

Item: 7.1.1

REPORT M8 Narrative - IJB

DATE 14/01/2025

AUTHOR Debbie Bozkurt Chief Finance Officer

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 8 months of the year which are likely to have an impact on our year end outturn.
- 1.2 As of 30 November 2024, the IJB is showing an in-year overspend of **£2.314m** and at year end the Board is showing a projected overspend position of **£4.060m** excluding reserves. Financial Flexibilities including unallocated NHS pay awards and Reserves held for both partners means a reported break-even position for the Integrated Joint Board by year end.

| Income & Expenditure at Month 8 | 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 | (2,378) | 1,218 | (3,596) | (197) | 3,157 | (3,353) |
| Adult Social Services | 21,772 | 18,893 | 2,878 | 30,454 | 28,873 | 1,581 |
| Allied Health Professionals | 2,068 | 1,943 | 125 | 3,096 | 2,956 | 140 |
| Community Nursing and Hospital | 5,835 | 5,868 | (33) | 8,966 | 9,043 | (77) |
| Community Care | 1,246 | 1,273 | (27) | 1,869 | 1,785 | 84 |
| Head of Dental Services | 2,431 | 2,465 | (34) | 3,482 | 3,496 | (14) |
| Head of Mental Health Services | 2,457 | 2,767 | (310) | 3,757 | 4,270 | (513) |
| Associate Medical Director | 11,290 | 12,248 | (958) | 17,503 | 18,766 | (1,263) |
| Alcohol and Drugs Partnership | 597 | 615 | (18) | 715 | 716 | (1) |
| Acute Set Aside | 5,746 | 6,087 | (341) | 8,811 | 9,455 | (644) |
| General Reserves | 0 | 0 | 0 | 0 | (4,060) | 4,060 |
| Total Net Cost | 51,064 | 53,378 | (2,314) | 78,456 | 78,457 | - |

- 1.3 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%**. This has resulted in a **£10m** increase in costs over and above the inflationary uplifts which can be attributed to demographic changes over the last 13 years.
- 1.4 There are a number of areas of which have been difficult to project year end spend, specifically around GP Prescribing, locums in General Medicine, new 2C practices and

Mental Health but uncertainty around recruitment in the first 8 months results in a sizable overspend which may reduce slightly by year end. The meetings to discuss individual service pressures started at the end of September and will continue at monthly intervals.

- 1.5 There has been no uplift in baseline funding, and in a situation where some areas are seeing inflationary uplifts of between 5-10% on average, this is resulting in an estimated £1m + gap, specifically in Pharmaceuticals.

2. Income and Expenditure Summary

- 2.1 **Adult Social Services** – summary table is shown below:

| Adult Social Care at Month 8 | 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 | 3,550 | 3,270 | 279 | 5,323 | 4,227 | 1,096 |
| Assessment and Care Services | 1,084 | 785 | 299 | 1,626 | 1,273 | 353 |
| CnES Home Care | 4,933 | 4,289 | 644 | 7,398 | 7,275 | 124 |
| CnES Residential Care | 5,002 | 4,780 | 222 | 6,755 | 7,474 | (718) |
| Commissioning and Partnership Services | 5,191 | 3,510 | 1,681 | 6,335 | 5,830 | 506 |
| Community Care | 39 | (3) | 42 | 58 | 38 | 20 |
| Criminal Justice | 256 | 142 | 114 | 384 | 183 | 201 |
| CnES Management and Admin | (3,619) | (56) | (3,562) | (3,024) | 321 | (3,345) |
| Housing Services | 204 | 230 | (25) | 306 | 306 | 0 |
| Independent Care Homes | 1,716 | 2,120 | (403) | 2,574 | 2,574 | 0 |
| Surplus/ (Deficit) | 18,357 | 19,067 | (710) | 27,736 | 29,500 | (1,764) |

- 2.3 There is a **£3,345k** overspend in CnES and Management and Admin, this is due to unidentified savings being offset by budgeted specific and general reserves and high levels of vacancies.
- 2.4 The Home Care Service forecast underspend is £124k. This is mainly due to the level of vacancies within this service. This saving will be mostly offset by agency staffing costs, which were assigned to ensure continuity of care.
- 2.5 Combined Comhairle Residential Care and Adult Care and Support Services are forecast to be underspent by £378k. The new Goathill Campus is yet to be fully occupied and staffed resulting in vacancy savings but also a corresponding shortfall in expected income from service users.
- 2.6 The Criminal Justice section is forecasting a significant underspend due to staffing vacancies and absences plus the receipt of additional unbudgeted Scottish Government funding targeted at specific service outcomes.

- 2.7 Assessment and Care Services are forecasting an underspend of £353k due to vacancies within the Community Care Team including new posts created from additional Scottish Government funding and a reduction in spend on Self-Directed Support service recipients
- 2.8 Independent Care Homes are forecast to break even. This currently assumes the budgeted uplift will apply to the providers, however negotiations on the 2024/25 per-bed price are currently on-going.
- 2.9 Commissioning and Partnership Services is forecast to be underspent by £506k. This is largely due to vacancies in new posts created from further Scottish Government monies for improving care in the community (START team).
- 2.10 **Allied Health Professionals** - There are a number of underspends due to unfilled posts.

| Allied Health Professionals at Month 8 | Year to Date | | | Full Year Projection | | |
|---|--------------|--------------|---------------------------|----------------------|--------------|---------------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| | £'000 | £'000 | under/ (over) £'000 | £'000 | £'000 | under/ (over) £'000 |
| Podiatry | 411 | 354 | 57 | 613 | 552 | 61 |
| Dietetics | 326 | 309 | 17 | 498 | 459 | 39 |
| Occupational Therapy | 633 | 601 | 32 | 885 | 878 | 7 |
| Physiotherapy | 698 | 679 | 19 | 1,100 | 1,067 | 33 |
| Surplus/ (Deficit) | 2,068 | 1,943 | 125 | 3,096 | 2,956 | 140 |

- 2.11 **Community Nursing** - There is a projected overspend of **£170k** due to the use of bank and excess hours to cover vacancies and sickness. The overspend is reducing after senior nurse review

| Community Nursing and Hospital at Month 8 | Year to Date | | | Full Year Projection | | |
|--|--------------|--------------|---------------------------|----------------------|--------------|---------------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| | £'000 | £'000 | under/ (over) £'000 | £'000 | £'000 | under/ (over) £'000 |
| Community Nursing | 3,917 | 3,863 | 54 | 6,088 | 5,995 | 93 |
| Community Hospitals | 1,918 | 2,005 | (87) | 2,878 | 3,048 | (170) |
| Surplus/ (Deficit) | 5,835 | 5,868 | (33) | 8,966 | 9,043 | (77) |

- 2.12 **Mental Health** - There is an overspend relating to the employment of high-cost psychiatrists working a one in two rota. Although very high, the projection is slightly lower than 2023/2024 due to the lower hourly rate of on call, however projection increasing as recruitment for a less costly locum has not happened as previously expected.

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 this financial year.

- 2.13 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 overspend will and has transferred to several off-island placements.

| Head of Mental Health Services at Month 8 | Year to Date | | | Full Year Projection | | |
|--|--------------|--------------|------------------------------|----------------------|--------------|------------------------------|
| | Budget | Actual | Variance under/ (over) | Budget | Actual | Variance under/ (over) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Mental Health Management | 540 | 499 | 41 | 871 | 828 | 43 |
| Mental Health Consultants | 469 | 781 | (312) | 704 | 1,230 | (526) |
| Mental Health Nursing | 1,448 | 1,487 | (39) | 2,182 | 2,212 | (30) |
| Surplus/ (Deficit) | 2,457 | 2,767 | (310) | 3,757 | 4,270 | (513) |

- 2.14 **Associate Medical Director** - There is an identified pressure of **£610k** due to the transfer of 2c practices (both practices manage Out of Hours and provide medical leadership for the two community hospitals). The increase in prescribing costs is due to the Board not being able to claim back VAT 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. A full review is taking place to ascertain whether having substantive post holders will significantly reduce overspend to bring back the 2c practices to a break-even position in 25/26.
- 2.15 High inflationary uplifts and aging population is resulting in high GP prescribing. Significant work is underway to try to reduce the overspend but high prices and aging population together with independent prescribing practices makes any efficiencies difficult to achieve.

| Associate Medical Director at Month 8 | Year to Date | | | Full Year Projection | | |
|--|---------------|---------------|------------------------------|----------------------|---------------|------------------------------|
| | Budget | Actual | Variance under/ (over) | Budget | Actual | Variance under/ (over) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2 C Practices | 162 | 549 | (387) | 207 | 817 | (610) |
| GMS | 5,384 | 5,436 | (52) | 8,160 | 8,249 | (89) |
| GPS - Prescribing | 3,692 | 4,222 | (530) | 5,962 | 6,537 | (575) |
| FHS | 1,664 | 1,664 | 0 | 2,571 | 2,571 | 0 |
| Out of Hours | 388 | 377 | 11 | 603 | 592 | 11 |
| Surplus/ (Deficit) | 11,290 | 12,248 | (958) | 17,503 | 18,766 | (1,263) |

- 2.16 **Set Aside** – 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. 13% (staff vacancies due to poor demographics) and vacancies within homecare staffing the overspend is likely to continue. The overspend is masked by underspends in the respiratory ward and A&E
- 2.17 The General Medical Consultant cohort has been projected to overspend at year end by **£213k** with issues with recruitment and staff rotas set to cause continued overspends.
- 2.18 Pharmacy is overspending as it was in 2023/2024 and although budget has been increased to cover increases in volumes of drugs, pharmacy is still seeing pressures and are projecting a **£193k** overspend. An Audit has been undertaken on stock control, medicine policies etc. Actions from this report and the 15-box grid actions are underway and we are expecting to see some reductions in costs this year and an improvement in next. However, there is high inflationary costs on drugs. Work will also be undertaken on looking at whether NHS Western Isles are seeing the correct rebates from other Boards prescribing charges.

| Set Aside at Month 8 | Year to Date | | | Full Year Projection | | |
|-----------------------------|--------------|--------------|----------------------------|----------------------|--------------|----------------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| | £'000 | £'000 | under / (over) £'000 | £'000 | £'000 | under / (over) £'000 |
| Acute Nursing | 3,545 | 3,485 | 60 | 5,334 | 5,397 | (63) |
| SLA - General Medicine | 309 | 309 | 0 | 617 | 617 | 0 |
| General Medical Consultants | 1,167 | 1,311 | (144) | 1,773 | 1,986 | (213) |
| Pharmacy | 347 | 475 | (128) | 520 | 713 | (193) |
| ECR - Adult Mental Health | 378 | 507 | (129) | 567 | 742 | (175) |
| Surplus/ (Deficit) | 5,746 | 6,087 | (341) | 8,811 | 9,455 | (644) |

3. Key Financial Risks

- 3.1 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**.
 - Prescribing figures are estimated and based on last year's overspend, costs are likely to increase as the month's progress, specifically due to the increase in the +65 demographics. The Financial risk is **£250k** and is **high**.
 - Increase in Flu outbreaks in care homes, hospital and across the workforce may result in increased bank and relief staff. The financial risk is **£100k** and is **medium**.