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**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 28 MAY 2020**

**SUBJECT: FINANCE UPDATE**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1. To update the Moray Integration Joint Board (MIJB) on the current financial situation and the approach and response being taken.

**2. RECOMMENDATION**

- 2.1. It is recommended that the MIJB consider and note the content of this report.

**3. BACKGROUND**

- 3.1. Ordinarily, the sequence of the MIJB financial calendar would be as follows:
- March - Quarter 3 Revenue Budget Monitoring reported. This would inform the Board of the position, three quarters of the way through the financial year and provide an updated forecast of the likely position as at the year-end;
  - June - the financial out-turn (quarter 4) for the year would be presented to the Board providing a summary account of the financial position and more specific details in relation to services;
  - June – Unaudited Annual Accounts. In-line with the Local Accounts (Scotland) Regulations 1985 (as amended) ('the Regulations'), places a statutory obligation on the MIJB to submit draft Annual Accounts for the year ended 31 March to its external auditors by 30 June each year. Prior to submission to the external auditors, the draft accounts are presented to the MIJB
  - August – Quarter 1 Revenue Budget Monitoring reported for the new financial year;

- September – Audited Accounts presented to the Board for formal sign off prior to publication by the statutory deadline on 30 September.
- Quarterly Revenue Budget Monitoring continues to be reported at timely intervals throughout the year;
- March – the Revenue Budget is presented to the MIJB for approval by 31 March each year;
- Ad-hoc financial updates are presented to the MIJB, according to the judgement of the Chief Financial Officer (CFO) on events the Board should be sighted on or at the request of the MIJB in relation to specific requests.

3.2. Due to the current Coronavirus pandemic, all services are experiencing and responding to unique and unparalleled situations, the impact of which is reverberating through the economy and local financial systems and procedures are reacting and adapting to dynamic, variable and uncertain situations. In this respect, it is felt both necessary and appropriate to provide Members with an updated position on its finances and proposed way forward.

#### **4. KEY MATTERS RELEVANT TO RECOMMENDATION**

##### Financial Position 2019/20

- 4.1 Due to the timing of the Coronavirus outbreak, the MIJB meeting that occurred 26 March 2020, considered only critical business. As a consequence the Revenue Budget Monitoring report for quarter 3 of the financial year that had been prepared was not considered. In summary, the report presented a position as at the end of December 2019 of a forecast overspend to the end of the financial year of £3.357 million on core services and an overspend of £1.698 million after consideration of strategic funds. As a comparator, Members may recall that the initial financial forecast for the full year was presented to a meeting of this Board on 28 November 2019, where the provisional forecast was noted as £1.580 million following consideration of all available funds. In summary, the quarter 3 position had remained consistent.
- 4.2 The timing of the pandemic outbreak has been critical from a financial perspective, given the close proximity to the financial year-end, however, understandably in a health and social care setting, finance was not considered a critical function and as a consequence accounting staff support has been significantly reduced. More recently the situation has improved and best endeavours are being made to ensure accounting deadlines can be met.
- 4.3 At the time of writing, there is early indication that the final financial outturn position for the 2019/20 year is consistent with previous forecasts.
- 4.4 The MIJB CFO has engaged in numerous conversations nationally, with Scottish Government, Audit Scotland and CFO colleagues and locally with the MIJB's appointed auditors, Audit Scotland around the production of annual accounts. An Integration Authority (IA) is subject to the accounting regulations of a Section 106 body and in Scotland (at the time of writing), whilst there is

discussion around delaying the publication of annual accounts, there has been no formal decision made. In recognition of this, the MIJB CFO is progressing the process on the basis of the original timetable and reporting deadlines, accepting the operational difficulties aligned with this.

#### Covid-19 Mobilisation Plan and Financial Planning

- 4.5 On 3 April 2020, the MIJB Chief Officer submitted to Scottish Government the initial Mobilisation Plan for Moray. The context was such that, whilst pertinent to Moray, it was an integral element of a whole-system mobilisation plan for Grampian given the implementation in partnership between NHS Grampian, the three Grampian IA's and the multi-agency Local Resilience Partnership. The mobilisation plan set out the context at the time of submission around delayed discharges, staff absence levels, care home bed capacity and high level modelling around community and primary care modelling. The plan included financial estimates.
- 4.6 IA's are required to submit weekly financial returns via health boards to Scottish Government. The format and requested content has been amended regularly under direction of HM Treasury with the objective of developing consistency and the ability to extract a desired level of detail. The intention is that as the months' progress, planned expenditure is replaced by actual costs. Emphasis has been placed on ensuring social care costs are captured by IA's and submitted through health board reporting to avoid any potential double counting. Following submission by all IA's, conversations are now taking place with the Scottish Government Director of Delivery, Health and Social Care Integration and IA CFO's around the financial detail. The Moray IJB CFO is working with the NHS Grampian Deputy Director of Finance and Grampian CFO's to ensure a consistent approach and timely submission of information.

#### Local Response and Future Planning

- 4.7 At the initial stage of the outbreak, a process was efficiently developed to ensure any costs being incurred that could be directly attributed to Covid-19 were recorded by services and submitted to finance staff on a weekly basis. Staff were asked to consider the information being recorded in respect of future inquiry and a level of detail was requested in order to capture appropriateness of spend. This is being collated and monitored monthly. In relation to the 2019/20 financial year, reported incurred Covid-19 spend was minimum but has again been reported via NHS Grampian to ensure cost recovery is made. This process will continue to facilitate the requests from Government as they amend their requests for estimates to actual incurred costs.
- 4.8 The 2020/21 Revenue Budget paper was approved on 26 March 2020. In order to present a balanced budget position, the recovery and transformation plan identified savings of £1.944 million. As part of the financial submissions to Scottish Government, indications have been made as to the likely underachievement of savings plans. The HSCM Senior Management Team, under the direction of the Interim Chief Officer have agreed to continuously consider savings throughout 2020/21, the aim of which being to address any slippage on the approved recovery and transformation plan i.e. any percentage slippage on the original plan will be addressed through revision and identification of alternatives. A risk based proactive approach is being

implemented to ensure a flexible response can be made as the situation being experienced through the pandemic evolves. It is considered by using this approach alongside the planned recovery and renewal response will allow us to be able to realise both the positive learning being captured and new, potentially more efficient ways of working that have been developed and implemented.

- 4.9 Undeniably, the current situation has created a very uncertain financial future in an environment already considerably challenged. However, already being experienced are some extremely positive advances in how services are being delivered. There is both a need and an appetite to capture the learning and new practices that are emerging with the potential to be more efficient whilst enhancing experiences of the people of Moray requiring access to services.
- 4.10 Given the fast paced and constantly emerging situation being responded to at present, it is intended that the MIJB will be kept informed through briefings where it is considered appropriate and through interactive input where an appropriate mechanism can be supported during these times.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2019 – 2029 ‘Moray Partners in Care’**

It is imperative as transition is made through this current pandemic period, the aims and objectives agreed by this Board through the approval of its Strategic Plan are considered at every opportunity to ensure consistency.

### **(b) Policy and Legal**

In accordance with the Public Bodies (Joint Working) (Scotland) Act 2014, MIJB is subject to the audit and accounts regulations and legislation of a body under Section 106 of the Local Government (Scotland) Act 1973 and is classified as a local government body for accounts purposes by the Office for National Statistics.

### **(c) Financial implications**

Contained within the body of this report.

### **(d) Risk Implications and Mitigation**

The current pandemic is creating unprecedented risk from a financial perspective. The processes being established and proposals in relation to a way forward are developing and adapting to the emerging situation. It is important to ensure that officers are informed and engaged at the appropriate times following an integrated and connected approach and that MIJB members are kept informed of developments and responses being made.

**(e) Staffing Implications**

None arising directly from this report.

**(f) Property**

None arising directly from this report.

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

None arising directly from this report as there has been no change to policy

**(h) Consultations**

Consultation on this report has taken place with the Interim Chief Officer, who is in agreement with the report.

**6. CONCLUSION**

- 6.1. In recognition of the effects the Coronavirus outbreak is placing on the MIJB financial systems, processes and budgets, an update is being provided for consideration.**

Author of Report: Tracey Abdy, Chief Financial Officer MIJB  
Background Papers: with author  
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