finalise the draft Management and Governance Statement and the CnES Chief Accountant will produce the IJB finance template. It is likely the draft annual accounts will come to the November 2024 IJB Audit Committee and then on to the November IJB Board.

## Financial Monitoring

CnES have concentrated on loading 23/24 to the ledger and as yet there is no available in year monitoring for 24/25. NHS Western Isles have submitted their month 4 to the Scottish Government, the NHS Board is showing a projected £1.9m overspend which is in line with planning submitted in March 2024. There are a number of risk and unexpected pressures that are affecting the breakeven position, below are the areas and risks that effect the IJB:

- There is an overspend relating to the employment of high-cost psychiatrists working a one in two rota. Although very high, the projection at present is 30% lower than 2023/2024 due to the lower hourly rate of on call. However, the psychiatrists are on the whole agency workers although the Board has tried on numerous occasions to recruit Direct Engagement consultants or substantive posts or NHS Locums, including a recruitment campaign in this financial year.
- There is an overspend in Mental Health Nursing where agency staff have been brought in to provide 1 to 1 observation. This will reduce but the cost will transfer to off-island placement presently.
- There is an identified pressure of £525k due to the transfer of the 2c practice (both practices manage out of hours and provide medical leadership for the two community hospitals) and the need to use locum cover whilst recruitment is taking place. There are also increase costs due to accommodation and travel required for locums. A successful recruitment campaign has taken place for Benbecula medical practice, but we anticipate another 3 months of some locum cover. There has also been an issue with estimating prescribing income due to issues transferring accounts over to NHS Western Isles. The Board anticipates clearer indication of out-turn position coming out of the summer months once prescribing income has been revised, at present we are anticipating a reduction in overspend.
- There are emerging pressures on the acute nursing budget with the need for high bank hours covering contingency beds required for delayed discharges. With reduced care home places of approx. 12% (due to staff vacancies) and vacancies within homecare staffing the overspend is likely to continue.
- The General Medical Consultant cohort has been projected to overspend at year end by £304k with issues with recruitment and staff rotas set to cause continued overspends. A review is underway to reduce these costs.

There are a number of financial risks associated with the NHS Board achieving financial stability over and above the pressures recognised at quarter 1 and these are as follows.

- The Board has increasing numbers of delayed discharges, with reduced care home places and vacancies within homecare staffing, which is causing pressure on contingency beds, it is anticipated the situation will worsen during the winter months. The financial risk is **£500k** and is **high**.
- The Board is dependent on the ability of other Boards to provide services for NHS Western Isles. Potential above standard inflation may cause an overspend within this service. The risk is estimated at **£250k** and is rated as **high**.
- Increased high risk mental health patients are being or likely to be transferred to the private sector due to the lack of relevant NHS beds. This risk is estimated at **£400k** and is rated as **high**. This risk will likely be realised by Month 5 with patients being transferred to specialist units off island. These patients can not be treated within the Western Isles' small unsecure Acute Psychiatrist Unit as they need specialist care.

### Financial Gap caused by change in demographics

The biggest financial risk to Health and Social Care is the change in demographics and population. Using GP Lists in the last 17 years, there has been a large decline in the young, workforce population, women between 24-44 and an increase in the over 65 of nearly **27%** as shown in Table 1 below:

0-4	2007 No.	2012 No.	2017 No.	2022 No.	2024 No.	2024-2007 %	2024-2022 %
0-4	1,280	1,201	1,221	968	948	<b>-25.9%</b>	<b>-2.1%</b>
5-14	3,038	2,821	2,765	2,667	2,653	<b>-12.7%</b>	<b>-0.5%</b>
15-64	17,787	17,227	16,382	16,449	16,366	<b>-8.0%</b>	<b>-0.5%</b>
65-74	2,960	3,262	3,577	3,689	3,704	<b>25.1%</b>	<b>0.4%</b>
75-84	1,911	2,003	2,159	2,441	2,483	<b>29.9%</b>	<b>1.7%</b>
85+	720	770	857	865	909	<b>26.3%</b>	<b>5.1%</b>
65+	5,591	6,035	6,593	6,995	7,096	<b>26.9%</b>	<b>1.4%</b>
24-44 Female	3,289	2,971	2,791	2,787	2,770	<b>-15.8%</b>	<b>-0.6%</b>
<b>Total GP List</b>	<b>27,696</b>	<b>27,284</b>	<b>26,961</b>	<b>27,079</b>	<b>27,063</b>	<b>-2.3%</b>	<b>-0.1%</b>

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/client, 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 using a RPI calculator and recalculated totals are shown for the change in population in under 65s, 65-74 and the 75s and over. The tables below are pre-IJB so are the whole of the NHS portfolio, and the Social Care included some elements of Children services but shows clearly the cost associated with the change in demographics.

The table below shows there is a **£7m gap** (whole of NHS Western Isles not just the IJB element) over and above the inflation uplift, which can be attributed to demographic changes over the last 13 years. The gap in the NHS budget corresponds with Western Isles aging population.

	All Ages	-65	65-74	75+
<b>£ 2011 direct cost at 2024</b>	<b>88,970,000</b>	<b>43,420,000</b>	<b>16,320,000</b>	<b>29,230,000</b>
No. Population 2011 (GP Lists)	27,388	21,544	3,099	2,735
£ per person in 2011 at 2024 £	<b>£3,249</b>	<b>£2,015</b>	<b>£5,266</b>	<b>£10,687</b>
No. Population 2024 (GP Lists)	27,063	19,967	3,704	3,392
<b>Cost at 2024 Prices</b>	<b>£95,999,370</b>	<b>£40,241,698</b>	<b>£19,506,060</b>	<b>£36,251,612</b>
Change in Cost after Inflation	<b>-£7,029,370</b>	<b>£3,178,302</b>	<b>-£3,186,060</b>	<b>-£7,021,612</b>
<b>% Change in Population</b>	<b>-1.1%</b>	<b>-6.8%</b>	<b>19.9%</b>	<b>19.0%</b>

The same exercise was undertaken for Social Care (in 2011 data included some parts of children services, i.e. residential care). The table below shows there is a **£4.2m gap** over and above the inflation uplift, which can be attributed to demographic changes over the last 13 years. The gap in the Social Care budget corresponds with Western Isles aging population.

	All Ages	-65	65-74	75+
<b>£ 2011 direct cost at 2024</b>	<b>£36,304,000</b>	<b>£13,810,000</b>	<b>£2,944,000</b>	<b>£19,550,000</b>
No. Population 2011 (GP Lists)	27,388	21,544	3,099	2,735
£ per person in 2011 at 2024	<b>£1,326</b>	<b>£641</b>	<b>£950</b>	<b>£7,148</b>
No. Population 2024 (GP Lists)	27,063	19,967	3,704	3,392
<b>Inc Cost</b>	<b>£40,564,150</b>	<b>£12,799,121</b>	<b>£3,518,740</b>	<b>£24,246,289</b>
Change in Cost after Inflation	<b>-£4,260,150</b>	<b>£1,010,879</b>	<b>-£574,740</b>	<b>-£4,696,289</b>
<b>% Change in Population</b>	<b>-1.1%</b>	<b>-6.8%</b>	<b>19.9%</b>	<b>19.0%</b>

## Pay Award

NHS Scotland have just announced a 5.5% pay award back dated to April 2024. Board have not yet been informed whether this will be fully funded by Scottish Government. Indications are that this award will be a 5.5% across all Agenda for Change Grades.

Local authority pay award is an overall 3.6%, but with weighting towards the lower end of the scale starting at 5.6%. Social Care had budgeted at 3% but will need to provide an additional 0.2%, with the remaining 0.4% coming from the Scottish Government. The problem for Social Care is that with a lot of staff at the lower grades, this will result in further pressures on the Social Care budget as the uplift will be towards the 5.6% figure.

### 2.3.1 Quality/ Patient Care

NA

### 2.3.2 Workforce

NA

### 2.3.3 Financial

The Finance Report presented does not require specific funding and is a report on the IJBs financial position.

Accountants Name	Signature
Comment from the Chief Finance Officer:	
NA – CFO Report	

### 2.3.4 Risk Assessment/Management

There are a number of financial risks associated with the Board achieving financial stability over and above the pressures recognised NHS are detailed above.

### 2.3.5 Equality and Diversity, including health inequalities

An impact assessment has not been completed because as not a necessary action for this report.

### 2.3.6 Climate Emergency and Sustainability Development

There are no direct links to the report and the 5 themes of Climate Emergency and Sustainability Development.

### 2.3.7 Other impacts

None.

### 2.3.8 Communication, involvement, engagement and consultation

The Board is not required to involve and engage external stakeholders in relation to this report.

### 2.3.9 Route to the Meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- ICMT Members
- IJB Audit & Risk Committee 04.09.24 – noted the financial position

## 2.4 Recommendation

- **Discussion** – Examine and consider the implications of a matter.

## 3 List of appendices

No appendices