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Agenda Item: 11

Integration Joint Board

Date of Meeting: 19 February 2025.

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 31 December 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 31 December 2024, as follows:

- A current overspend of £2,045k in relation to Orkney Islands Council commissioned services. This is an adverse movement of £475k on the Quarter 2 position.
- The position in relation to NHS Orkney commissioned services is on track with the plan agreed with Scottish Government and NHS Orkney. There is a current overspend of £471k.
- There is a current overspend of £1,328k on Set Aside Services but this too is in line with the financial plan agreed with Scottish Government.
- The full year projected variance on delegated services is £4,198k. This is made up of £3,089k overspend on Orkney Islands Council commissioned services and £1,109k overspend on NHS Orkney commissioned services.

2.2. The balance within the earmarked reserves/holding account of £2,917k, as detailed in Annex 1.

2.3. Orkney Islands Council's proposed financial recovery plan actions, detailed in Annex 2, which aim to deliver further reductions in spend to improve the year end projection to a position that is closer to balancing the budget, but not a balanced position.

3. Background

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, 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 projection is included in the report based on a detailed review of spend activity and the potential impact of recovery plans to reduce spend this financial year.

3.9. The Board may also consider issuing further Directions to NHS Orkney or Orkney Islands Council to bring forecast expenditure back in line with budget.

4. Main Financial Issues

4.1. Highlighted Areas

4.1.1. Agency and locum staff costs continue to be the largest cause of overspend to budget. In the first three quarters of the financial year, total spend on agency/locum staff for Orkney Islands Council commissioned services is £3,865k and on NHS Orkney commissioned services £375k, totalling £4,240k for both partners.

4.1.2. Permanent recruitment to management and social work frontline teams, including recruitment incentives via the Growing a Sustainable Social Care Workforce project and Growing our own Social Work schemes continue, in an attempt to reduce financial burden resulting from the use of agency staff.

4.1.3. The IJB cost centre includes £770k additional funding received from Scottish Government for additional capacity. This budget has not yet been allocated to services but has been used to reduce the overall forecast overspend for Orkney Islands Council commissioned services.

4.2. Children and Families (£394k overspend).

4.2.1. The NHS budget is £253k underspent and the Council budget is £647k overspent. The full year forecast overspend for Children and Families services is £531k.

4.2.2. Social Work services are still experiencing high levels of vacancies and some difficulties with long term sickness absence. The biggest area of challenge is the frontline social work teams. Unfilled positions, combined with recruitment challenges, continues to require the need to employ agency staff, and higher costs associated with it.

4.2.3. Recruitment is included in the Recovery Plan, attached at Annex 2.

4.2.4. Another area of concern is fostering and adoption which is currently overspent due to a number of children being placed in foster care outwith Orkney. There is a need to recruit more foster carers. To support this, a review of the fostering allowance and fee structure has been undertaken, and a paper will be submitted to the Council's Policy and Resources Committee in February 2025. The report includes the intention to run a recruitment campaign to identify additional local foster carers, kinship carers and adopters. It is hoped that through this process the level of outwith Orkney placements can be reduced.

4.3. Elderly (£1,669k overspend)

4.3.1. Elderly care services are overspent against budget by £1,680k mainly attributed to Council Elderly residential services (£1,052k) and outwith Orkney residential placements (£636k).

4.3.2. It is anticipated that Elderly care services will be significantly overspent at year end. This is primarily made up of £1,400k on Elderly residential services and £848k on residential independent out of Orkney placements.

4.3.3. As referenced previously, agency staff are a significant factor in the level of overspend.

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

4.4 Disability (£59k overspend)

4.4.1. Disability spend is £59k over budget at Quarter 3.

4.4.2. Despite a significant underspend in commissioned services, the overspend position is predominantly due to the need to fill in house service gaps with costly agency staff. There is also some unavoidable service delivery which is unfunded.

4.4.3. Recruitment incentives commenced in the latter half of June 2024. Some small success has been achieved but not yet significant. The incentives project has a further six months to run. Every effort is made to recruit to posts and also to return people to work from sickness absence thereby reducing backfill costs.

4.5. Prescribing (£86k overspend)

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

4.5.2. The full year forecast overspend for the service is £115k.

4.6. Primary Care (£260k underspend)

4.6.1. The main variances are due to £299k underspend within community dental services due to staff vacancies while board run GP practices are over budget by £123k.

4.6.2. The full year forecast underspend for the service is £302k.

4.7. Allied Health Professionals (£95k overspend)

4.7.1. The overspend is due to posts within the service being over the approved establishment.

4.7.2 The full year forecast overspend is £127k.

4.8. Mental Health (£100k underspend)

4.8.1. The full year forecast is an underspend of £133k due to vacant posts.

4.9. Care at Home (£93k overspend)

4.9.1. Direct payments budget is forecast to underspend as existing direct payments arrangements are being reviewed to ensure that budget is aligned with needs. However, care at home service pressures are such that this budget area is overspending, with a vacancy rate that requires considerable agency backfill.

4.10. Community Nursing (£191k underspend)

4.10.1. The underspend is due to vacancies in Mainland Nursing Teams.

4.10.2. The full year forecast underspend is £204k.

5. Financial Position

5.1. The following table shows the revised total budget allocation as at 31 December 2024 for delegated services commissioned.

Partner	Original Budget £000s	Revised Budget £000s	Budget Movement £000s
NHS Orkney	29,369	31,346	1,977
Orkney Islands Council	28,698	29,299	601
Service Total	58,067	60,645	2,578
Set Aside Services	8,639	9,744	1,105
Total	66,706	70,389	3,683

5.2. The following table shows the current financial position as at 31 December 2024 for delegated services commissioned.

5.2.1. For IJB delegated services the year to date overspend is £2,516k and the full year projected overspend is £4,198k.

5.2.2. For Set Aside Services the year to date overspend is £1,328k and the full year projected overspend is £1,767k.

	Spend YTD.	Budget YTD.	Variance YTD.	Year End Forecast	Annual Budget	Over/ (Under) Spend	
	£000.	£000.	£000.	£000.	£000.	£000.	%
Council							
Support Services and Overheads	561	601	-40	2,003	2,051	-48	98
Voluntary Sector	241	543	-302	468	505	-37	93
Children and Families	4,348	3,701	647	6,230	5,361	869	116
Elderly	6,951	5,270	1,681	9,456	7,218	2,238	131
Disability	3,984	3,911	73	6,099	5,465	634	112
Mental Health	252	327	-75	281	381	-100	74

	Spend YTD.	Budget YTD.	Variance YTD.	Year End Forecast	Annual Budget	Over/ (Under) Spend	
Other Community Care	984	1,115	-131	1,408	1,550	-142	91
Occupational Therapy	381	349	32	601	561	40	107
Care at Home	4089	3,996	93	5,410	5,182	228	104
Criminal Justice	165	118	47	217	192	25	113
Integration Joint Board	95	75	20	215	833	-618	26
Council Commissioned Services Total	22,051	20,006	2,045	32,388	29,299	3,089	111
NHS							
Community Mental Health	1,175	1,199	-25	1,566	1,599	-33	98
ADP	388	416	-28	517	554	-37	93
*Resource Transfer Elderly (OIC)	573	582	-9	764	776	-12	98
*Resource Transfer Elderly Day Centres (OIC)	174	177	-3	233	236	-4	98
*Resource Transfer Disability (OIC)	914	928	-14	1,218	1,238	-19	98
Resource Transfer Housing Support	31	17	13	41	23	18	177
Resource Transfer Aberdeen Council	4	46	-42	5	61	-56	8
Community Nursing	1,335	1,526	-191	1,831	2,035	-204	90
Primary Care	9,481	9,742	-260	12,604	12,907	-302	98
Occupational Therapy	321	327	-6	428	435	-8	98

	Spend YTD.	Budget YTD.	Variance YTD.	Year End Forecast	Annual Budget	Over/ (Under) Spend	
Physiotherapy	610	557	53	813	742	70	109
Dietetics	220	157	63	293	209	84	140
Rehabilitation	222	233	-11	296	310	-14	95
Podiatry	165	186	-21	220	248	-28	89
Integration Funding	1,144	1,144	0	1,525	1,525	0	100
Integrated Care Fund	231	173	58	308	230	78	134
Children and Family Services	1,272	1,525	-253	1,696	2,034	-338	83
Prescribing	4,577	4,491	86	6,111	5,996	115	102
Direct Overheads and Support Services	986	1,125	-139	1,381	1,483	-102	93
Reserves	14	14	0	202	202	0	100
Savings	0	-1,300	1,300	0	-1,900	1,900	0
COVID-19	201	302	-101	403	402	1	100
NHS Commissioned Services Total	24,035	23,565	471	32,455	31,346	1,109	104
Service Totals	46,086	43,571	2,516	64,843	60,645	4,198	107
Set Aside	8,657	7,329	1,328	11,511	9,744	1,767	118
IJB Total	54,743	50,900	3,844	76,354	70,389	5,965	108

6. Set Aside

6.1. The following table shows the current financial position as at 31 December 2024.

Set Aside Services	Year to Date Budget £	Year to Date Actual £	Year to Date Variance £		Annual Budget £.	Full Year Forecast £.	Forecast Variance Over/(under) Spend £
Acute Services	1,288,420	1,627,726	339,306		1,717,893	2,172,235	454,342
Medical Team – Junior Doctors	1,211,518	1,039,367	(172,151)		1,590,711	1,385,823	(204,888)
Medical Team – Consultants	438,188	1,020,113	581,925		584,251	1,360,150	775,899
Assessment and Rehabilitation	1,526,670	1,545,543	18,873		2,033,893	2,060,724	26,831
Hospital Drugs	697,645	1,089,061	391,416		930,193	1,452,082	521,889
Acute Receiving	766,237	1,026,668	260,431		1,019,982	1,368,890	348,908
Acute Mental Health Placements	159,745	100,723	(59,022)		212,993	100,723	(112,270)
Sub Total	6,088,423	7,449,201	1,360,778		8,089,916	9,900,627	1,810,711
Memorandum Budget – Outwith Orkney Acute Services:							
Unplanned Activity (Unpacs)	459,470	369,775	(86,695)		612,626	493,033	(119,593)
Service Level Agreement (SLA) Healthcare Purchasing – Grampian Mental Health	581,168	591,011	9,843		774,890	788,015	13,125
SLA Healthcare Purchasing – Grampian Block	126,769	126,769	0		169,025	169,025	0
SLA Healthcare Purchasing – Lothian	73,558	120,316	46,758		98,077	160,421	62,344
Sub Total Memorandum Budget	1,240,965	1,207,871	(33,094)		1,654,618	1,610,494	(44,124)
Total Set Aside	7,329,388	8,657,072	1,327,684		9,744,534	11,511,121	1,766,587

7. Contribution to quality

Please indicate which of the Orkney Community Plan 2025 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.	Yes.
Equality: To encourage services to provide equal opportunities for everyone.	No.
Fairness: To make sure socio-economic and social factors are balanced.	No.
Innovation: To overcome issues more effectively through partnership working.	Yes.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	Yes.
Sustainability: To make sure economic and environmental factors are balanced.	No.

8. Resource and financial implications

8.1. The year to date variance position is showing overspends in services delegated of £2,516k and £1,328k for Set Aside services for Quarter 3 of financial year 2024/25.

8.2. The full year projected overspend for financial year 2024/25 for delegated services is £4,198k and £1,767k for Set Aside services.

8.3. The position in relation to the NHS Orkney commissioned services is on track with the plan agreed with Scottish Government and the NHS Board.

8.4. However, for Council commissioned services, there is a risk that should service commitments activity continue in the same pattern or the recovery plan actions are not in place 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 year to date position is an overspend against budget at the end of Quarter 3, including Set Aside, totalling £3,844k.

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.

9.4. Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Annex 2. Annex 2 contains exempt information as defined in paragraphs 3, 6, 8 and 12 of Part 1 of Schedule 7A of the Act.

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

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13. Supporting documents

13.1. Annex 1: Reserves/Holding Account – Detailed.

13.2. Annex 2: Recovery Plan – Orkney Islands Council Delegated Services.

Annex 1: Reserves/Holding Account.

Reserves	Allocations B/f £s	Budget Allocation £s.	Allocated £s.	Balance £s
Reduced Drug Death.	21,861	0	0	21,861
Alcohol and Drugs Partnership (ADP) (Balance).	48,380	0	0	48,380
Funding for ADPs.	67,678	0	0	67,678
ADP Frontline Services.	32,585	0	0	32,585
ADP Programme for Government 21/22.	82,380	0	0	82,380
Task Force Funding to ADP.	1,570	0	0	1,570
Task Force Funding to ADP.	30,079	0	0	30,079
ADP Tranche 2 Allocation of National Mission.	69,000	0	0	69,000
ADP Programme.	85,105	0	0	85,105
ADP NM Tranche 1.	112,768	0	0	112,768
ADP Tranche 2.	44,044	0	0	44,044
ADP Programme for Government Uplift.	0	85,105	0	85,105
ADP Tranche 1 allocation and Agenda for Change (AFC) uplift.	0	117,449	0	117,449
ADP / PfG AfC uplift /recurring.	0	10,000	0	10,000
ADP Tranche 2		29,362		
Sub-total ADP.	595,450	241,916	0	837,366
Child Death Review.	3,969	0	0	3,969
Child Death Review.	3,969	0	0	3,969
Administration of the Child Death Review Process.	0	3,969	0	3,969
Sub-total Children and Family Services.	7,938	3,969	0	11,907
District Nursing.	0	55,000	(63,000)	(8,000)
COVID-19 Reserve 22/23.	68,832	0	68,832	0

Reserves	Allocations B/f £s	Budget Allocation £s.	Allocated £s.	Balance £s
COVID-19 Reserve 23/24.	70,164	0	45,052	25,112
Sub-total COVID-19.	138,996	-	113,884	25,112
Hospital at Home.	219,439	0	(66,000)	153,439
Mental Health Recovery and Renewal - Facilities Projects.	75,197	0	0	75,197
CAMHS Intensive Home Treatment Teams.	10,026	0	0	10,026
CAMHS Learning Disability, Forensic and Secure.	3,509	0	0	3,509
CAMHS Out of Hours Unscheduled Care.	5,865	0	0	5,865
CAMHS Liaison Teams.	8,773	0	0	8,773
CAMHS Neurodevelopmental Professionals.	15,340	0	0	15,340
Mental Health and Wellbeing in Primary Care Services.	54,011	0	0	54,011
Dementia Post Diagnostic Support Service.	17,546	0	0	17,546
Emergency COVID Funding for Eating Disorders.	22,309	0	0	22,309
Learning Disability Health Check.	4,930	0	0	4,930
Mental Health Pharmacy and Technician Recruitment.	12,642	0	0	12,642
Dementia Post Diagnostic Support Funds to IJBs.	12,941	0	0	12,941
Learning Disability Health Checks.	4,930	0	0	4,930
Mental Health COVID Hospital.	4,906	0	0	4,906
Mental Health Outcomes.	29,297	0	0	29,297
Digital Therapy.	13,844	0	0	13,844
Learning Disability Health Checks.	6,902	0	0	6,902

Reserves	Allocations B/f £s	Budget Allocation £s.	Allocated £s.	Balance £s
Dementia Post Diagnosis.	17,254	0	0	17,254
Annual Health Check.	2,958	0	0	2,958
Enhanced Mental Health Outcomes Framework.	0	1,235,442	(1,013,650)	221,792
Digital Mental Health Programme Licences and Support.	0	15,253	0	15,253
Sub-total Mental Health.	323,180	1,250,695	(1,013,650)	560,225
Collaborative Care Home Support Teams.	0	120,000	(59,814)	60,186
Supporting Improvements in Primary Care Digital Technology.	35,504	0	0	35,504
Primary Care Rural Fund.	1,604	0	0	1,604
General Practice Digital Improvement 2020/21.	9,692	0	0	9,692
Primary Care Improvement Fund - Tranche 2.	177,971	0	(177,971)	0
Electric Speed Adjusting Hand Pieces.	37,599	0	0	37,599
Primary Care Digital Improvement.	10,026	0	0	10,026
Workforce Wellbeing - Primary Care and Social Care.	246	0	0	246
Workforce Wellbeing - Primary Care and Social Care.	10,026	0	0	10,026
Dental Remobilisation of NHS Dental Services.	23,562	0	0	23,562
Optometry Support.	21,000	0	0	21,000
Realistic Medicine and network projects.	3,000	0	0	3,000
GP Contract Change Management - Tranche 1.	25,079	0	0	25,079
GP Sustainability Payment 2022/23.	52,551	0	0	52,551

Reserves	Allocations B/f £s	Budget Allocation £s.	Allocated £s.	Balance £s
GP Contract Change Management - Tranche 2.	11,725	0	0	11,725
GP Contract Management.	24,211	0	0	24,211
Primary Care Improvement Fund – Tranche 1.	31,030	0	(31,030)	0
Oral Health.	18,068	0	0	18,068
GP Contract Management.	10,376	0	0	10,376
Primary Care Improvement Fund – Tranche 2.	0	97,305	0	97,305
Primary Care Improvement Fund – Tranche 1.	0	591,748	(503,518)	88,230
Primary Care Workforce and Rural – Tranche 1.	0	41,000	0	41,000
General Dental Services.	0	18,068	0	18,068
GP Subgroup b/f.	84,344	0	0	84,344
GP Subgroup 23/24.	29,834	0	0	29,834
Sub-total Primary Care.	617,448	748,121	(712,519)	653,050
Integration Authorities - Multi Disciplinary Teams.	96,497	0	0	96,497
Cervical Audit GP.	365	0	0	365
Funding for Band 2-4.	175,762	0	0	175,762
Multi-Disciplinary Teams.	52,934	0	0	52,934
Multi-Disciplinary Teams.	51,519	0	0	51,519
Multi-Disciplinary Teams.	0	172,826	(64,000)	108,826
Band 2-4.	0	175,772	(37,624)	138,148
Sub-total System Pressures.	377,077	348,598	(101,624)	624,051
Underspend 2023/24.	436,116	0	436,116	0
Total Reserves at 31 December 2024	2,715,644	2,768,299	(2,566,607)	2,917,336