

Revenue 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.

OHAC Year End Position

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

IJB Summary		Spend	Budget	Over/Under Spend	
		£000	£000	£000	%
Support Services and Overheads	1c.	2,388.	2,520.	(132).	94.8
Alcohol and Drug Partnership		425.	427.	(2).	99.5
Voluntary Sector by SLAS excluding Commissioned Services		483.	487.	(4).	99.2
Children and Family Services	1c.	4,359.	4,242.	117.	102.8
Prescribing	1c.	4,648.	4,477.	171.	103.8
Elderly Residential, Supported and Day Care	1c.	6,258.	6,182.	76.	101.2
Disability	1c	5,105.	5,187.	(82).	98.4
Mental Health	1b.	701.	805.	(104).	87.1
Other Community Care	1c.	981.	924.	57.	106.2
Occupational Therapy	1c.	581.	633.	(52).	91.8
Home Care	1c.	3,645.	3,477.	168.	104.8
Criminal Justice		(7).	(2).	(5).	n/a
Community Nursing		1,542.	1,498.	44.	102.9
Primary Care	1c.	9,435.	9,205.	230.	102.5
Allied Health Professionals		791.	815.	(24).	97.1
Rehabilitation		249.	245.	4.	101.6
Midwifery		683.	667.	16.	102.4
Service Totals		42,267.	41,789.	478.	101.1

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

3.4.1. Support Services and Overheads (£132K underspend)

There have been vacancies and restrained spending which has contributed to the underspend position and is being utilised against the core pressures in other areas.

3.4.2. Children and Family Services (£117K 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 was also a shortfall in the budget regarding children placed out with Orkney. There were additional funds received from the Council's corporate contingency from the General Fund (Out with Orkney Placements Fund) this financial year. Although the service still shows an overspend other areas had underspends which enabled Social Care to have a balanced budget by year end.

3.4.3. Prescribing (£171K overspend)

The Pharmacy Department is working with dispensing practices to identify reductions in costs. This is being carried out over the next few months, through data gathering and ensuring best practice, with the benefits being realised in 2018/2019.

3.4.4. Elderly Residential Supported and Day Care (£76K overspend)

Savings in regard to the previous year (£180K) have been applied to this function. This has resulted in some projects being unfunded for the year.

3.4.5. Disability (£82K underspend)

There was one off funding received from a Learning Disability service growth bid. Some of these packages did not commence when anticipated. There was also some unknown expenditure regarding commissioned services and sleepovers. Any underspend was retained to aid the overall service.

3.4.6. Mental Health (£104K underspend)

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

3.4.7. Other Community Care (£57K overspend)

There have been vacancies within the team.

3.4.8. Occupational Therapy (£52K underspend)

The small repairs grants in respect of aids and adaptations has not been fully spent within the financial year. There have also been vacancies within the team.

3.4.9. Home Care (£168K overspend)

Although there was growth of £156K applied for Home Care there is still a shortfall within the service. 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.

3.4.10. Primary Care (£230K 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 have been a couple of occasions agency staff have been required, which is an expensive option.

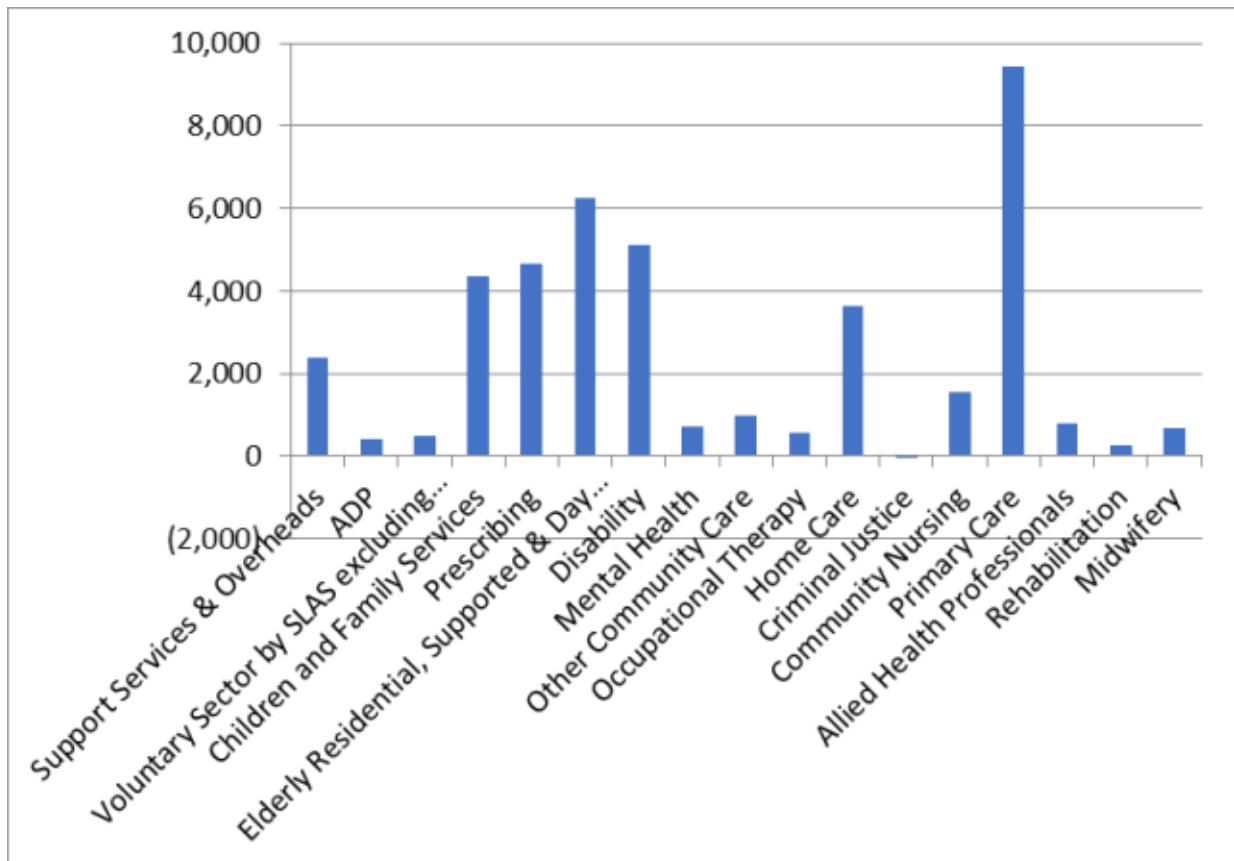
3.5. The action plan at Annex 2 details the anticipated recovery actions that were identified to remedy the issues.

3.6. The budget summary is as follows:

Budget Summary.	£000.
Original Net Budget.	33,674.
Prescribing Budget NHS.	4,503.
Additional Funding NHS.	2,176.
Additional Funding OIC.	1,436.
Revised Net Budget.	41,789.

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

3.7. The services function spend to date:



4. Recovery Plan

4.1. Where it is forecast that an overspend will 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. 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. There have been issues regarding whether a set aside should be included as this related to “large hospitals”. However, the response from the Scottish Government was as follows:

“I would summarise that unscheduled adult inpatient services require to be delegated to the Integration Authority, based on the functions included in the legislation.

Where a Health Board and an Integration Authority are coterminous, such as in Orkney, these services should be delegated to and payments made to the Integration Authority. Where a Health Board has more than one Integration Authority partner, it can either make direct payments for large hospital services or it can retain the resources and establish a set aside budget to be directed and controlled by the Integration Authorities.

In practise of the coterminous areas, only Dumfries and Galloway have fully delegated services and budgets to the Integration Authority. The others (Borders, Fife, Orkney, Shetland and Western Isles) have established a set aside budget.”

5.2. The breakdown is as follows:

	Actual	Budget	Variance
	£000.	£000.	£000.
Accident and Emergency.	706.	635.	71.
Inpatient Hospital Services.	3,307.	3,073.	234.
Inpatient Hospital Services (provided by general medical practitioners).	1,775.	1,765.	10.
Mental Health Services exc. Forensic.	1,573.	1,019.	554.
	<u>7,361.</u>	<u>6,492.</u>	<u>869.</u>

At present there have been no figures regarding palliative care and addiction or dependence on any substance. With the clarification now received from the Scottish Government we will be able to include the budgets moving forward into 2018.19 as required by legislation.

6. Conclusion

6.1. The outturn position is currently showing an overspend of £478K for the Integration Joint Board for financial year 2017 to 2018.

6.2. NHS Orkney and the Council had to make additional payments to the Board for financial year 2017/2018.

6.3. The savings target for 2018/2019 is as follows

Partner.	£000.	% of Baseline Budget.
Orkney Islands Council.	384.	2.2.
NHS Orkney.	1,060.	5.0.
Total.	1,444.	

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. Some of the savings realised in 2017/2018 resulted in vacancies within teams. However, this impacts on service provision and staff health and well-being. There is also the increasing requirement of using locum and agency staff which results in much higher costs overall. This will need to be addressed within any actions within workforce planning.

6.6. Moving forward it is recognised that Board Members need to understand whether the issues that arise are from a commissioning perspective or a delivery issue. This will be reflected in future monitoring reports moving forward.

6.7. 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. Annexes

7.1. Annex 1: Budget Reconciliation.

7.2. Annex 2: Budget Recovery Plan.

Annex 1: Budget Reconciliation

	£000.	£000.
2016/2017 OIC Budget.		16,834.
OIC Budget Increases.		
Inflation.	146.	
Increase in Home Care Staffing.	9.	
Minimum Graduate Childcare.	20.	
SSSC Qualifications Childcare.	8.	
Extension to Kinship Care.	110.	
High Cost Packages.	581.	
NDR Increases.	9.	
Apprenticeship Levy.	61.	
Living Wage.	3.	
Advocacy Orkney Transfer of Budget.	7.	
		954.
OIC Budget Savings.		
Children and Young Persons Partnership.	(13).	
Sleep In and Reduction in Glaitness Service.	(19).	
Income from Bus Operators Grant.	(16).	
Family Focus Outreach Service Staffing.	(12).	
Outwith Orkney travel.	(4).	
		(64).
Opening Baseline Budget 2017/2018.		17,724.
Additional Funds.		
Sensory Impairment.	1.	
Intensive Fostering Service.	191.	
Apportioned Costs Budget Adjustment.	170.	
Out of Orkney Placements	184.	
		546.
Revised OIC Net Budget Received.		18,270.

	£000.	£000.
2016/2017 NHS Budget.		16,840.
2017/2018 New and Adjusted Budgets Included.		
Prescribing - Cash Limited.	3,955.	
Prescribing - Non Cash Limited (Non-Discretionary).	548.	
Additional Integration Funding.	460.	
Dental Services Non Cash Limited (Non-Discretionary).	641.	
Cost Pressures (2nd 50% instalment 2015/2016).	69.	
Full year effect 2016/2017 pay increases etc.	83.	
2016/2017 Non recurring allocations.	(191).	
ADP Allocation Reduction.	(78).	
2016/2017 Non recurring savings added back.	145.	
2016/2017 Overspend b/f.	(180).	
		5,452.
2017/2018 New Allocations, Investments, Cost Pressures and Transfers.		
Pay inflation and Increments increases.	137.	
2 wte Band 6 Psychiatric Nurses.	77.	
MH Innovation Fund anticipated allocation.	67.	
Primary Care GMS uprating.	22.	
Return to Practice (Non Recurring) CPN's.	9.	
Non Cash Limited Dentistry.	131.	
OOH Primary Care Transformation Funding.	55.	
Mental Health Transformation Funding.	24.	
Health Visitors.	22.	
SG Diabetic Pumps (Non Recurring).	16.	
PC Transformation Fund.	20.	
Winter Pressure.	19.	
Final NCL Allocation Adjustment.	3.	
Pharmacy First.	(68).	
2017/2018 GIRFEC allocation.	64.	
2017/2018 Primary care increase.	98.	

	£000.	£000.
2017/2018 Vaccinations.	(22).	
IJB Management Staff Costs.	75.	
Apprentice Levy.	30.	
Uniforms Budget Allocated.	1.	
School Nurses Supplies (Non Recurring).	7.	
Speech Therapy Shortfall funded.	16.	
Speech Therapy equipment (Non recurring).	6.	
Speech Therapy staff restructure.	13.	
Additional Staffing Costs.	220.	
Additional Nursing Costs in Isles.	11.	
Primary Care Rate.	12.	
Primary Care Business Support Officer.	18.	
Connect to Autism.	5.	
Primary Care BAFs.	26.	
Obstetrics.	31.	
Podiatry.	12.	
Longhope Domestic Staff.	10.	
Maternity Ward Administration.	2.	
Mental Health Capacity Building (CAMHS and PT) (Non Recurring).	33.	
GP Digital Fund (Non Recurring).	25.	
		1,227.
Revised NHS Net Budget Received.		23,519.

Annex 2: Budget Recovery Plan

Explanation.	Action.	Responsible Officer.
<p>Support Services and Overheads.</p> <p>Underspend £132K.</p> <p>There have been vacancies and restrained spending within equipment budgets.</p>	<p>The underspend was utilised in overspending areas through budget virements by the end of this Financial year.</p>	<p>Chief Officer.</p>
<p>Children and Family Services.</p> <p>Overspend £117K.</p> <p>There is currently an additional residential unit within Orkney.</p> <p>There was also a shortfall in the budget in regards to children placed outwith Orkney.</p>	<p>Permission was granted to continue this service until 31 March 2018.</p> <p>Shortfalls within Outwith Orkney Placements were funded from the Council's corporate contingency from the General Fund.</p> <p>Underspends within other areas aided the shortfall within this service.</p>	<p>S Hunter.</p>
<p>Prescribing.</p> <p>Overspend £171K.</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>The Pharmacy Department is working with dispensing practices to identify reductions in costs. This is being carried out over the next few months, data gathering and best practice, with the benefits being realised in 2018/19.</p> <p>The Board 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 Strategic Commissioning Plan.</p>	<p>W Lycett.</p>

Explanation.	Action.	Responsible Officer.
<p>Mental Health. Underspend £104K. There have been a few vacancies within the team.</p>	<p>Some of these vacancies have been recruited to and any underspends was used as non recurring savings this financial year.</p>	<p>J Trainor.</p>
<p>Home Care. Overspend £168K. Although there was growth of £156K applied for Home Care there is still a shortfall within the service. 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>Underspends within other areas aided the shortfall within this service.</p>	<p>J Trainor.</p>
<p>Primary Care. Overspend £209K. There have been additional costs due to the requirement of locum cover requirement in the isles.</p>	<p>Additional funding has been made available for the locum cover and nursing in the isles which has reduced the projected overspend. There has also been transformation funding received in regards to the Out of Hours Transformation Funding. 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>

