

Stephen Brown (Chief Officer)

Orkney Health and Social Care Partnership

01856873535 extension: 2601

OHACfeedback@orkney.gov.uk



Agenda Item: 11

Integration Joint Board

Date of Meeting: 10 December 2025.

Subject: Revenue Expenditure Monitoring.

1. Purpose

1.1. To present the Revenue Expenditure Monitoring report for the period to 30 September 2025 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 30 September 2025 as follows:

- A current overspend of £1,129k in relation to Orkney Islands Council commissioned services. This is an adverse movement of £686k on the Quarter 1 position.
- The position in relation to NHS Orkney commissioned services is an underspend of £524k if the £2,400k historic savings target is stripped out. Including six-months share of the historic savings target results in NHS Orkney commissioned services having an overspend of £676k.
- Set Aside services have required an additional £890k budget to match the actual spend.
- The full year projected variance on delegated services is £5,134k. This is made up of £3,935k overspend on Orkney Islands Council commissioned services and £1,199k overspend on NHS Orkney commissioned services.

2.2. The balance within the earmarked reserves/holding account of £3,505k, as detailed in Annex 1.

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. Savings (£1,200k overspend).

4.1.1. This relates to unachieved savings of the historical £2.4 million NHS Orkney target.

4.2. Elderly (£584k overspend).

4.2.1. The majority of this overspend is due to the ongoing need to use overtime and agency staff, and associated travel and accommodation costs, to fill vacancies and cover sickness absence in order to meet care needs as per the safe staffing legislation.

4.3. Disability (£223k overspend).

4.3.1. The majority of the overspend is due to the need to use agency staff, and associated travel and accommodation costs, to achieve staffing levels required to deliver care needs and meet safe staffing legislation.

4.4. Care at Home (£220k overspend).

4.4.1. This overspend is due to the need to use agency staff, and associated travel and accommodation costs, to achieve staffing levels required to deliver care needs and meet safe staffing legislation.

4.5. Children and Families (£197k overspend).

4.5.1. Agency staff back fill costs, and associated travel and accommodation costs to ensure ongoing provision of statutory services.

4.5.2. Self-directed support costs which have not been previously budgeted for.

4.6. Community Nursing (£238k underspend).

4.6.1. Vacancies in Community Nursing Teams.

4.7. Other Community Care (£139k underspend).

4.7.1. The underspend is primarily due to vacancies that are being addressed.

4.8. Supported Services and Overheads (£123k underspend).

4.8.1. Vacancies in Health and Community Care Management that will be offset against savings and Primary Care Administration.

5. Financial Position

5.1. The following table shows the revised total budget allocation as at 30 September 2025 for delegated services commissioned.

	Original Budget	Revised Budget	Budget Movement
Partner	£000	£000	£000
NHS Orkney	32,579	33,818	1,239
Orkney Islands Council	31,575	31,414	(161)
Service Totals	64,154	65,232	1,078
Set Aside	10,258	12,957	2,699
IJB Total	74,412	78,189	3,777

5.2. The following table shows the current financial position as at 30 September 2025 for delegated services commissioned.

5.2.1. For IJB delegated services the year to date overspend is £605k and the full year projected overspend is £2,844k. When including the NHS Orkney historical savings target the IJB delegated services year to date overspend is £1,805k and the full year projected overspend is £5,134k.

5.2.2. For Set Aside Services the year to date overspend is £890k.

	Year to Date Spend	Year to Date Budget	Year to Date Variance	Forecast Yearly Spend	Forecast Yearly Budget	Forecast Over/(Under) Spend	
IJB Commissioned Services	£000	£000	£000	£000	£000	£000	%
Support Services and Overheads	1,550	1,674	(123)	5,136	5,237	(101)	98
Alcohol and Drugs Partnership	281	288	(7)	561	575	(14)	98
Children and Families	3,623	3,427	197	8,177	7,682	495	106
Prescribing	2,953	3,014	(61)	5,847	5,970	(122)	98
Elderly	5,552	4,967	584	11,755	9,155	2,600	128
Integration Funding	770	779	(9)	1,540	1,559	(19)	99
Disability	3,916	3,693	223	7,701	7,262	439	106
Mental Health	1,106	1,189	(83)	2,177	2,338	(161)	93
Other Community Care	571	710	(139)	1,293	1,609	(315)	80
Occupational Therapy	454	500	(46)	966	1,060	(93)	91
Care at Home	2,689	2,469	220	5,861	5,382	479	109
Criminal Justice	121	114	7	258	244	15	106
Community Nursing	880	1,117	(238)	1,760	2,235	(475)	79
Primary Care	7,537	7,478	59	15,049	14,974	75	100
Allied Health Professions	732	694	38	1,464	1,388	76	105
Rehabilitation	148	165	(17)	297	330	(33)	90
Reserves	338	338	0	632	632	0	n/a
Service Totals	33,222	32,617	605	70,476	67,632	2,844	104
Savings	0	(1,200)	1,200	(110)	(2,400)	2,290	5
Total with Savings	33,222	31,417	1,805	70,366	65,232	5,134	108
Set Aside	6,478	6,478	0	12,957	12,957	0	n/a
IJB Total	39,701	37,896	1,805	83,323	78,189	5,134	107

6. Set Aside

6.1. The following table shows the current financial position as at 30 September 2025.

Services	Year to Date Spend	Year to Date Budget	Over/ (Under) Spend		Explanation of Variance
	£	£	£	%	
Acute Services	1,233,148	1,095,607	137,541	112.6	Unfunded nurse agency spend
Medical Team – Junior Doctors	771,049	822,209	(51,160)	93.8	
Medical Team – Consultants	1,036,572	306,802	729,770	337.9	High-cost locum and agency costs are impacting the overspend position
Assessment and Rehabilitation	911,778	864,026	47,752	105.5	Unfunded nurse agency spend
Hospital Drugs	859,432	732,500	126,932	117.3	Drugs issued by Pharmacy to Wards.
Acute Receiving	826,339	914,339	(88,001)	90.4	Underspend is due to current vacancies
Sub Total	5,638,317	4,735,483	902,834	119.1	
Memorandum Budget - Off Island Acute Services:					
Unplanned Activity (UNPACS)	290,474	270,221	20,254	107.5	Expenditure for unplanned activity is unpredictable and can vary throughout the year
SLA Healthcare Purchasing Grampian Mental Health	361,741	411,485	(49,744)	87.9	Revised charge from NHS Grampian
SLA Healthcare Purchasing Grampian Block	87,048	87,048	-	n/a	

Services	Year to Date Spend	Year to Date Budget	Over/ (Under) Spend		Explanation of Variance
SLA Healthcare Purchasing Lothian	100,866	83,791	17,076	120.4	Revised charge from NHS Lothian
Sub Total	840,130	852,544	(12,414)	98.5	
Grand Total - Set Aside	6,478,447	5,588,027	890,420		
Additional funding	-	890,420	(890,420)		
Total Set Aside	6,478,447	6,478,447	-		

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 year-to-date variance position is showing overspends in services delegated of £605k, and £1,805k when including the NHS Orkney historical savings target, for Quarter 2 of financial year 2025/26.

8.2. The full year projected overspend for financial year 2025/26 for delegated services is £2,844k, and £5,134k when including the NHS Orkney historical savings target.

8.3. 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.

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 2 totalling £1,805k. It is therefore likely that the IJB will be in a significant overspend position at the year-end date of 31 March 2026. 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. Authors and contact information

12.1. Mohammed Sohail (Chief Finance Officer), Integration Joint Board. Email: mohammed.sohail@orkney.gov.uk, telephone: 01856873535 extension 2601.

12.2. Stephen Brown (Chief Officer), Integration Joint Board. Email: stephen.brown3@nhs.scot, telephone: 018567873535 extension 2601.

13. Supporting Documents

13.1. Annex 1: Reserves/Holding Account.

Annex 1: Reserves/Holding Account

	Balance as at 31/03/25	Funds In	Funds Out	Balance as at 30/09/25
	£000	£000	£000	£000
Primary Care	575	934	(888)	621
COVID-19	12			12
Hospital At Home	150			150
Integration Support/System Pressures	624	349	356	1,329
Alcohol and Drugs Prevention	810	239	(512)	537
Mental Health	976	1,251	(1,466)	761
Children and Family Services	0			0
Other	139		(44)	95
Uplifts	0		0	0
Total Earmarked Reserves	3,286	2,773	(2,554)	3,505