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Agenda Item: 11.

Integration Joint Board

Date of Meeting: 2 September 2026.

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 30 June 2026.

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 June 2026 as follows:

- A current overspend of £936k on delegated services and an underspend of £63k on Set Aside services.
- The Quarter 1 overspend on delegated services is made up of £740k overspend on Orkney Islands Council commissioned services with the balance of £196k relating to NHS Orkney commissioned services.
- The Orkney Islands Council overspend is more than fully explained by staffing costs: a net £775k overspend on staffing (£1,490k spent on agency staff, partly offset by £718k underspend on substantive salaries reflecting unfilled posts).
- The total year to date spend is £21,367k against a full year budget of £82,141k.

2.2. That work will be undertaken with both partners with the aim of delivering savings in order to deliver a position that is closer to balance the budget by year end, in line with the financial recovery plan.

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.

4. Main Financial Issues

4.1. Agency Staff Spend

4.1.1. Agency and locum staff costs remain the largest single driver of overspend. Across Orkney Islands Council commissioned services for the period April to June 2026, £1,492k was spent on agency staff (covering staffing, accommodation, travel and other associated costs). This is set against £5,136k of substantive staff costs (salaries, National Insurance and superannuation), which is running £718k below the combined Staff Costs budget of £5,854k for the same period, reflecting unfilled vacancies. The vacancy saving offsets only around 48% of the agency spend, leaving a net overspend on staffing of £775k which is more than the total Orkney Islands Council overspend for the quarter, meaning non-staffing lines are, in aggregate, running slightly under budget.

4.1.2. The overspend in NHS Orkney at Quarter 1 of £196k (£9,234k spend versus £9,038k is also largely due to the use of locum and bank staffing to cover vacancies.

4.2. Financial Recovery Plan Update

4.2.1. The approved Financial Recovery Plan identified £3,056k of savings opportunities in the current financial year. Of this £2,400k was in the Orkney Islands Council commissioned services and the balance (£656k) with the NHS Orkney commissioned services.

4.2.2. As at Quarter 1, it is too early to identify a reliable trend to confirm whether the proposed savings are being realised, and this will be reported on more robustly at Quarter 2. There remains confidence in the overall ability to deliver the Financial Recovery Plan; however, a small number of matters remain outstanding which could affect delivery, and members should note that a fuller update on these will be provided as part of Quarter 2 reporting.

4.2.3. NHS Orkney's Improvement Team have identified £300k of the £570k CRES (Cash Releasing Efficiency Savings) savings and these are itemised in the current Plan. Further refinement to increase this to the full amount will happen over time.

5. Financial Position

5.1. The following table shows the year to date position as at end June 2026:

	Year to Date Spend	**Year to Date Budget**	**Over/(Under) Spend**	
IJB Commissioned Services	**£000**	**£000**	**£000**	**%**
Support Services and Overheads	819	988	(169)	83
Alcohol and Drugs Partnership	139	144	(5)	97
Children and Families	1,960	1,866	94	105
Prescribing	1,452	1,450	2	100
Elderly	3,161	2,754	406	115
Integration Funding	393	385	8	102
Disability	2,201	2,058	143	107
Mental Health	612	569	43	108
Other Community Care	412	465	(53)	89
Occupational Therapy	234	256	(22)	91
Care at Home	1,644	1,341	303	123
Criminal Justice	68	21	47	326
Community Nursing	584	485	99	121
Primary Care	3,827	3,787	40	101
Allied Health Professions	396	392	3	101
Rehabilitation	69	73	(4)	94
Reserves	148	148	0	n/a
Service Totals	**18,118**	**17,182**	**936**	**105**
Set Aside	3,249	3,312	(63)	98
IJB Total	**21,367**	**20,494**	**873**	**104**

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.	No.
Equality: To encourage services to provide equal opportunities for everyone.	Yes.
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.	No.

8. Resource and financial implications

8.1. The Quarter 1 year to date variance position is showing overspends in delegated services of £936k and of £63k underspend for Set Aside services.

8.2. There is a risk that should service commitments activity continue in the same pattern then the year end outturn position would be a significant overspend.

8.3. As per the Financial Recovery Plan there are mitigations in place to address the overspend to a large degree although it is not fully managed out.

9. Risk, equality and climate change 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 1. It is therefore likely that the IJB will be in a significant overspend position at the year-end date of 31 March 2027 if the mitigations are not delivered upon. 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

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