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Agenda Item: 7.

## **Integration Joint Board**

**Date of Meeting: 13 December 2023.**

**Subject: Revenue Expenditure Monitoring.**

### **1. Purpose**

1.1. To present the Revenue Expenditure Monitoring report for the period to 30 September 2023 for Members 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 September 2023 as follows:

- A current overspend of £1,424K on delegated services and an overspend of £1,209K on Set Aside services.
- A forecast year end overspend of £3,827K on delegated services and a forecasted overspend of £2,251K 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. Realisation of the £465K of recurring savings are not anticipated to be achieved for the 2023/24 financial year and will have a worsening effect on the outturn position.

2.3. The balance within the earmarked reserves/holding account of £2,684K, as detailed in Annex 1.

2.4. The proposal that some of the reserves are utilised in 2023/24 to help improve the year end position. These reserves will be used on a non-recurring basis to mitigate the additional spend incurred on the use of agency staff across our community nursing and allied health professions. The reserves which have been identified to be utilised are as follows:

- 2020/21 Local Improvement Fund (System Pressures) £82,000.
- 2021/22 Nursing Support for Care Homes (System Pressures) £60,186.
- 2022/23 Nursing Support for Care Homes (System Pressures) £120,000.
- 2023/24 Nursing Support for Care Homes (System Pressures) £90,000.
- Additional Band 2-4 Staffing £75,197.
- Funding for Band 2-4 Staffing £147,998.

**It is recommended:**

2.5. That the proposed utilisation of reserves totalling £575,381, detailed at paragraph 2.4 above, is approved.

### **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 forecasted 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 any available 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**

The requirement for Out of Orkney specialist placements and fostering continues to be higher than the budget. The estimated year end position based on current placements is that the service will be overspent against budget, at the year-end by £212K.

### **4.2. Elderly**

Elderly care is overspent against budget for the first half of the financial year by £809K and is projected to be overspent by £1,275K by the year end. Within the first half of the financial year residential fee income was £127K less than budget with the running costs of the care homes being £376K over budget. Day care centre running costs were £49K underbudget for the period, elderly direct payments were £65K over budget, specialist placements £212K over budget and sheltered housing £53K over budget within the half year. 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**

Disability spend is £220K over budget for the first six months and projected to be £772K overspent against budget at the financial year end. Spend with service providers for current placements are projected to be £549K over budget for the full financial year. 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**

Mental Health spend was £295K over budget in the first half and is projected to be £547K over budget for the financial year as a whole. The projected financial year overspend relates largely to spend on psychological therapies agency nursing. These costs were previously charged to COVID-19 funding.

## 4.5 Agency Staff Costs

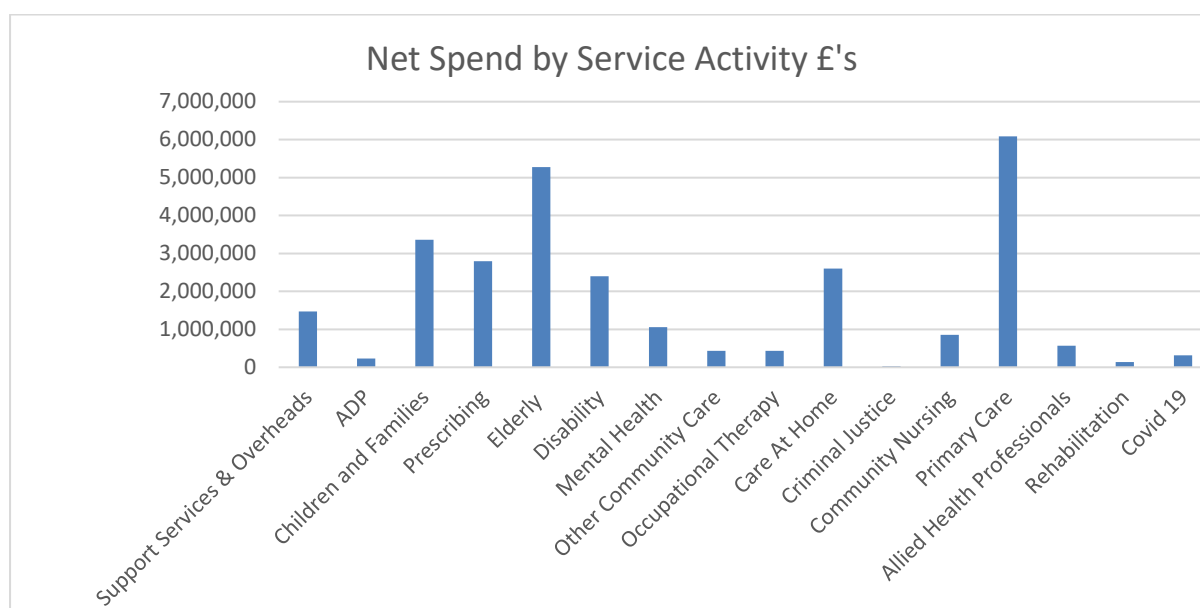
Agency and Locum staff costs continue to be the largest cause of overspend to budget. For the first six months of the financial year the total spend on agency staff and bank nursing staff on service provision by the two partner bodies totalled £3.516M.

## 5. Financial Position

5.1. The following table shows the current financial position as at 30 September 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	YTD	YTD	YTD	Projection	Budget	Spend	
	£000	£000	£000			£000	£000
Support Services & Overheads	1,474	1,331	143	4,241	4,686	(445)	90.5
ADP	228	294	(66)	406	497	(92)	81.6
Children and Families	3,363	2,998	365	6,518	6,306	212	103.4
Prescribing	2,794	2,717	77	5,485	5,439	46	100.8
Elderly	5,273	4,463	809	10,316	9,042	1,275	114.1
Disability	2,401	2,181	220	6,023	5,251	772	114.7
Mental Health	1,060	765	295	1,945	1,398	547	139.1
Other Community Care	432	616	(184)	1,344	1,444	(100)	93.1
Occupational Therapy	434	588	(154)	1,048	1,240	(192)	84.5
Care At Home	2,597	2,442	154	5,441	5,143	299	105.8
Criminal Justice	27	72	(45)	150	180	(30)	83.3
Community Nursing	851	972	(122)	1,740	1,928	(188)	90.3
Primary Care	6,082	6,261	(180)	12,410	12,707	(297)	97.7
Allied Health Professionals	571	566	5	1,126	1,116	10	100.9
Rehabilitation	135	148	(13)	267	294	(26)	91.0
Covid 19	314	196	118	677	530	146	127.6
Reserves				946	946	0	100.0
Savings				(498)	(2,388)	1,890	
<b>Service Totals</b>	<b>28,036</b>	<b>26,612</b>	<b>1,424</b>	<b>59,586</b>	<b>55,758</b>	<b>3,827</b>	<b>106.9</b>

5.2. The half yearly 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><b>Children and Families.</b> (Y/E Forecast £212K 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 January 2024.</p>	<p>Ongoing.</p>
<p><b>Elderly.</b> (Y/E Forecast £1,275K overspend).</p> <p>This budget heading is an amalgam of residential care, independent sector and that of elderly day care. The reasons for the overspend are varied. The use of agency to cover vacancies and long term sickness continues to be required. A number of people have required care outwith Orkney. The demand for direct</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 January 2024.</p>	<p>Ongoing.</p>

<b>Service Explanation</b>	<b>Proposed Action</b>	<b>Responsible Officer</b>	<b>Review</b>	<b>Status</b>
<p>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.</p>				
<p><b>Disability</b> (Y/E Forecast £772K overspend).</p> <p>This is an amalgam of supported accommodation and day care. There is a continued reliance on agency staffing due to sickness absence within supported accommodation. In addition to support needs it has been required to increase staffing on a short-term basis. There is continued demand also on self-directed support packages.</p>	<p>With regard to the use of agency staff, the services continue to adhere to all sickness/ absence policies with a view to return people to work where possible but also where appropriate to ill health retirement or capability. A piece of work has been agreed to consider new ways to attract people to a career in the service.</p>	L Bradford.	31 January 2024.	Ongoing.
<p><b>Mental Health</b> (Y/E Forecast £547K overspend).</p> <p>Whilst we have continued to use locums the majority of this overspend is due to the need to transfer funding from the IJB reserves (CAMHS) into the Mental Health Budget.</p>	<p>Funding transfer to be actioned.</p> <p>Some Mental Health nursing posts are out to advert and if successfully recruited to the agency need will reduce.</p>	L Bradford.	31 January 2024.	Ongoing.

<b>Service Explanation</b>	<b>Proposed Action</b>	<b>Responsible Officer</b>	<b>Review</b>	<b>Status</b>
<p><b>Other Community Care</b> (Y/E Forecast £100k underspend) This is due to vacancies within two of the teams which have been advertised with no successful recruitment.</p>	A fresh round of recruitment will be undertaken in the new year.	L Bradford.	31 January 2024.	Ongoing.
<p><b>Occupational Therapy</b> (Y/E Forecast £192k underspend) Funding received which needs to be moved into appropriate budget lines along with recruitment yet to be successfully completed.</p>	As budget movements take place and recruitment is concluded this should come back into line.	L Bradford.	31 January 2024.	Ongoing.
<p><b>Care At Home</b> (Y/E Forecast £299K overspend). Significant vacancies and long term sickness exist leading to the use of agency staff to meet service delivery requirements.</p>	The service continues to adhere to all sickness/ absence policies with a view to returning staff to work where possible or where appropriate move to ill health retirement or capability processes. The service continues to recruit and is considering new ways to attract people to the service.	L Bradford.	31 January 2024.	Ongoing.
<p><b>Community Nursing</b> (Y/E Forecast £188K underspend). Vacancies in the Nursing team. To meet capacity, locum cover has been acquired however this has not yet fully impacted on the budget.</p>	Significant work is being done to attract candidates to Orkney. Chief Officer and Director of Nursing, Allied Health Professions and Acute Services are sighted on this situation and are involved in onward planning to address issues raised.	L Bradford	31 January 2024	Ongoing

Service Explanation	Proposed Action	Responsible Officer	Review	Status
<p><b>Primary Care</b> (Y/E Forecast £297K underspend).</p> <p>The current predicted underspend relates to vacancies within Dental that we are actively trying to recruit to.</p>	<p>We continue to monitor the budget on a monthly basis. The current underspend continues to be as a result of vacancies in Dental. This is a concern as Scottish Government may reduce our budget going forward if we continue to sit with an underspend.</p> <p>We have likewise managed to recruit to all Isles Advanced Nurse Practitioners (ANP) posts which will reduce our level of locum spend significantly.</p> <p>We cannot be complacent that the Primary Care budget will continue to underspend going forward.</p>	M Firth.	31 January 2024.	Ongoing.



## 6. Set Aside

6.1. The following table shows the current financial position as at 30 September 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	YTD £000	YTD £000	YTD £000	Projection £000	Budget £000	Spend		
						£000	%	
Acute Services	1,165	823	342	2,247	1,629	618	137.9	Forecast Includes £382k of unfunded agency costs that would previously have been charged to covid, £170k over on registered nursing (over establishment) and £66k over on supplies
Medical Team - Junior Doctors	762	569	194	1,405	1,138	267	123.5	£266k relates to the over spend on agency after being partly offset by NR funding and vacancies in the budgeted establishment
Medical Team - Consultants	535	412	123	1,076	824	253	130.7	£215k relates to the over spend on locums (compared to NR cost pressure funding) and the balance is due to the non pay costs like accommodation
Assessment & Rehab	1,061	964	97	2,026	1,910	116	106.1	Forecast Includes £242k of agency costs that are partially funded by vacancies
Hospital Drugs	549	387	163	1,238	773	465	160.1	Drugs issued by Pharmacy Department to Hospital Wards. 22/23 outturn was £1.310m
Emergency Department	663	421	242	1,267	831	436	152.4	Forecast Includes £226k of unfunded agency costs that would previously have been charged to covid, £148k over on registered nursing (over establishment) and £60k over on supplies
Acute Mental Health Placements (Ayr Clinic)	103	176	(73)	205	351	(146)	58.5	Under spend is due to a reduction in the number of patients being treated in the clinic. £204k of the budget is non-recurring cost pressure funding
<b>Sub Total</b>	<b>4,838</b>	<b>3,750</b>	<b>1,088</b>	<b>9,464</b>	<b>7,456</b>	<b>2,008</b>		
<b>Memorandum Budget - Off Island Acute Services</b>								
Unplanned Activity (UNPACS) other Scottish Boards	311	289	21	622	579	43	107.4	Expenditure for Unpacs is unpredictable so current forecast is still based on 22/23 outturn
SLA Healthcare Purchasing - Grampian Mental Health	417	365	53	835	729	106	114.5	Forecast based on 22/23 charge from NHS Grampian
SLA Healthcare Purchasing - Grampian Block Contract	42	42	0	169	169	0	100.0	
SLA Healthcare Purchasing - Lothian	91	44	47	182	88	94	205.9	Forecast based on 22/23 charge from NHS Lothian
<b>Sub Total</b>	<b>861</b>	<b>740</b>	<b>121</b>	<b>1,807</b>	<b>1,565</b>	<b>242</b>		
<b>Total Set Aside</b>	<b>5,699</b>	<b>4,490</b>	<b>1,209</b>	<b>11,272</b>	<b>9,021</b>	<b>2,251</b>		

## 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):

<b>Resilience:</b> To support and promote our strong communities.	Yes.
<b>Enterprise:</b> To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
<b>Equality:</b> To encourage services to provide equal opportunities for everyone.	Yes.
<b>Fairness:</b> To make sure socio-economic and social factors are balanced.	Yes.
<b>Innovation:</b> To overcome issues more effectively through partnership working.	No.
<b>Leadership:</b> To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
<b>Sustainability:</b> 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 £3,827K and an anticipated overspend of £2,251K 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 £6,078K. It is therefore almost certain that the IJB will be in a significant 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](mailto:peter.thomas@orkney.gov.uk), telephone: 01856873535 extension 2135.

## 13. Supporting documents

13.1. Annex 1: Reserves / Holding Account.

## Annex 1: IJB Reserves / Holding Account

	<b>Balance at Period 6 (Sept) £000</b>
Alcohol and Drugs Prevention	353
Primary Care Improvement Plans	269
Primary Care Other allocations	400
Mental Health Action 15	48
Mental Health	581
Children and Family Services	4
Multi-Disciplinary Teams	236
Hospital At Home	219
Funding for Band 2's and 4's	223
Nurse Support for Adult Social Care	240
Local Improvement Fund	82
Young Patient Family Fund	15
Workforce Wellbeing	14
	<hr/> <b>2,684</b> <hr/>