

Stephen Brown (Chief Officer)

Orkney Health and Care

01856873535 extension: 2601

OHACfeedback@orkney.gov.uk



Agenda Item: 9

Integration Joint Board

Date of Meeting: 22 February 2023.

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 31 December 2022 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 31 December 2022 as follows:

- A current overspend of £1,393K on operational delegated services budgets and an overspend of £733K on the set aside.
- A forecast year end overspend of £3,078K on services delegated and an overspend of £1,077K on set aside, based on current activity and spending patterns.

2.2. That NHS Orkney has applied a savings target of £2,400K for 2022/23 (£1,800K carried forward from 2021/22), however, at 31 December 2022, NHS Orkney is not anticipating delivery against the previously agreed target of £750K for the current financial year. To the end of December there are unachieved savings of £1,800K.

2.3. The balance within the earmarked reserves/holding account within NHS Orkney of £4,280K, as detailed in Annex 1. There is an ongoing review of the reserves taking place to ensure that these are allocated and released appropriately. The review may impact the forecast year end outturn.

2.4. Non Recurring savings of £400K have been delivered this financial year against the set aside budget. This does not impact the £2,400K target applied to the delegated services budgets.

3. Financial Summary

3.1. Within the 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, Orkney Islands Council and NHS Orkney at the earliest opportunity.

3.4. 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. The Board may also consider issuing further Directions to NHS Orkney or Orkney Islands Council. The recovery plan shall be approved by the Board.

3.6. A recovery plan shall aim to bring the forecast expenditure of the Board back in line with the budget within the current financial year. 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 require approval of Orkney Islands Council and NHS Orkney in addition to 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.

4. Main Financial Issues

4.1. COVID-19

4.1.1. The Financial Performance Returns submitted by NHS Orkney to the Scottish Government require quarterly submission of the actual and anticipated additional costs of Covid 19 to the Health and Social Care Partnership. The submission for the end of December 2022 shows spend to date within services across the partnership of £954K.

4.2. Children and Families

4.2.1. There are additional costs for residential care within Orkney due to increasing demands in addition to the current children's house being at full capacity.

4.2.2. The requirement for outwith Orkney placements continues to be higher than the budget due to demands. However, there are reductions within the number of specialist placements required throughout this financial year.

4.2.3. Children and Families services are currently overspent by £885K, it is anticipated that the significant overspends for residential care within Orkney and placements outwith Orkney will reduce over the next quarter, projecting an overspend at year end of £200K.

4.3. Disability

4.3.1. Currently overspent by £188K, the overspend is due to high demand for care and agency staffing pressures. It is anticipated that this service will be overspent by £423K at year end.

4.4. Elderly

4.4.1. Older people – residential care is currently overspent by £353K, the overspend is mainly due to the need for agency workers to cover staff sickness and vacancies, property costs and increased costs of living. There are also fewer care home residents who contribute full cost of care. The overspend is expected to continue for the remainder of the financial year.

4.4.2. Older people – day centres, currently overspent by £63K, this is in the main due to direct payments in lieu of day care.

4.4.3. Elderly services are currently overspent by £385K, it is anticipated these will be overspent by £756K at year end.

4.3. Care at Home

4.3.1. Currently overspent by £256K, this is mainly due to agency costs and increased direct payments. There is a projected year end overspend of £339K for Care at Home.

5. Financial Position

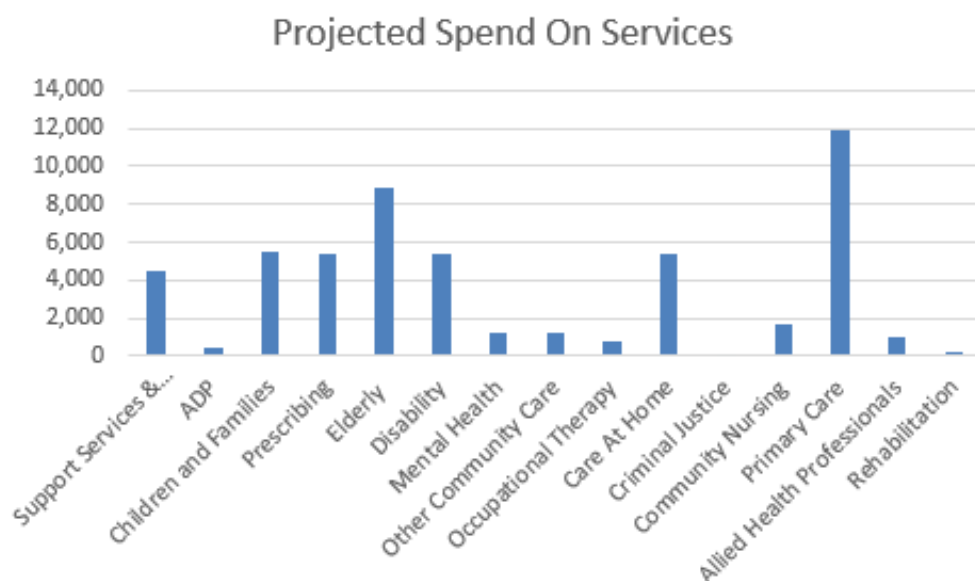
5.1. The following table shows the current financial position as at 31 December 2022 for services commissioned and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2023. The year-end projection will be reviewed on a regular basis throughout the year.

IJB Commissioned Services	Spend	Budget	Variance	Year End	Annual	Over/(Under)	
	YTD	YTD	YTD	Projection	Budget	Spend	
	£000	£000	£000	£000	£000	£000	%
Support Services & Overheads	2,273	2,380	(107)	4,447	5,098	(651)	87.2
ADP	302	360	(57)	420	456	(36)	92.1
Children and Families	4,675	3,790	885	5,452	5,252	200	103.8
Prescribing	4,082	4,066	16	5,370	5,344	26	100.5
Elderly	6,719	6,335	385	8,834	8,078	756	109.4
Disability	4,171	3,983	188	5,426	5,003	423	108.5
Mental Health	916	880	36	1,196	1,246	(50)	96.0
Other Community Care	855	855	0	1,221	1,257	(35)	97.2
Occupational Therapy	557	560	(3)	736	763	(27)	96.5
Care At Home	4,110	3,854	256	5,419	5,080	339	106.7
Criminal Justice	51	75	(24)	100	121	(21)	82.9
Community Nursing	1,246	1,264	(19)	1,662	1,686	(24)	98.6
Primary Care	8,841	8,867	(26)	11,895	11,933	(38)	99.7
Allied Health Professionals	720	726	(6)	957	968	(10)	98.9
Rehabilitation	163	188	(26)	217	251	(34)	86.3
Midwifery	0	0	0	0	0	0	n/a
Service Totals	39,680	38,181	1,498	53,352	52,533	819	
Other Figures							
Covid 19	96	96	(0)	130	130	0	
Reserves	0	106	(106)	(200)	(59)	(141)	
Savings	0	(1,800)	1,800	0	(2,400)	2,400	
	39,775	36,583	3,193	53,282	50,204	3,078	

5.2. Following approval and update of the Integration Scheme, midwifery services were transferred back to NHS Orkney. The service transferred back to NHS Orkney in September 2022 along with the relevant reserves previously held by the Health and Social Care Partnership.

5.3. It is anticipated that £141K of reserves held within the IJB will be released by year end. Any further release of reserves held will reduce the projected year end overspend further.

5.4. The current net spend can be illustrated as follows:



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

Service Explanation	Proposed Action	Responsible Officer	Status
<p>Children and Families. (Y/E Forecast £200K overspend).</p> <p>Costs relate to need for an additional, unfunded children's house to care for children locally and avoid need for expensive care in mainland Scotland.</p>	<p>Monitor the situation</p> <p>The option of local care as being provided is in the best interests of the children and is cheaper than external provision and associated travel and visiting costs, particularly at a time of major staffing shortages.</p>	S Brown.	Ongoing.
<p>Older People. (Y/E Forecast £385K 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 provision of service due to the current eligibility criteria. There are significant cost pressures associated with agency staff to cover staff sickness and vacancies.</p>	<p>Monitor the situation</p> <p>All action continues to be taken to address staff shortages. Two recruitment days have been run and four cohorts of the 'Introduction to a career in social care' course now completed via Orkney College. Approximately 60% of those completing the course are now in social care roles.</p>	L Bradford.	Ongoing.
<p>Disability (Y/E Forecast £423K overspend).</p> <p>There are both overspend and underspend in this budget grouping. The</p>	<p>Monitor the situation</p> <p>Vacancies and long term sickness absence continue to be actively managed however the need for agency staff remains.</p>	L Bradford.	Ongoing.

Service Explanation	Proposed Action	Responsible Officer	Status
principal factors are increasing unavoidable demand for care which must be met, coupled with the need for agency staffing.			
<p>Other Community Care (Y/E Forecast £35K underspend).</p> <p>There have been vacancies within the service.</p>	Recruited to posts following on from the Health and Social Care Partnership senior restructure.	L Bradford.	Ongoing.
<p>Criminal Justice (Y/E Forecast £21K underspend).</p> <p>Related to unfilled Public Protection Posts. Recruitment underway. Recent temporary appointment will come from this budget line which will reduce under-spend.</p>	The 2 posts have now been filled with successful candidates due to take up the role in the coming weeks.	J Lyon.	Ongoing.
<p>Primary Care (Y/E Forecast £38K underspend).</p> <p>There is a forecast underspend on Community Dental Services.</p>	Monitor the situation.	M Firth.	Ongoing.

6. Set Aside

6.1. The following table shows the current financial position as at 31 December 2022 and forecast year end position, based on current activity and expenditure, and includes anticipated future commitments to 31 March 2023. The year-end projection will be reviewed on a regular basis throughout the year.

	Spend	Budget	Variance	Year End	Annual	Over/(Under)		
	YTD	YTD	YTD	Projection	Budget	Spend		Variance
Set Aside Budgets	£000	£000	£000	£000	£000	£000	%	
Acute Services	1,220	1,012	209	1,627	1,349	278	120.6	
Medical Team - Junior Doctors	934	943	-9	1,245	1,257	-12	99.0	
Medical Team - Consultants	798	790	9	1,065	1,053	12	101.1	
Assessment and Rehab	1,195	1,195	0	1,593	1,594	-1	100.0	
Hospital Drugs	954	508	447	1,272	677	596	188.0	Increases in growth have been greater than inflationary uplift and funding.
Emergency Department	751	533	217	1,001	711	290	140.8	Unfunded posts
Acute Mental Health Placements (Ayr Clinic)	154	256	-102	205	342	-136	60.1	Fewer patients as some have been moved to community-based services
Off Island Acute Services								
Unplanned Activity (UNPACS) other Scottish Boards	294	407	-112	491	542	-51	90.6	Reduction in travel. As its unplanned activity this is subject to change
SLA Healthcare Purchasing - Grampian Mental Health	541	531	10	721	708	13	101.8	Increased activity for 3 year rolling average (up to 19/20)
SLA Healthcare Purchasing - Grampian Block Contract	124	124	0	166	166	0	100.0	
SLA Healthcare Purchasing - Lothian	128	62	66	171	83	88	205.9	This is based on a 3 year average to 19/20 (using last 3 years prior to COVID-19)
Total Set Aside	7,094	6,361	733	9,558	8,481	1,077		

7. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

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

8. Resource and financial implications

8.1. The projected outturn position is showing an anticipated overspend in services delegated of £3,078K and an anticipated overspend of £1,077K for the set aside for financial year 2022/23. This is based on the current commitments known to the end of the financial year. It is anticipated that the savings target of £2,400K will not be achieved at year end impacting overspend on delegated budgets.

8.2. There are non-recurring savings of £400K that have been identified which is detailed within Annex 2.

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. There are no risk or equality implications directly arising from this report.

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. Stephen Brown (Chief Officer), Integration Joint Board. Email: stephen.brown3@nhs.scot, telephone: 01856873535 extension 2601.

12.2. Keren Somerville (Head of Finance), NHS Orkney. Email: keren.somerville@nhs.scot.

13. Supporting documents

13.1. Annex 1: Reserves/Holding Account.

13.2. Annex 2: Savings Achieved.

Annex 1: IJB Reserves / Holding Account – Held with NHS Orkney

	Balance at Period 9 £000
Alcohol and Drugs Prevention	364
PCIF	231
Primary Care	230
Nurse Director Care Homes	180
Mental Health Action 15	152
Mental Health	594
Children and Adolescent Mental Health	52
Children and Family Services	4
Multi-Disciplinary Teams	145
Community Nursing	14
Hospital At Home	304
Additional Band 2's and 4's	223
Value and Change Management	39
Covid Funding	1,410
Pay Uplifts and Inflation and Other*	338
	<u>4,280</u>

Annex 2: Non-Recurring Savings Against Set-Aside

	Recurring £000	Non- Recurring £000	Total Savings £000
Reduction in High Cost Placements (Set Aside) – Non-Recurring		400	
Total Savings			400