

MANAGEMENT COMMENTARY

Introduction

Cùram is Slàinte Nan Eilean Siar is the Western Isles' Integration Joint Board (IJB). Its parent bodies are NHS Eileanan Siar and Comhairle nan Eilean Siar. This commentary provides a summary of the IJB's financial performance for the year and how this has supported the delivery of its core duties. It also summarises the challenges and risks it faces in future years in delivering its objectives.

The IJB covers the whole of the Outer Hebrides which are located to the north-west mainland of Scotland with a total population of around 27,000. The main Islands are Lewis, Harris, North Uist, Benbecula, South Uist, Eriskay and Barra. The length of the islands measures approximately 130 miles from the Butt of Lewis in the North, to the uninhabited small islands of Berneray, Pabbay and Mingulay to the south of Vatersay. The quality of the natural environment in the Outer Hebrides is special and the people have a strong cultural identity directly related to the Gaelic language, with some 72% of people aged three and over having some Gaelic language ability, significantly more than any other area in Scotland. The traditional industries are crofting, fishing and Harris Tweed and these are now complemented with new and emerging sectors, including tourism.

Western Isles IJB

Following the Public Bodies (Joint Working) (Scotland) Act 2014, NHS Western Isles and Comhairle Nan Eilean Siar have developed a 'body corporate' integration model. This is where both the Health Board and the Local Authority delegate to a third body called an Integration Joint Board (IJB). Cùram is Slàinte Nan Eilean Siar or Western Isles Integration Joint Board (IJB) became operational from 1 April 2016. NHS Western Isles and Comhairle Nan Eilean Siar set out within their integration scheme the scope of the delegated functions. The scheme was approved by the Scottish Parliament on 24 September 2015.

Delegated functions from the Comhairle include adult social work services (including criminal justice), homecare, adult day care, care homes, and housing support. Delegated functions from NHS Western Isles include A&E and general medical wards, General Practice, AHPs, Dentistry, Mental Health, Community Nursing, Health Visiting and School Nursing.

Objectives and Strategy of the IJB

The IJB's Strategic Plan provides the operating context and background to integration, a vision of future service delivery, an assessment of how good services are currently, a focused change plan, and a description of the organisational levers that will deliver that change. The plan was refreshed in 2018, allowing the partnership to respond to national developments, including a new GP contract. The IJB monitors the implementation of that plan on a quarterly basis.

More generally, the IJB has four over-arching objectives:

- developing our locality arrangements, to ensure that our services are responsive and connected to local communities;
- working with staff, stakeholders and service users to develop integrated delivery arrangements which are capable of improving the experience and outcomes of the people we serve;
- deploying our resources transparently, making sound investment decisions and managing a very fragile budget; and
- implementing our strategic plan, to ensure that our services change and adapt in response to population need.

Our vision is that by 2020 the people of the Western Isles will be living longer, healthier lives at home, or in a homely setting. We will have an integrated health and social care system, which focuses on preventing ill-health, anticipating care needs and supporting recovery.

Key Issues and Risks

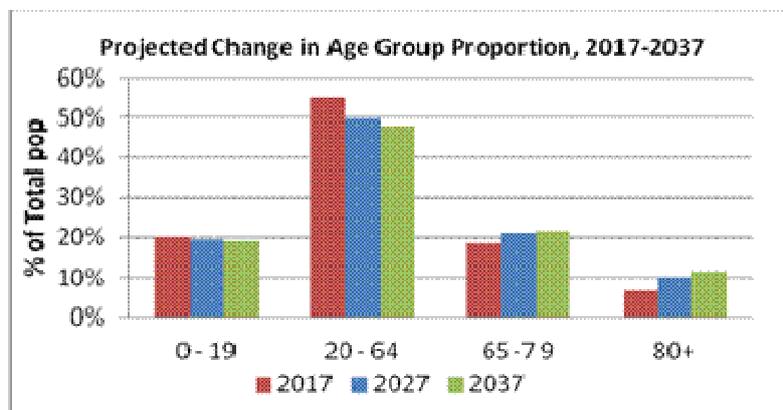
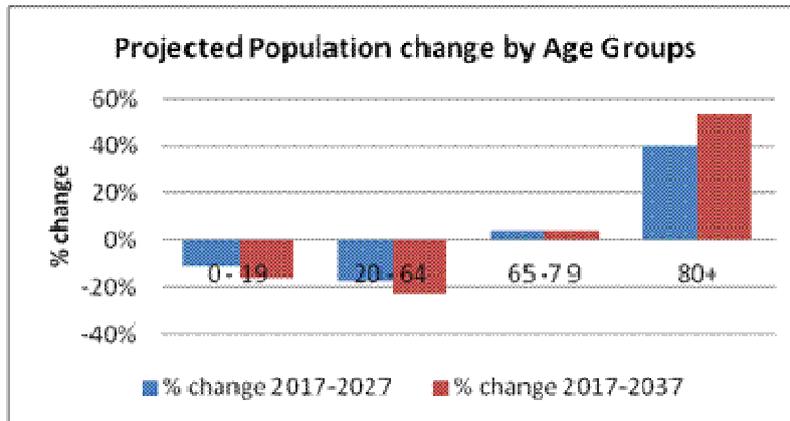
The key challenges that the Board faces are:

- Demography
- Ageing workforce
- Long Term Conditions

Demography

The overall population within the Western Isles is expected to drop from the midpoint estimate 2017 of 26,950 to 24,698 by 2027 and a further predicted decrease to 23,855 by 2037. As can be seen in the graphs

below, by 2027 the elderly population (65+) is expected to rise by 44% and the 20-64 age population set to decrease by 17%. The age group with the greatest levels of co-morbidity (80+) is expected to increase by 40%. The population changes will result in a year-on-year reduction in the available workforce to nurse, care and attend to the most vulnerable of people whose numbers are increasing year on year. The IJB is already starting to feel the effect of the changes in demography with repeated underspends in social care services due in part to our inability to recruit to key posts.



Ageing Workforce

Recruiting staff is already proving difficult for both nursing and social care staff and is expected to worsen as the available workforce on the islands decreases. The IJB monitors the health and social care workforce very closely. A mid-year snap-shot from September 2018 indicated that there were 93 vacancies out of 1042 established posts. In some services like mental health or homecare, the vacancy rate was running at 15%. The age of the workforce is also of interest, with 145 of the workforce aged 60 or over.

These workforce trends are also impacting on sickness absence levels in those service areas which require a level of physical fitness. For example, we saw a growth in sickness absence in relation to the staff members who support young adults with disabilities.

Long Term Conditions

As we live longer and medicine improves, we see a corresponding increase in the number of people living with a range of long term conditions. These range from the most common conditions like CHD, stroke and cancer, to a variety of other chronic physical or mental health conditions including diabetes, dementia, asthma and depression. In the Western Isles, around 4 in 10 adults have a long-term condition or disability, with the majority describing these as limiting their quality of life. Most Long-term conditions have a strong association with age and as result there is a significant projected increase in prevalence over the next fifteen years.

Many long term conditions are mental health related, including depression, dementia and other mental health conditions. The Western Isles tends to have higher levels of such conditions relative to the rest of Scotland, which in part reflects the older population profile. Overall projections are for a 73% increase in dementia cases over the next 20 years.

The increase in the number of people living with long term conditions also has an effect of increasing demand on the Integration Joint Board with the increased financial costs that treating these conditions bring in a time of austerity.

Performance Management and Reporting

Our achievements for 2018/19 include:-

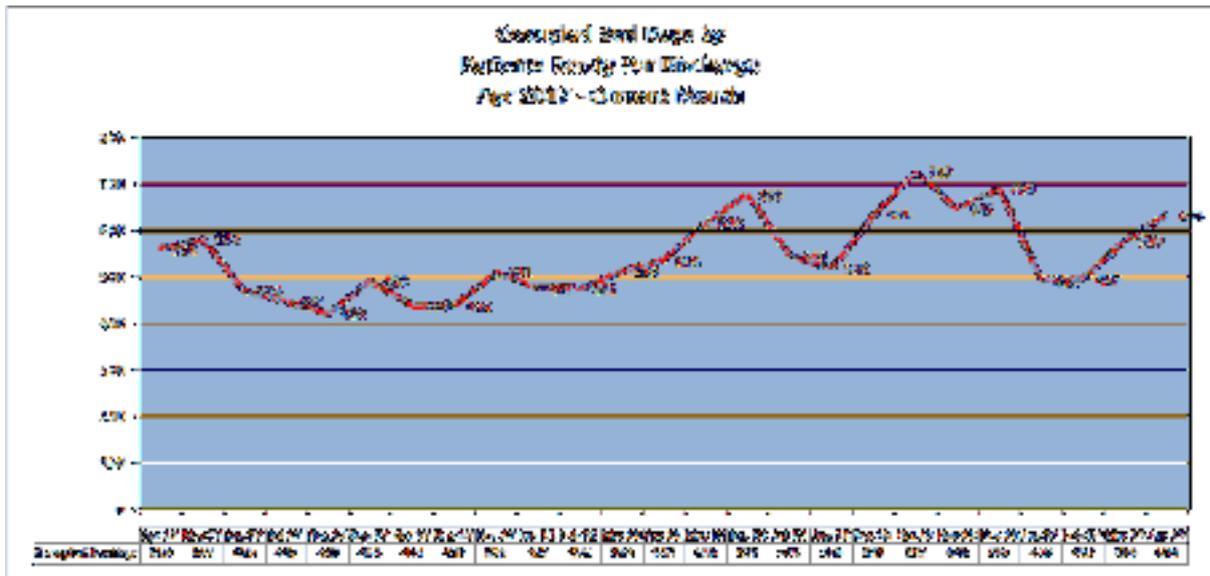
- effective financial management, with the IJB setting a balanced pooled budget and working within that for the third successive year. A mature and pragmatic approach has been taken to virements within the IJB budget in pursuit of financial balance;
- an Integrated Corporate Management Team continues to oversee the operation of integration, which allows for executive level coordination and agreement of health and social care priorities - 'one system, one budget';
- we have been able to drive change as a partnership, working across boundaries. For example, the reform of mental health, while ostensibly focused on NHS services, has allowed us to play-in council and third sector interests to a greater degree than would have been possible under previous arrangements;
- we have implemented an integrated management structure which cuts across the Comhairle and the NHS and which brings together leaders from each professional area;
- our new Short Term Assessment and Reablement Team is up and running, providing reablement support to people in the Stornoway and Broadbay area; and
- the development of a new Primary Care Improvement Plan, which will support the wider transformation of community healthcare.

More generally, the IJB has performed well against most of the indicators set out by the Scottish Government. Service user survey material indicates that more needs to be done on the degree to which service users have a say in how their help, care or support is provided; and the degree to which service users' health and care services seem to be well coordinated. Work is ongoing on both of these matters. In addition, the IJB has closely monitored system performance against a range of indicators and benchmarked these against the Scottish average and the previous year's performance.

National Outcome Indicators	Current Performance	RAG v. 2017/18	Baseline	Scotland Rate
Premature mortality rate (per 100,000)	402	↓	463	425
Rate of emergency admissions for adults (per 100,000)*	15,124	↑	14,897	11,492
Rate of emergency bed days for adults (per 100,000)*	139,006	↓	152,253	107,921
Readmissions to hospital within 28 days of discharge (per 1000)*	101	↑	93	98
Proportion of last 6 months of life spent at home or in community setting	88%	↑	89%	89%
Falls rate per 1,000 population in over 65s*	25	↑	23.8	21.6
Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	84%	↓	88%	82%
Percentage of adults with intensive needs receiving care at home	69%	↓	71%	61%
Number of days people (75+) spend in hospital when they are ready to be discharged (rate per 1000)	1,851	↓	1,553	805
Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency	22%	↓	24%	25%

As indicated above, the IJB performs well against a range of indicators but continues to be troubled by delayed discharges. The sustained improvement in the management of delayed discharges delivered across 2017/18 has been more variable in 2018/19, as evidenced in the graph below which measures the

cumulative number of days per month that people have been in hospital when they could have been supported elsewhere:



This variation in performance is partly explained by a process of ward closure (12 beds) and a moratorium on our three care units (11 beds) pressurising community care capacity. We are nonetheless committed to reducing the length of time that older people wait in hospital despite being ready for discharge – it has been one of our major priorities in the first few years of the IJB’s existence. We have been working hard to improve our performance through the implementation of a delayed discharge action plan. The action plan focuses on capacity issues, as well as issues around culture and practice. We are now actively seeking to return to previous levels of performance.

Annual Accounts

The Annual Accounts for 2018/19 are set out on [pages 14 and 15](#) and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom. The statement of Accounting Policies on [pages 16 and 17](#) explains the basis for the recognition, measurement and disclosure of transactions and other events in the Annual Accounts, to ensure that they present a “true and fair view” of the IJB’s financial performance.

Financial Performance 2018/19

The revised annual budget and actual expenditure for both partners is shown in the table below:

	Budget £'000	Actual £'000	Variance £'000
NHS	39,584	40,584	(1,000)
CnES	19,730	18,944	786
	59,314	59,528	(214)

The IJB had an in year overspend of £0.214m, which will be offset by reserves.

The key variances during the year were as follows:

- Home Care underspent by £258k. The underspend is due redesigned services (intermediate care and urgent care) not yet having a full complement of staff and because of savings on car mileage. This underspend was partially off-set by increased staff costs in the rural localities and use of agency staff in the latter part of the year.
- Residential Care underspent by £376k due to increased income from existing and backlog residential care assessments. This was offset by higher staff costs which include the cost of sleepovers paid at Scottish Living Wage from 1 September 2018. Similarly the out-turn on Independent Care Homes shows an underspend of £306k reflecting increased income from financial assessments.
- Adult Care and Support services underspent by £243k due to complex care packages not materialising and vacancies across the service. Adult Care Transport underspent by £32k due to reduced fuel and fleet charges while operating with less than a full vehicle complement.

- Commissioning and Partnership services overspent by £156k due to increased spend on external day care provision, spot purchasing homecare and higher payments to supported housing providers.
- Management and Administration services are showing an over spend of £447k largely due to the non-application of £400k from reserves that were used in setting the 2018/19 budget.
- Adult Mainland Placements are £175k over spent. This is due to unforeseen high cost placements being commissioned through the year.
- Assessment and Care Services report an underspend of £88k which is largely due to less than budgeted payments on Direct Payments to service users under Self-directed Support.
- The Criminal Justice Service which includes Recovery Services and Community Support is under spent by £53k. This is due to periods of staff vacancies in the year.
- Both the mental health acute placements and mainland placements budgets are under pressure with a £760k overspend this financial year. It is unlikely that this pressure will decrease as many of the patients are and will be on long term treatment plans.
- The community prescribing budget was pressured, with a £97k overspend at the end of the financial year. Similarly, there was a £77k overspend in the out of hours budget.
- The acute medical wards overspent by £156k, due to a combination of pressures including delayed discharge, bank use to cover absence and unanticipated demand.

In preparing the budget for 2018/19 the IJB identified a number of risks particularly around the achievement of cash releasing savings, high levels of delayed discharges, increase in high cost care packages and increasing pressure due to the increasing proportion of elderly people requiring care. Over the course of 2018/19 the Partnership mitigated many of these risks due to prudent financial management, regular monitoring and review. Monthly monitoring reports were produced and went to Integrated Corporate Management Team and the Integrated Joint Board to allow officers to make informed in year decisions to ensure the IJB stayed within their agreed budget.

Reserves

The IJB holds reserves of £5.840m as shown below. Note 9 in the Accounts gives more detail on the Earmarked and Specific Reserves.

Reserves and Funds available	2019/20 £'000
Specific Reserves	3,888
General Reserves	1,066
Earmarked Reserves	885
Total Funds Available	5,839

An updated investment strategy has been prepared for Integrated Joint Board approval in February 2018 which fully utilises the reserves over a 4 year investment period. Since 2016, through careful financial management, better than anticipated income generation and ongoing recruitment challenges, the IJB has developed reserves which are capable of being invested in our long-term strategic objectives. Our recent Strategic Plan Refresh outlines a number of new priorities, including the reform of primary care. Allied to enduring systemic challenges around population retention and a sustainable workforce, we have developed an investment plan, which includes:

- £0.650m in support of a sustainable workforce;
- £1.911m in support of Digital Innovation and Infrastructure; and
- £1.327m in support of Service Transformation.

We anticipate these reserves will be fully invested over the next few years, in support of transformational change and the management of in-year pressures.

Financial Outlook and Risks

Although the settlement for both partners for 19/20 is less favourable than in previous years, the IJB set a balanced budget of £60.662m after agreeing a £1.815m saving plan and the application of £0.952m of reserves. The anticipated risks for the IJB in the coming year and beyond are as follows:

- Rising costs across all health and social care services, largely driven by pay inflation
- Increased demand for services alongside reducing resources;
- Reduction in the workforce population together with an increase in the elderly population requiring care;
- Increased co-morbidity;
- The wider financial environment including uncertainty around Brexit and the effect that may have on European funding.

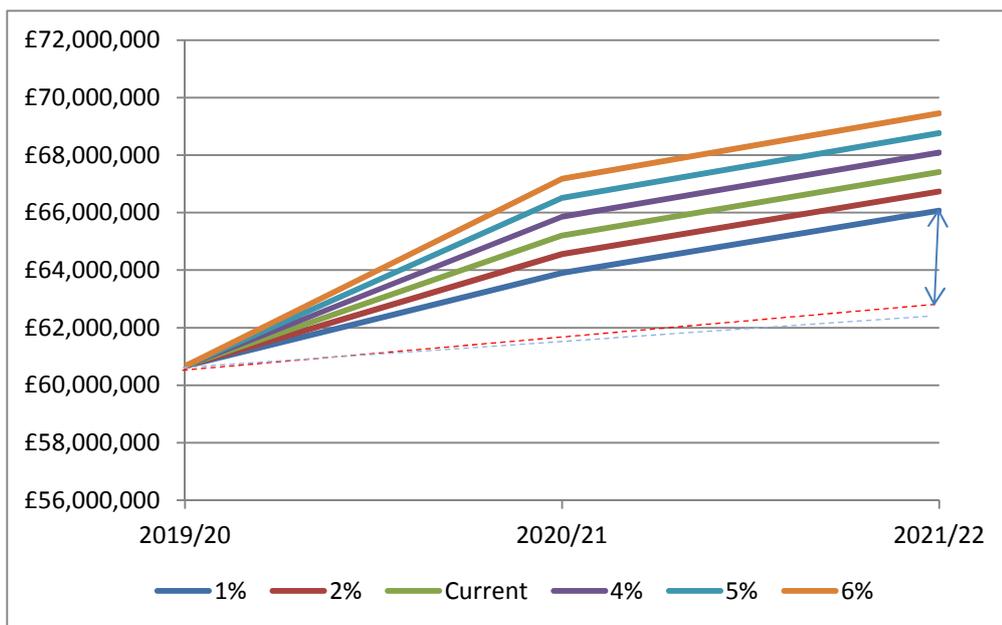
Without mitigating actions, the IJB will see a recurring gap of £5.4m open up against allocated resources by 2021/22. This modelling has been based on the following demand-side assumptions:

- Pay inflation of 3% per year;
- Demand pressure of 1% per year;
- Average non-demographic pressures of 2% per year;

And on the supply-side through to 2021/21:

- Successive flat cash settlements from the Comhairle (0%);
- Successive budget increases of 2.5% from NHS Western Isles.

As evidenced by the table opposite, this generates a gap of £5.4m by 2021/22 and a cumulative savings target of over £9m across three years.



Dr Ron Culley
Chief Officer

20 June 2019

Ian Burges
Vice Chair IJB

20 June 2019

Norman Macdonald
Section 95 Officer

20 June 2019