



**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 30 AUGUST 2018**

**SUBJECT: REVENUE BUDGET MONITORING QUARTER 1 FOR 2018/2019**

**BY: CHIEF FINANCIAL OFFICER**

## **1. REASON FOR REPORT**

- 1.1 To update the Moray Integration Joint Board (MIJB) on the current Revenue Budget reporting position as at 30 June 2018 for the MIJB budget.

## **2. RECOMMENDATIONS**

### **2.1 It is recommended that the Moray Integration Joint Board:**

- i) **note the financial position of the Board as at 30 June 2018 is showing an overspend of £1,032,044;**
- ii) **note the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations within the Council and NHS Grampian for the period 1 April to 30 June 2018 as shown in APPENDIX 3;**
- iii) **approve for issue, the revised Directions arising from the updated budget position shown in APPENDICES 4 & 5.**

## **3. BACKGROUND**

- 3.1 The financial position for the MIJB services at 30 June 2018 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £1,032,044. This is summarised in the table below.

	Annual Budget £	Budget to Date £	Expenditure to Date £	Variance to date £
MIJB Core Service	111,024,411	27,669,459	28,701,503	(1,032,044)
MIJB Strategic Funds	7,526,035	205,614	317,798	(112,184)
Total MIJB Expenditure	<b>118,550,446</b>	<b>27,875,073</b>	<b>29,019,301</b>	<b>(1,144,228)</b>

A list of services that are included in each budget heading are shown in **APPENDIX 2** for information.

#### **4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2018/19**

##### **4.1 Community Hospitals & services**

4.1.1 There are continuing overspends within community hospitals and services for the four localities Elgin, Buckie, Forres, Keith/Speyside totalling £54,565 to 30 June.

4.1.2 Over spends continue to be realised for these services. The main overspend relates to community hospitals in Buckie (£43,000) and community admin (£29,000) relating to Glassgreen Centre and the Joint Store which are being reduced in part by under spends in Forres community hospital (£17,000). Within community hospitals the task of maintaining staffing cover is considerably challenging due to vacancies and long term sickness absence and staff are being encouraged to work extra hours where available to reduce the pressure from nurse bank costs and maintaining patient safety. Non-financial objectives, including meeting waiting times, patient safety and delayed discharge targets still require to be maintained and will be considered as part of longer term plans for patient provision throughout community hospitals.

##### **4.2 Learning Disabilities**

4.2.1 The Learning Disability service is overspent by £89,270. The overspend is primarily due to the purchase of care for people with complex needs (£116,000), including high cost care packages, start up (one off) costs for Individual service fund (ISF) packages. Other overspends include £22,000 for day services, £6,000 less income received than expected and other minor overspend variances of £6,377. This is being reduced by an underspend of £37,107 relating to staffing vacancies in Allied Health Professionals, Other Psychology staff and £24,000 relating to Housing support.

4.2.2 There is a review underway of the Learning Disability accommodation, to look at alternative models of care as the current model is unsustainable in the future, this programme will be on going for the next 3 years. Single management arrangements have been put in place in Moray for the integrated services across health and social care and the joint budgets and review of the service will take place to consider the opportunities and challenges associated with this budget going forward. This is subject to a separate report to the Board.

##### **4.3 Mental Health**

4.3.1 Mental Health services are overspent by £173,595. This arises from pressure in the medical staffing budget mainly due to locum agency costs (£117,000) covering maternity, long term sickness and substantive vacancies. Other overspends arise from unfunded posts (funding ended) and unfunded upgrading of posts. There are ongoing pressures in ward establishment with most of the staff on top of their salary scale. The overspends on these budgets continue to be monitored and plans to mitigate against overspends going forward are in place including redesigning Administrative services and holding vacancies. All workforce policies are being applied and posts are being redesigned efficiently in response to vacancies.

#### 4.4 Care Services provided in-house

- 4.4.1 Care services provided in-house are underspent by £35,411. There are numerous variances within this budget heading, the most significant are primarily due to the Care at Home staff, which are underspent by £148,000 partly due to the implementation of the change management plan and recruitment. There is an overspend of £47,000 for Woodview relating to extra staff costs due to additional support required for new clients; £50,000 relating to prior year savings target that has not yet been achieved; £9,000 for transition clients for which funding will be received from Moray Council provision and £6,659 other minor overspends.

#### 4.5 Older People and Physical Sensory Disability (Assessment & Care)

- 4.5.1 This budget is overspent by £227,655. This primarily relates to expenditure relating to Hanover for the new sheltered housing complexes at Forres and Elgin. The variances within this overall budget heading reflect the shift in the balance of care to enable people to remain in their homes for longer and for the new models of care piloted by Hanover. Additionally, there has been late receipt of invoices that have fallen into this financial year. Management action is being taken in relation to voids and the necessity to reduce costs through earlier identification. This will be closely monitored throughout the year.

#### 4.6 Care Services provided by External Contractors

- 4.6.1 This budget is overspent by £226,902. This is primarily due to savings targets, £140,000 relates to prior year savings for Older People contracts and £23,000 for 2018/19 savings target that have not yet been achieved. A further overspend relates to the historical Moray Training budget of £65,000. This budget is currently being looked at to transfer back to Moray Council. The service managers and Commissioning team are currently working with the providers in order to put these savings in place.

#### 4.7 Other Community Services

- 4.7.1 This combined budget is overspent by £38,757. This is due to overspends in dental services following application of efficiencies and delay in associated process of premises reconfiguration (£15,381), allied health professionals mainly related to staff costs for Podiatry and Dietetics (£18,083), specialist nurses (£2,614) and pharmacy service staff costs (£13,843), which is being offset in part by an underspend in public health of £11,163 mainly related to non-pay administrative costs.

#### 4.8 Primary Care Prescribing

- 4.8.1 The primary care prescribing budget is reporting an over spend of £294,472 to 30 June. The average unit cost per item prescribed varied throughout 2017/18 and overall was substantially increased and averaged £11.54 over the year compared to overall £11.28 in 2016/17. In April 2018 the actual volume was slightly lower than expected -0.07% and although the average item price also fell the impact of prior price increase and efficiency applied meant the position to month 3 is a continuing overspend.

#### 4.9 Hosted Services

4.9.1 This budget is overspent by £41,072. This is mainly due to GMED (£29,000) and Police Forensic Medical Examiner service (£18,000) where there are continuing overspends offset by other underspends (£5,928) including the Prison service. The service managers are currently reviewing the GMED service and have presented options to reduce the overspend in this service; these options will need to be agreed with all 3 IJB's in Grampian.

#### 4.10 Improvement Grants

4.10.1 This budget is underspent by £102,005, this is due to the Improvement grants and the timing of works as the budget is fully committed for 2018/19. The underspend of £38,243 relates to the Housing Revenue Account (HRA) element of the service for which the budget is ring fenced and the MIJB cannot utilise this underspend.

### 5. **STRATEGIC FUNDS**

5.1 Strategic Funds are additional Scottish Government monies that can be received via NHS Grampian or Moray Council for specific outcomes and include:

- Integrated Care Fund (ICF);
- Delayed Discharge (DD) Funds;
- Additional funding received via NHS Grampian. (This may not be fully utilised in year resulting in a contribution to overall IJB financial position at year end which then needs to be earmarked as a commitment for the future year).
- Provisions for earmarked reserves, identified budget pressures, new burdens and savings that were expected at the start of the year.

5.2 By the end of the financial year, the Strategic Funds will reduce as the commitments and provisions materialise and the core budgets will increase correspondingly. When the budget for 2018/19 was set there was a shortfall to be addressed of £4,596k. On 28 June 2018 a revised Revenue Budget 2018/19 report was presented to this Board (paragraph 6 of the draft Minute refers). The 2017/18 out-turn position resulted in remaining reserves of £847k to be utilised as part of the 2018/19 budget and further efficiencies had been identified reducing the budget shortfall to £3,293k. There have been minor budget amendments since this point resulting in a revised budget shortfall position of £3,065. Given that reserves are now fully allocated, for the remaining shortfall; services now require to consider options for bringing the budget into line and to develop a recovery plan.

### 6. **CHANGES TO STAFFING ARRANGEMENTS**

6.1 At the meeting of the Board on 25 January 2018, the Financial Regulations were approved (para 6 of the minute refers). All changes to staffing arrangements with financial implications and effects on establishment are to be advised to the Board.

6.2 Changes to staffing arrangements dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 Jan to 31 March 2018, is detailed in **APPENDIX 3**.

## **7. PROGRESS IN IMPLEMENTING APPROVED SAVINGS**

- 7.1 The indicative unbalanced revenue budget for 2018/19 was accepted as a working document at the meeting of this Board on 29 March 2018 (paragraph 8 of the Minute refers). As part of the budget setting process, savings were identified of £1,060k and these have been implemented during quarter 1. In the budget report approved at the meeting of this Board on 28 June 2018 (paragraph 8 of the Minute refers) further savings were identified of £456k, £31k has been implemented in quarter 1 and the balance of £425k will be implemented during quarter 2. Progress against implementing all the approved savings will be reported as part of quarter 2 budget monitoring covering the period to 30 September 2018.

## **8. UPDATED BUDGET POSITION**

- 8.1 During the financial year, budget adjustments will arise relating in the main to the allocation of non-recurring funding that is received via NHS Grampian. In order to establish clarity of these budget allocations a summary reconciliation has been provided below.

	<b>£'s</b>
<b>Approved Funding 29.3.18</b>	<b>112,268,000</b>
Balance of IJB reserves c/fwd to 18/19	846,726
Budget adjustment M1-M3	
Plasma M1to M3	27,000
Public Health Earmarked 18/19	68,000
Alcohol & Drugs 18/19	610,000
Mental Health/OOH/Pharmacy	224,000
Primary Care Improvement Fund	459,000
Dental Oral Health/Childsmile 18/19	146,000
Forres Running costs M1 to M3	64,000
Dental NES SLA review	(30,000)
Hosted Services adjustment	25,000
Immunisations 18/19	108,000
Primary Care Extended Hours /Palliative Care service	240,000
Other Adjustments net	4,178
Unallocated high cost patient funding	146,201
HRA Improvement grants	57,500
Care Home Fee funding	222,000
<b>Revised Funding to Quarter 2</b>	<b>115,485,605</b>

- 8.2 In accordance with the updated budget position, revised Directions have been included at **APPENDICES 4 and 5** for approval by the Board to be issued to NHS Grampian and Moray Council.

## **9. SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019**

This report is consistent with the objectives set out in the Strategic Plan 2016 -19 and includes 2018/19 budget information for delegated services.

(b) **Policy and Legal**

It is the responsibility of the organisation receiving the direction to work with the Chief Officer and Chief Financial Officer to deliver services within the resources identified. The Moray Integration Scheme (para 12.8 of the 2015 Integration Scheme) makes provision for dealing with in year variations to budget and forecast overspend by reference to agreed corrective action and recovery plans. It also makes provision for dealing with yearend actual overspend where such action and plans have been unsuccessful in balancing the relevant budget by reference to use of MIJB reserves and additional payments from Grampian Health Board/Moray Council.

(c) **Financial implications**

The financial details are set out in sections 3-8 of this report and in **APPENDIX 1**. For the period to 30 June 2018, an overspend is reported to the Board of £1,032,044.

The staffing changes detailed in **APPENDIX 3** have already been incorporated in the figures reported.

The movement in the 2018/19 budget as detailed in paragraph 8.1 have already been incorporated in the figures reported.

(d) **Risk Implications and Mitigations**

The most significant risk arising from this report is the control and management of expenditure to provide the Health and Social Care services required for the Moray Area, within budget.

There is also a risk that the disaggregated NHS Grampian budget figures will not have adequate remedial actions in time to prevent overspends. This in turn will increase the reliance on additional monies provided by Scottish Government for specific purposes being utilised to balance these budgets

The current overspend is not unexpected but gives cause for concern going forward. The reserves of £846,726 have been utilised to reduce the budget shortfall for the 2018/19 budget. Further savings and recovery plans will be required to be identified in order for the MIJB to be able to balance the budget for 2018/19 and cover the budget pressures from 2018/19 onwards.

**(e) Staffing Implications**

There are no direct implications in this report but **APPENDIX 3** summarises staffing decisions that have been implemented through delegated authority within the Council and NHS Grampian.

**(f) Property**

There are no direct implications in this report.

**(g) Equalities/Socio Economic Impact**

There are no equality implications in this report

**(h) Consultations**

The Chief Officer, the Senior Management Team and the Finance Officers from the Community Health Partnership and Moray Council have been consulted and their comments have been incorporated in this report.

**10. CONCLUSION**

- 10.1 The MIJB Budget to 30 June 2018 has an over spend of £1,032,044. Senior managers will continue to monitor the financial position closely and to develop recovery plans.**
- 10.2 The finance position to 30 June 2018 includes the changes to staffing under delegated authority, as detailed in APPENDIX 3.**
- 10.3 The financial position to 30 June 2018 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDICES 4 and 5.**

Author of Report: D O'Shea Principal Accountant (TMC) & B Sivewright Finance Manager (NHSG)  
Background Papers: Papers held by respective Accountancy teams  
Ref: DOS/LJC/