

Stephen Brown (Chief Officer)

Orkney Health and Social Care Partnership

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Agenda Item: 10

Integration Joint Board

Date of Meeting: 30 August 2023.

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 30 June 2023 for scrutiny.

2. Recommendations

The Integration Joint Board is invited to note:

2.1. The financial position of the Orkney Health and Social Care Partnership as at 30 June 2023 as follows:

- A current overspend of £353K on delegated services and an overspend of £610K on Set Aside services.
- A forecast year end overspend of £3,493K on delegated services and a forecasted overspend of £2,605K on Set Aside services, based on current activity and spending patterns.

2.2. That the NHS Orkney delegated services budget includes a savings target of £2.4M for 2023/24 which has been carried forward from 2022/23 of which there is an estimation that £510K of savings can be achieved within the current financial year. This is based on the NHS Orkney's Financial Recovery Plan which assumes delivery of £465K of recurring savings against the £2.4M opening unachieved savings target, an additional £35K of recurring savings in 2023/24 plus a further £10K. Should these savings not be achievable in the current financial year, this would have a worsening effect on the outturn position.

2.3. The balance within the earmarked reserves/holding account of £2,987K, as detailed in Annex 1.

3. Financial Summary

3.1. Within the Integration Joint Board (IJB), 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.

3.2. 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.

3.3. Any potential deviation from a breakeven position should be reported to the Board, NHS Orkney and Orkney Islands Council at the earliest opportunity.

3.4. The Orkney Integration Scheme requires that 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.

3.5. A recovery plan shall aim to bring the forecast expenditure of the Board back in line with the budget within the current financial year. The recovery plan shall then be approved by the board. 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 also require approval of NHS Orkney and Orkney Islands Council in addition to the Board.

3.6. Where a recovery plan extends beyond the current year any shortfall (the amount recovered in later years) will be charged to reserves held by the Board.

3.7. 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. Such arrangements should describe additional recovery plans and a clear formal agreement by the Board and the Parties to break even within a defined timescale.

3.8. In consideration of the level of the projected year end overspend position there is a very high risk that it will not be possible for forecasted expenditure to be brought back in line with budget during the 2023/24 financial year.

3.9. The Board may also consider issuing further Directions to NHS Orkney or Orkney Islands Council.

4. Main Financial Issues

4.1. Children and Families

4.1.1. The requirement for Out of Orkney specialist placements and fostering continues to be higher than the budget. The estimated year end shortfall position based on current placements is that the service will be overspent against budget, at the year end by £221K.

4.2. Elderly

4.2.1. Elderly care is overspent against budget for the first quarter by £449K and is projected to be overspent by £956K by the year end. Within the first quarter residential fee income was £116K less than budget with the running costs of the care homes being £149K over budget. Day care centre running costs were £42K over budget for the period, elderly direct payments were £36K over budget, specialist placements £84K over budget and sheltered housing £38K over budget within the quarter. The year end projection includes estimation of a recovery in residential fee income during the financial year, however there is a risk that the projected increase in residential fee income may not materialise.

4.3. Disability

4.3.1. Disability spend is £202K over budget in the first quarter and projected to be £371K overspent against budget at the financial year end. Spend with service providers for current placements are projected to be £122K over budget. Physical and Learning Disability direct payments are anticipated to be £122K over budget. Out of Orkney Placements are forecasted to be £87K over budget at financial year end.

4.4 Mental Health

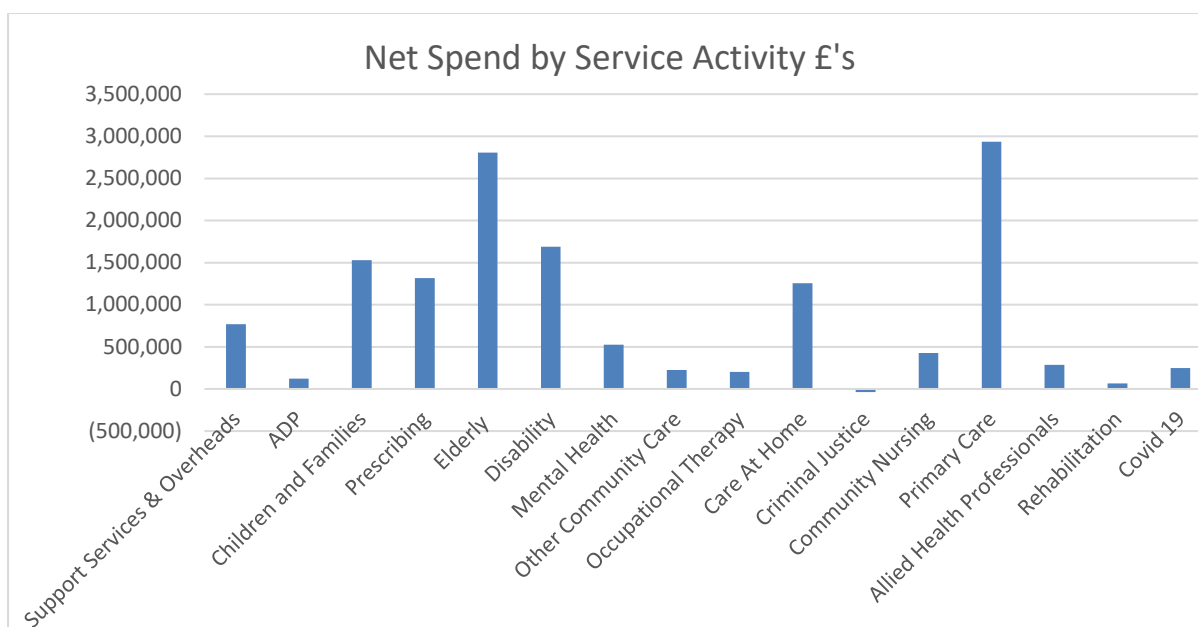
4.4.1. Mental Health spend was £123K over budget in the first quarter and is projected to be £223K over budget for the financial year as a whole. The projected financial year overspend relates to spend on Psychological Therapies agency nursing. These costs were previously charged to COVID-19 funding.

5. Financial Position

5.1. The following table shows the current financial position as at 30 June 2023 for services commissioned and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2024. 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	769	834	(65)	4,461	4,639	(178)	96.2
ADP	121	145	(24)	470	497	(27)	94.6
Children and Families	1,529	1,501	29	6,527	6,306	221	103.5
Prescribing	1,315	1,355	(40)	5,479	5,439	40	100.7
Elderly	2,806	2,357	449	9,997	9,041	956	110.6
Disability	1,688	1,486	202	5,622	5,252	371	107.1
Mental Health	527	404	123	1,621	1,398	223	115.9
Other Community Care	226	283	(57)	1,444	1,444	0	100.0
Occupational Therapy	201	278	(77)	1,236	1,240	(4)	99.7
Care At Home	1,255	1,414	(159)	5,291	5,143	149	102.9
Criminal Justice	(35)	27	(62)	180	180	0	100.0
Community Nursing	427	494	(67)	1,792	1,928	(136)	92.9
Primary Care	2,937	2,981	(44)	12,002	12,204	(202)	98.3
Allied Health Professionals	287	291	(4)	1,103	1,115	(12)	98.9
Rehabilitation	67	76	(9)	260	294	(34)	88.4
Covid 19	246	88	158	670	433	237	154.7
Reserves				736	736	0	100.0
Savings				(510)	(2,400)	1,890	
Service Totals	14,366	14,014	353	58,381	54,889	3,493	106.4

5.2. The quarter 1 net spend can be illustrated as follows:



5.3. An analysis of significant projected year end variances is as follows:

Service Explanation	Proposed Action	Responsible Officer	Review	Status
<p>Children and Families. (Y/E Forecast £221K overspend).</p> <p>We currently have a higher number of children / young people in placements outwith Orkney than previous years' due to a lack of Foster placements in Orkney. Some placements provide therapeutic interventions not available in Orkney. These placements are reviewed regularly by the Independent Reviewing Officer to ensure they are meeting the needs of the children / young people and permanence trackers are in place where appropriate, to ensure timely progress in relation to 'forever homes'.</p>	<p>Continued review and monitoring of all placements on a regular basis by the Independent Reviewing Officer.</p> <p>Recruitment campaigns to be reinstated as an ongoing community feature to increase local provision.</p>	<p>M Swannie (Interim).</p>	<p>31 October 2023.</p>	<p>Ongoing.</p>
<p>Elderly. (Y/E Forecast £956K overspend).</p> <p>The demand for direct payments in lieu of day care services 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</p>	<p>This will be highlighted within the Health and Social Care Partnership's Senior Management Team and will be closely monitored.</p>	<p>L Bradford.</p>	<p>31 October 2023.</p>	<p>Ongoing.</p>

Service Explanation	Proposed Action	Responsible Officer	Review	Status
provision of service due to the current eligibility criteria.				
<p>Disability (Y/E Forecast £371K overspend).</p> <p>There is a continued reliance on agency staffing due to sickness absence within supported accommodation.</p>	This will be highlighted within the Health and Social Care Partnership's Senior Management Team and will be closely monitored.	L Bradford.	31 October 2023.	Ongoing.
<p>Mental Health (Y/E Forecast £223K overspend).</p> <p>We have increased our Consultant Psychiatrist hours but still require to have some additional locum activity to try to cope with demand.</p>	NHS Orkney is having ongoing discussions in regard to a reduction in Service Level Agreement costs.	L Bradford.	31 October 2023.	Ongoing.
<p>Community Nursing (Y/E Forecast £136K underspend).</p> <p>Vacancies in the Nursing team. To meet capacity, locum cover has been acquired.</p>	Significant work is being done to attract candidates to Orkney. Chief Officer and Director of Nursing, Midwifery, Allied Health Professions and Acute Services are sighted on this situation and are involved in onward planning to address issues raised.	L Bradford	31 October 2023	Ongoing
<p>Primary Care (Y/E Forecast £202K underspend).</p>	We are monitoring the budget closely and reviewing processes across the Primary Care portfolio. We continue to work with the NHS Financial Sustainability Office who are assisting	M Firth.	31 October 2023.	Ongoing.

Service Explanation	Proposed Action	Responsible Officer	Review	Status
The current predicted underspend relates to vacancies within Dental that we are actively trying to recruit to.	us with identifying savings across our services.			

6. Set Aside

6.1. The following table shows the current financial position as at 30 June 2023 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2024. The year end projection will be reviewed on a regular basis throughout the year.

Set Aside Budgets	Spend	Budget	Variance	Year End Projection	Annual Budget	Over/(Under) Spend		Variance
	YTD £000	YTD £000	YTD £000			£000	%	
Acute Services	598	420	178	2,235	1,629	606	137.2	
Medical Team - Junior Doctors	347	258	89	1,437	1,053	384	136.5	
Medical Team - Consultants	315	235	80	1,169	785	384	148.9	
Assessment & Rehab	547	491	56	2,056	1,910	146	107.6	
Hospital Drugs	253	193	60	1,330	773	557	172.1	Increases in drug prices (and growth) have been greater than inflationary uplift.
Emergency Department	347	216	131	1,297	831	466	156.1	
Acute Mental Health Placements (Ayr Clinic)	51	86	(35)	205	345	(140)	59.4	Fewer patients were moved to the Ayr Clinic during Covid restrictions which has a favourable affect on the 3 Year rolling average pricing
Sub Total	2,458	1,899	559	9,729	7,326	2,403		
Memorandum Budget - Off Island Acute Services								
Unplanned Activity (UNPACS) other Scottish Boards	146	138	8	582	553	29	105.2	
SLA Healthcare Purchasing - Grampian Mental Health	199	179	20	798	715	83	111.6	Increased activity for 3 year rolling average
SLA Healthcare Purchasing - Grampian Block Contract	42	42	0	169	169	0	100.0	
SLA Healthcare Purchasing - Lothian	44	21	23	174	84	90	207.1	Increased activity for rolling 3 years average
Sub Total	431	380	51	1,723	1,521	202		
Total Set Aside	2,889	2,279	610	11,452	8,847	2,605		

7. Contribution to quality

Please indicate which of the Orkney Community Plan 2023 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	Yes.
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.	Yes.
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.	No.

8. Resource and financial implications

8.1. The projected outturn position is showing an anticipated overspend in services delegated of £3,493K and an anticipated overspend of £2,605K for Set Aside services for financial year 2023/24 based on the current commitments known to the end of the financial year.

8.2. There is a risk that should service commitments increase the anticipated overspends for the 2023/24 financial year would increase.

9. Risk and equality implications

9.1. The 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.

9.2. The IJB projected overspend against budget at the year end, including set aside totals £6,098K. It is therefore almost certain that the IJB will be in an overspend position at the year end date of 31 March 2024. This poses a significant risk to the IJB in being able to continue current levels of service delivery.

9.3. There are no equality implications directly arising from this report. Any future reductions in service delivery will need to be risk assessed and equality implications considered.

10. Direction required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.

11. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

12. Author and contact information

12.1. Peter Thomas (Chief Finance Officer), Integration Joint Board. Email: peter.thomas@orkney.gov.uk, telephone: 01856873535 extension 2611.

13. Supporting documents

13.1. Annex 1: Reserves / Holding Account.

Annex 1: IJB Reserves / Holding Account

	Balance at Period 3 (June) £000
Alcohol and Drugs Prevention	354
Primary Care Improvement Plans	362
Primary Care Other allocations	567
Mental Health Action 15	48
Mental Health	569
Children and Family Services	4
Multi-Disciplinary Teams	216
Hospital At Home	304
Funding for Band 2's and 4's	223
Nurse Support for Adult Social Care	120
Local Improvement Fund	82
Young Patient Family Fund	15
Workforce Wellbeing	14
Others (holding account for small allocations)	109
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