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Agenda Item: 7

Integration Joint Board

Date of Meeting: 4 September 2024

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 30 June 2024 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 2024 as follows:

- A current overspend of £3,836k on delegated services and an overspend of £524k on Set Aside services.
- The quarter 1 overspend on delegated services is made up of £132k underspend on NHS commissioned services and £3,968k overspend on Orkney Islands Council commissioned services.
- For Orkney Islands Council commissioned services, £2,950k of the overspend is due to NHS Orkney income contribution that was profiled for quarter 1 but not received during this period, once this is resolved the real overspend position will be £1,018k).

2.2. That work will be undertaken with both partners with the aim of delivering savings in order to deliver a position that is closer to balance the budget by year end.

2.3. That £500k has been released from reserves to offset the NHS Orkney £2,400k savings target leaving £1,900k still to be achieved.

2.4. The balance within the earmarked reserves/holding account of £3,051k, as detailed in Annex 1.

2.5. It is proposed that some of the reserves are utilised in 2024/25 to help improve the year end position. These reserves will be used on a non-recurring basis to mitigate the budget pressures and forecast overspend.

2.6. The non-recurring reserves which have been identified to be utilised are as follows:

- £500k released to offset the £2,400k savings target.
- £66k for Hospital at Home services.

It is recommended:

2.7. That the proposed utilisation of reserves totalling £566k detailed at paragraph 2.6 above, is approved.

3. Background

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. The Orkney Integration Scheme requires that 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. The full year forecast outturn projection will be reported for quarter 2 following a detailed review of spend activity and the potential impact of recovery plans to reduce spend this financial year. For example, the impact of the recruitment incentive in Social Care in year will take some time to embed.

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

4. Main Financial Issues

4.1. Agency Staff Costs

4.1.1. Agency and Locum staff costs continue to be the largest cause of overspend to budget. For the first quarter of the financial year the total spend on agency/locum staff for NHS Orkney commissioned services are £183k and on Orkney Islands Council commissioned services are £1.244m totalling £1.427m for both partners.

4.2. Children and Families (£262k overspend).

4.2.1. Children and Families services are overspent against budget for the first quarter by £262k.

4.2.2. £73k of the overspend relates to budget profile amendments that are to be adjusted.

4.2.3. Social Work services are still experiencing high levels of vacancies and sickness absence. Unfilled positions, combined with significant recruitment challenges continues to result in the need to employ agency staff. This comes with additional costs for travel and accommodation.

4.2.4. Most importantly, the statutory requirement to provide Social Work services for children and young people, particularly in the field of Child Protection, requires the ability to respond to need quickly. Temporary arrangements to ensure this capacity are incurring significant, additional, unfunded expenditure.

4.2.5. The service has spent £339k on agency staff this quarter and this level of spend is unlikely to decrease this financial year.

4.2.6. In the long term the service needs permanent staff to ensure continuity and consistency of service delivery.

4.2.7. There are a large number of placements outwith the Local Authority for children, this is due to limited capacity within Orkney to meet care provision need and prior assessments identifying that the needs of some children could not be met locally. The Social Work team are actively updating assessments and exploring innovative ways to meet need locally to return children back to the Orkney community.

4.2.8. The requirement for fostering services continues to be higher than the budget as Fostering services is also at full capacity, impacted by out with fostering provision costs being significantly higher than local foster care provision would cost. At present, a foster carer and adopter recruitment campaign is being planned. Scoping

is also being undertaken to explore the likely demands on residential care provision in the short, medium and longer term.

4.3. Elderly (£1,017k overspend).

4.3.1. Elderly care services are overspent against budget for the first quarter of the financial year by £1,017k mainly attributed to Orkney Islands Council commissioned services.

4.3.2. £623k of the overspend relates to budget profile amendments that are to be adjusted.

4.3.3. The service has spent £351k on agency staff in the first quarter. The Growing a Sustainable Social Care Workforce project recruitment campaign has just commenced, and it is hoped that with the recruitment of permanent staff, agency spend will reduce later in the financial year.

4.3.4. Additional information will be provided on the number of successful applicants to enable finance to forecast staff costs.

4.3.5. The residential outwith Orkney placements budget is £48k overspent.

4.4. Disability (£1,337k overspend).

4.4.1. Disability spend is £1,337k over budget.

4.4.2. £1,402k of the overspend relates to budget profile amendments that are to be adjusted.

4.4.3. Direct payments are £148k over budget. The existing processes and procedures with regards to Direct Payments, including eligibility, review and clawback mechanisms are to be reviewed and where possible spend will be reduced.

4.4.4. The full year committed spend on disabled commissioned services is estimated to be significantly higher than the budget. The projected overspend will be confirmed in the quarter 2 report.

4.5. Prescribing (£94k overspend).

4.5.1. The trend of overspend against budget for prescribing has continued from 2023/24 financial year. There has been an increase in average unit price.

4.6. Primary Care (£108k underspend).

4.6.1. The underspend within community dental services is due to staff vacancies.

4.7 Mental Health (£96k overspend).

4.7.1. The overspend relates to unfunded posts.

4.8. Care at Home (£716k overspend).

4.8.1. £631k of the overspend relates to budget profile amendments that are to be adjusted.

4.8.2. There is continued reliance on agency staffing due to recruitment issues and increasing demand within the Care at Home service.

4.8.3. The Growing a Sustainable Social Care Workforce project recruitment campaign has just commenced and it is hoped that, with the recruitment of permanent staff, agency spend will reduce later in the financial year.

4.9. Other Community Care (£196k overspend).

4.9.1. £170k of the overspend relates to budget profile amendments that are to be adjusted.

5. Financial Position

5.1. The following table shows the revised total budget allocation as at 30 June 2024 for delegated services commissioned.

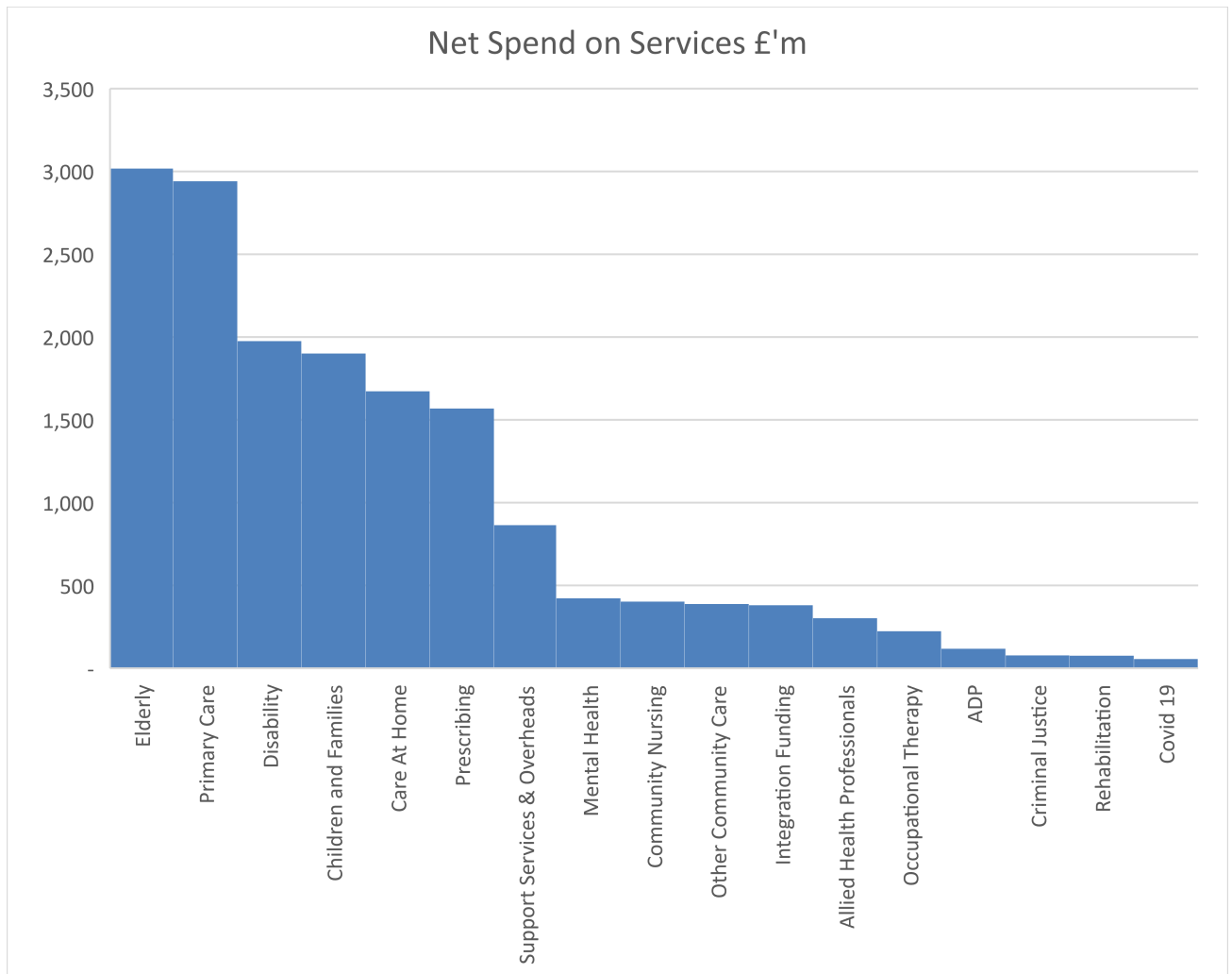
Partner	Original Budget. £000's	Revised Budget £000's	Budget Movement £000's
NHS Orkney	29,369	30,340	971
Orkney Islands Council	28,698	28,698	0
Service Totals	58,067	59,038	971
Set Aside	8,639	8,853	214
IJB Total	66,706	67,891	1,185

5.2. The following table shows the current financial position as at 30 June 2024 for delegated services commissioned.

5.2.1. The financial position for Quarter 1 is £3,836k overspend.

IJB Commissioned Services	Year to Date Budget £000's	Year to Date Spend £000's	Year to Date Variance £000's	%
Support Services and Overheads	741	866	124	117%
Alcohol and Drugs Partnership	134	119	(15)	89%
Children and Families	1,639	1,902	262	116%
Prescribing	1,476	1,570	94	106%
Elderly	2,002	3,020	1,017	151%
Integration Funding	381	381	0	100%
Disability	575	1,977	1,402	344%
Mental Health	327	423	96	129%
Other Communtiy Care	193	388	196	202%
Occupational Therapy	222	225	2	101%
Care at Home	957	1,674	716	175%
Criminal Justice	29	78	49	272%
Communtiy Nursing	484	404	(80)	83%
Primary Care	3,050	2,942	(108)	96%
Allied Health Professionals	284	302	19	107%
Rehabilitation	74	77	4	105%
COVID-19	100	57	(43)	57%
Reserves	(291)	(291)	0	100%
Savings	(100)	0	100	0
Service Totals	12,277	16,113	3,836	131%
Set Aside	2,213	2,738	524	124%
IJB Total	14,490	18,850	4,360	130%

5.3. The first quarter net spend can be illustrated as follows:



6. Set Aside

6.1. The following table shows the current financial position as at 30 June 2024. The year end projection will be reviewed on a regular basis throughout the year and will be reported for quarter 2.

Set Aside Services	Year to Date Budget £	Year to Date Actual £	Year to Date Variance £	%
Acute Services	407,853	546,450	138,597	134%
Medical Team – Junior Doctors	262,291	338,506	76,215	129%
Medical Team – Consultants	182,983	294,917	111,934	161%
Assessment and Rehabilitation	478,702	501,554	22,852	105%
Hospital Drugs	224,601	318,129	93,528	142%
Acute Receiving	207,418	290,647	83,229	140%
Acute Mental Health Placements	53,248	52,374	(875)	98%
Sub Total	1,817,095	2,342,577	525,482	129%
Memorandum Budget – Off Island Acute Services:				
Unplanned Activity (Unpacs)	147,535	122,906	(24,629)	83%
Service Level Agreement (SLA) Healthcare Purchasing – Grampian Mental Health	183,909	191,066	7,157	104%
SLA Healthcare Purchasing – Grampian Block	42,256	42,256	0	100%
SLA Healthcare Purchasing – Lothian	22,548	38,896	16,348	173%
Sub Total Memorandum Budget	396,248	395,124.	(1,124).	100%.
Total Set Aside	2,213,348	2,737,701	524,358	124%

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 quarter 1 year to date variance position is showing overspends in services delegated of £3,836k and of £524k for Set Aside services for quarter 1 of financial year 2024/25.

8.1.1. £2,950k of the overspend is due to NHS Orkney income contribution that was profiled for quarter 1 but not received during this period, once this is resolved the real overspend position will be £1,018k for delegated services.

8.2. There is a risk that should service commitments activity continue in the same pattern the year end outturn position would be a significant overspend.

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 year to date position is an overspend against budget at the end of quarter 1 including Set Aside totals £4,360k. It is therefore almost certain that the IJB will be in a significant overspend position at the year end date of 31 March 2025. 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. Taiye Sanwo (Interim Chief Finance Officer), Integration Joint Board. Email: taiye.sanwo@orkney.gov.uk, telephone: 01856873535 extension 2611.

13. Supporting documents

13.1. Annex 1: Reserves / Holding Account.

Annex 1: IJB Reserves / Holding Account

	As At 01.04.24.	Funds In.	Funds Out.	Reallocation of Reserves to £2.4m savings.	Balance at 30.06.24.
Reserves.	£000's.	£000's.	£000's.	£000's.	£000's.
Primary Care.	557.	748.	(713).	0.	593.
COVID-19.	139.	0.	0.	(64).	75.
Hospital at Home.	219.	0.	(66).	0.	153.
System Pressures.	299.	450.	(161).	0.	588.
Alcohol and Drugs Partnership.	346.	213.	0.	0.	559.
Mental Health.	529.	1,274.	(924).	0.	880.
Children and Family Services.	13.	68.	(56).	0.	25.
Other.	176.	65.	(63).	0.	178.
Underspend 23/24 b/f.	436.	0.	0.	(436).	0.
Total Earmarked Reserves.	2,716.	2,818.	(1,983).	(500).	3,051.