



Revenue and Expenditure Monitoring Report

1. Introduction

1.1. The Public Bodies (Joint Working) (Scotland) Act 2014 sets out the framework for the integration of Health and Social Care in Scotland and led to the formation of an Orkney Integration Joint Board known as Orkney Health and Care. The Integration Joint Board has responsibility for strategic planning and commissioning of a range of health and social care services and allocates the financial resources it receives from Orkney Islands Council and NHS Orkney for this purpose in line with the Strategic Commissioning Plan which commenced 1 April 2016.

2. Background

2.1. Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform board members of the up to date financial position, and the Board receives a formal report on a quarterly basis.

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

2.3. Where it is forecast that an overspend shall arise a financial recovery plan is prepared setting out how a breakeven position will be achieved. This requires to be approved by the Board. Where an in-year recovery cannot be achieved then a recovery plan that extends into the next year should be presented, effectively carrying forward the overspend and setting out how a break-even position will be achieved over a period of time beyond the current year. This requires the approval of Orkney Islands Council and NHS Orkney in addition to the Board.

2.4. 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. Any additional payments by Orkney Islands Council and NHS Orkney may then be deducted from future years funding/payments. Orkney Islands Council and NHS Orkney may opt to make any additional payments to the Board at any time, as they see fit and need not require repayment.

2.5. In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.

2.6. Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:

- £10,000 **and** 10% more or less than Anticipated position (1b).
- £50,000 more or less than anticipated position (1c).

2.7. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

3. Financial Summary

3.1. Within the Integration Joint Board the presentation of the figures are 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. The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the current Priority Actions identified.

Current OHAC Position

3.3. The following tables show the spending position as at 31 January 2018 by service function:

IJB Summary	Spend		Budget	Over/Under Spend		Annual Budget
		£000	£000	£000	%	£000
Support Services and Overheads		1,169	1,214	(45)	96.3	2,479
Alcohol and Drug Partnership		386	389	(3)	99.2	427
Voluntary Sector by SLAS excluding Commissioned Services		449	471	(22)	95.3	487
Children and Family Services	1c	3,418	3,222	196	106.1	4,030
Prescribing	1c	3,873	3,780	93	102.5	4,502
Elderly Residential, Supported and Day Care	1c	5,488	5,472	16	100.3	6,168
Disability		4,612	4,549	63	101.4	5,131
Mental Health	1b	524	666	(142)	78.7	867
Other Community Care		764	787	(23)	97.1	925
Occupational Therapy		457	477	(20)	95.8	634
Home Care	1c	2,906	2,814	92	103.3	3,428
Criminal Justice		1	5	(4)	20.0	-1
Community Nursing		1,284	1,254	30	102.4	1,498
Primary Care	1c	7,857	7,583	274	103.6	9,141
Allied Health Professionals		662	678	(16)	97.6	815
Rehabilitation		200	201	(1)	99.5	245
Midwifery		576	549	27	104.9	666
Service Totals		34,626	34,111	515	101.5	41,442

3.4. In regards to the current position, the following highlighted functions are highlighted and service explanations are as follows:

3.4.1. Children and Family Services (£196K overspend)

An increase in young people requiring to be looked after has required the ongoing provision of additional residential accommodation within Orkney since 2016. This was not fully budgeted for, however permission was granted to continue the service until March 2018. Ongoing care will be required for those young people currently accommodated. There is also a shortfall in the budget in regards to children placed outwith Orkney. There are underspends within other functions so this will be transferred to this budget. However, it is anticipated that any remaining shortfall will be funded from the Council's corporate contingency from the General Fund (Outwith Orkney Placements Fund) this financial year.

3.4.2. Prescribing (£93K Overspend)

As this is a demand led service the year end is difficult to project and is based on a current spending pattern which has increased recently due to higher unit prices and volume.

3.4.3. Mental Health (£142K underspend)

There have been vacancies within the team of which some have now been recruited to.

3.4.4. Home Care (£92K overspend)

Although there was growth of £156K applied for Home Care and that budget remains in balance there is still a shortfall within the self-directed support element which is ongoing. Due to previously unidentified savings in the last financial year, the recurring savings and overspend has been applied to the integrated care funding. However, the projects that were approved have been ongoing this financial year which has resulted in overspends.

3.4.5. Primary Care (£274K overspend)

There have been additional costs due to the requirement of locum cover on every island for certain periods throughout the year. Although the service tries to utilise the locum bank which has agreed NHS rates, there has been a couple of occasions agency staff have been required which is an expensive option.

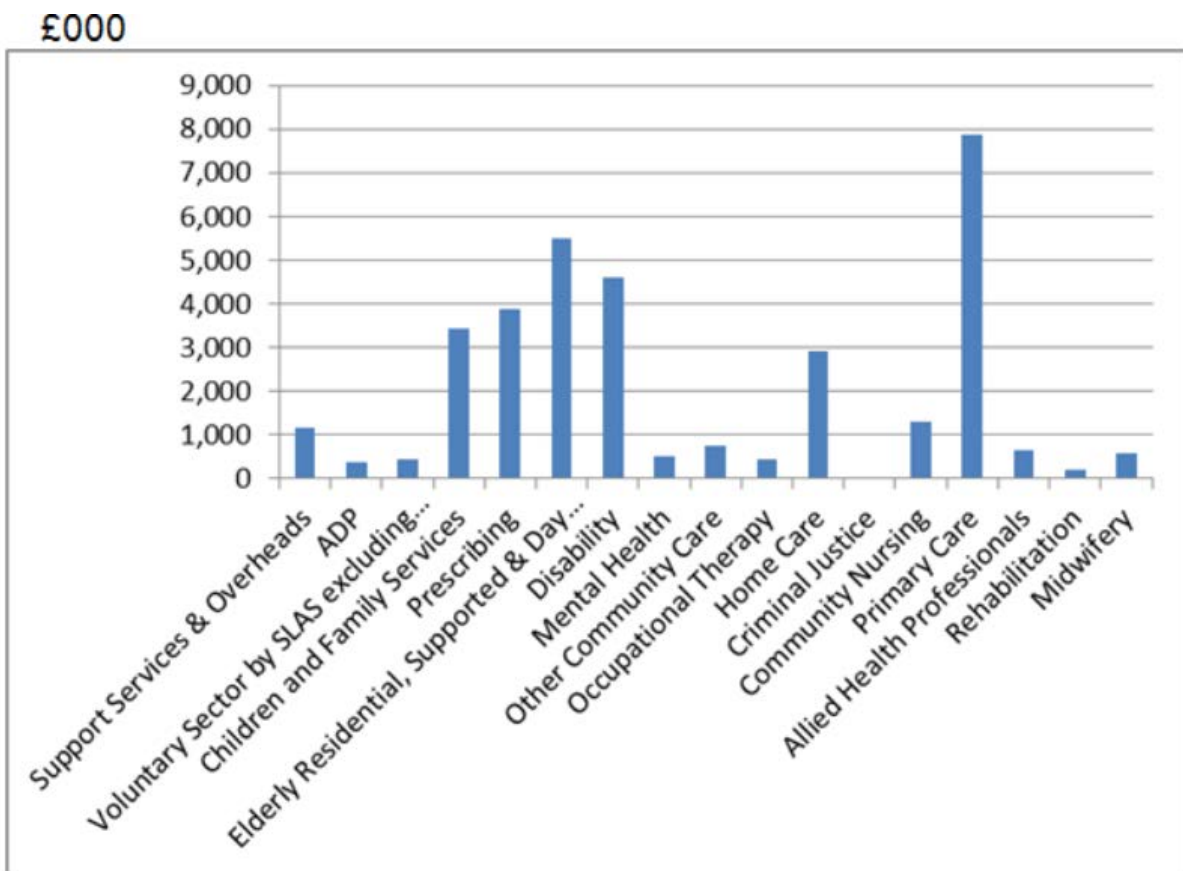
There have also been additional costs regarding maternity in regard to independent practices which is circa £45,000 per maternity leave.

3.5. The budget summary is as follows:

Budget Summary	£000
Original Net Budget	33,674
Prescribing Budget NHS	4,503
Additional Funding NHS	2,086
Additional Funding OIC	1,179
Revised Net Budget	41,442

The details of the funding movements can be found in detail at Annex 1.

3.6. The services function spend to date:



3.7. Throughout the year there will be budget movements between functions within the financial year as most budgets are not ring fenced and will be reallocated to service pressure areas.

Projected Outturn Forecast

3.8. The projected outturn forecast is as at 31 January 2018 and includes anticipated future commitments to 31 March 2018 and will continue to be reviewed on a regular basis throughout the year.

3.9. Based on the information received from the Council and the Health Board the year end position is forecast as follows:

IJB Summary		Projected Outturn Spend	Annual Budget.	Variance	
		£000	£000	Over/ (Under) £000	%
Support Services and Overheads		2,414	2,479	(65)	97.4
Alcohol and Drug Partnership		425	427	(2)	99.5
Voluntary Sector by SLAS excluding Commissioned Services		486	487	(1)	99.8
Children and Family Services	1c	4,321	4,130	191	104.6
Prescribing	1c	4,563	4,502	61	101.4
Elderly Residential, Supported and Day Care		6,188	6,167	21	100.3
Disability		5,103	5,086	17	100.3
Mental Health	1c	672	812	(140)	82.8
Other Community Care	1b	1,015	926	89	109.6
Occupational Therapy		602	634	(32)	95.0
Home Care	1c	3,523	3,428	95	102.8
Criminal Justice		(1)	(1)	0	100.0
Community Nursing		1,518	1,498	20	101.3
Primary Care	1c	9,374	9,141	233	102.5
Allied Health Professionals		797	815	(18)	97.8
Rehabilitation		240	245	(5)	98.0
Midwifery		690	666	24	103.6
Net Expenditure		41,930	41,442	488	101.2

3.10. In regards to the year-end position, the following highlighted functions are highlighted and service explanations are as follows:

3.10.1. Children and Family Services (£191K overspend)

In addition to the information at 3.4.1, it was previously anticipated that some of the overspend will be funded from the Council's corporate contingency. However, there are considerable underspends within other services which will aid this overspend.

3.10.2. Prescribing (£61K overspend)

As explained at 3.4.2.

3.10.3. Mental Health (£140K underspend)

As explained at 3.4.3.

3.10.4. Other Community Care (£89K overspend)

Due to previously unidentified savings in the last financial year, the recurring savings and overspend has been applied to the integrated care funding. However, the projects that were approved have been ongoing this financial year which has resulted in overspends.

3.10.5. Home Care (£95K overspend)

As explained at 3.4.4.

3.10.6. Primary Care (£233K overspend)

As explained at 3.4.5.

4. Recovery Plan

4.1. Where it is forecast that an overspend shall arise then the Chief Officer and Chief Finance Officer of the Board 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. The Chief Officer and Chief Finance Officer of the Board shall consult the Section 95 Officer of Orkney Islands Council and Director of Finance of NHS Orkney in preparing the recovery plan. The recovery plan shall be approved by the Board.

4.2. The recovery plan has been included within Annex 2. This is only recognising the current issues and how they are being dealt with in the short term.

4.3. NHS Orkney will make an additional payment to the Integration Joint Board in regard to the overspend within their remit to achieve a break-even position for financial year 2017 to 2018.

4.4. A savings target might be applied to the allocation from NHS Orkney in financial year 2018 to 2019 but has not yet been established. However, based on the overall savings target of 5.0% this would equate to approximately £1.2 million.

4.5. To be able to ensure a balanced budget services will need to be streamlined or delivered in a different way.

5. Set Aside Budget

5.1. A set aside budget has been identified but it is unclear as to how this should be presented within the IJB monitoring accounts. The budget has been calculated as £6,600,526 whilst expenditure is projecting at £7,363,413 therefore creating an overspend of £762,887.

5.2. This issue has been raised with Audit Scotland who have requested technical advice.

6. Conclusion

6.1. The projected outturn position is showing an anticipated overspend of £488K for the Integrated Joint Board for financial year 2017 to 2018. Contingency arrangements to cover any budgetary shortfall within the services provided by the Council are under active discussion.

6.2. NHS Orkney will make an additional payment to the Integration Joint Board in regard to the overspend within their remit to achieve a break-even position for financial year 2017 to 2018.

6.3. A savings target might be applied to the allocation from NHS Orkney in financial year 2018 to 2019 but has not yet been established. However, based on the overall savings target of 5.0% this would equate to approximately £1.2 million.

6.4. The Joint Board Members have recognised the main financial pressures are within Primary Care and Prescribing within services commissioned to NHS and Children's Residential Care and Home Care within services commissioned to the Council.

6.5. Demand is rising significantly whilst in real terms, available public spending is reducing. Over the next few years the Integration Joint Board will require to balance its ambitious commissioning decisions to support change alongside a decommissioning strategy that enables NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

7. Annex

7.1. Annex 1: Budget Reconciliation.

7.2. Annex 2: Budget Recovery Plan.

Annex 1: Budget Reconciliation

	£	£
2016-2017 NHS Budget		16,839,964
2016-2017 OIC Budget		16,833,600
OIC Budget Increases		
Inflation	145,600	
Increase in Home Care Staffing	9,000	
Minimum Graduate Childcare	20,000	
SSSC Qualifications Childcare	8,000	
Extension to Kinship Care	110,000	
High Cost Packages	581,000	
NDR Increases	9,500	
Apprenticeship Levy	61,000	
Living Wage	2,800	
Intensive Fostering Service	162,900	
Advocacy Orkney Transfer of Budget	6,800	
Apportioned Costs Budget Adjustment	126,600	
		1,243,200
OIC Budget Savings		
Children and Young Persons Partnership	-12,500	
Sleep In and Reduction in Glaitness Service	-19,000	
Income from Bus Operators Grant	-16,000	
Family Focus Outreach Service Staffing	-12,100	
Outwith Orkney travel	-4,200	
		-63,800
NHS Adjustments		
2017/2018 New and Adjusted Budgets Included		
Prescribing - Cash Limited	3,954,684	
Prescribing - Non Cash Limited (Non-Discretionary)	547,913	
Additional Integration Funding	460,000	
Dental Services Non Cash Limited (Non-Discretionary)	640,862	

	£	£
Cost Pressures (2nd 50% instalment 2015/2016)	68,750	
Full year effect 2016/2017 pay increases etc	83,447	
2016/2017 Non recurring allocations	-190,756	
ADP Allocation Reduction	-77,817	
2016/2017 Non recurring savings added back.	145,435	
2016/2017 Overspend b/f	-180,481	
		5,452,037
2017/2018 New Allocations, Investments, Cost Pressures and Transfers		
Pay inflation and Increments increases	137,096	
2 wte Band 6 Psychiatric Nurses	77,218	
MH Innovation Fund anticipated allocation	67,153	
Primary Care GMS uprating	21,467	
Return to Practice (Non Recurring) CPN's	8,852	
Non Cash Limited Dentistry	131,000	
OOH Primary Care Transformation Funding	54,757	
Mental Health Transformation Funding	23,796	
Health Visitors	22,248	
SG Diabetic Pumps (Non Recurring)	16,276	
PC Transformation Fund	19,500	
2017/2018 GIRFEC allocation	63,910	
2017/2018 Primary care increase	97,826	
2017/2018 Vaccinations	-859	
IJB Management Staff Costs	75,276	
Apprentice Levy	30,365	
Uniforms Budget Allocated	1,210	
School Nurses Supplies (Non Recurring)	7,000	
Speech Therapy Shortfall funded	16,177	
Speech Therapy equipment (Non recurring)	6,000	
Speech Therapy staff restructure	13,336	
Additional Staffing Costs	120,000	
Additional Nursing Costs in Isles	10,725	
Primary Care Rate	11,500	

	£	£
Primary Care Business Support Officer	18,263	
Connect to Autism	5,000	
Delayed Discharge Adjustment	117	
Primary Care BAFs	25,712	
Obstetrics	30,960	
Podiatry	12,000	
Longhope Domestic Staff	10,047	
Maternity Ward Administration	1,758	
		1,135,686
Revised Net Budget		41,440,687

Annex 2: Budget Recovery Plan

Explanation.	Action.	By Who.	By When.	Update.
<p>Children and Family Services</p> <p>Overspend £191K.</p> <p>There is currently an additional residential unit within Orkney.</p> <p>There is also a shortfall in the budget in regards to children placed outwith Orkney.</p>	<p>Permission is in place to continue this service until 31 March 2018.</p> <p>It is anticipated that shortfalls within children's residential services will be funded from the Council's corporate contingency from the General Fund (Outwith Orkney Placements Fund) this financial year.</p>	S Hunter.	31/03/18.	Ongoing.
<p>Prescribing</p> <p>Overspend £61K.</p> <p>Accruals are 2 months in arrears and the last actual invoice cost have come in with higher unit price and also volume.</p>	<p>As this is a demand led service the year end is difficult to project and is based on a current spending pattern which has increased recently due to higher unit prices and volume.</p> <p>The forecast will be reviewed on a monthly basis and amended as appropriate.</p> <p>The IJB will require further scrutiny into specific areas of overspend to be able to consider what services should be commissioned in the current review of the SCP.</p>	W Lycett.	31/03/18.	New Action.

Explanation.	Action.	By Who.	By When.	Update.
<p>Elderly Residential, Supported and Day Care</p> <p>Overspend £112K.</p> <p>There has been long term sickness within the residential units. Due to previously unidentified savings in the last financial year, the recurring savings and overspend has been applied to the integrated care funding. However, the projects that were approved have been ongoing this financial year which has resulted in overspends.</p>	Monitor the situation.	J Trainor.	31/03/18.	There has been additional budget added from other functions within the Council to aid some of these underspends and has now reduced the projected overspend from £112K to £21K.
<p>Mental Health</p> <p>Underspend £140K.</p> <p>There have been a few vacancies within the team.</p>	Some of these vacancies have been recruited to and any underspends will be used as non recurring savings this financial year.	J Trainor.	31/03/18.	Ongoing.
<p>Other Community Care</p> <p>Overspend £89K.</p> <p>Due to previously unidentified savings in the last financial year, the recurring savings and overspend has been applied to the integrated care funding. However, the projects that were approved have been ongoing this financial year which has resulted in overspends.</p>	Monitor the situation.	J Trainor.	31/03/18.	Ongoing.
<p>Home Care</p>	Monitor the situation. There will be additional budget virements added to	J Trainor.	31/03/18.	Ongoing.

Explanation.	Action.	By Who.	By When.	Update.
<p>Overspend £95K.</p> <p>Although there was growth of £156K applied for Home Care and that budget remains in balance there is still a shortfall within the self-directed support element which is ongoing. Due to previously unidentified savings in the last financial year, the recurring savings and overspend has been applied to the integrated care funding. However, the projects that were approved have been ongoing this financial year which has resulted in overspends.</p>	<p>this function from underspending budgets.</p>			
<p>Primary Care</p> <p>Overspend £233K.</p> <p>There have been additional costs due to the requirement of locum cover requirement in the isles. There are also costs in relation to maternity cover.</p>	<p>Additional funding has been made available for the locum cover and nursing in the isles which has reduced the projected overspend.</p> <p>There has also been transformation funding received in regards to the Out of Hours Transformation Funding.</p> <p>The IJB have directed the Strategic Planning Group to investigate alternative models this service can become affordable and sustainable. This will not be a solution in the short term.</p>	<p>M Firth.</p>	<p>31/03/18.</p>	<p>Ongoing.</p>