



---

**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 26 NOVEMBER 2020**

**SUBJECT: REVENUE BUDGET MONITORING QUARTER 2 FOR 2020/21**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

1.1 To update the Moray Integration Joint Board (MIJB) of the current Revenue Budget reporting position as at 30 September 2020 and provide a provisional forecast position for the year-end for the MIJB budget.

**2. RECOMMENDATIONS**

**2.1 It is recommended that the MIJB:**

- i) note the financial position of the Board as at 30 September 2020 is showing an overspend of £60,863 on core services;**
- ii) note the provisional forecast position for 2020/21 of an overspend of £301,708 on total budget;**
- iii) note the progress against the recovery and transformation plan,**
- iv) note the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations within the Council (MC) and NHS Grampian (NHSG) for the period 1 July to 30 September 2020 as shown in APPENDIX 3; and**
- v) approve for issue, the Direction arising from the updated budget position shown in Appendix 4.**

**3. BACKGROUND**

3.1 The financial position for the MIJB services at 30 September 2020 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £60,863. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	123,027,778	60,973,523	61,034,385	(60,863)
MIJB Strategic Funds	3,831,694	1,601,366	1,627,407	(26,040)
Set Aside Budget	12,252,000	-	-	-
Total MIJB Expenditure	<b>139,111,472</b>	<b>62,574,889</b>	<b>62,661,792</b>	<b>(86,903)</b>

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

- 3.2 The first provisional forecast outturn to 31 March 2021 for the MIJB services is included in **APPENDIX 1**. The figures reflect the overall position in that the MIJB core services are forecast to be over spent by £301,708 by the end of the financial year. This is summarised in the table below.

	Annual Budget £	Provisional Outturn to 31 Mar 2019 £	Anticipated Variance to 31 Mar 2019 £	Variance against base budget %
MIJB Core Service	123,027,778	123,537,018	(509,241)	(0.4)
MIJB Strategic Funds	3,831,694	3,501,219	207,533	5
Set Aside Budget	12,252,000	12,252,000	-	-
Total MIJB Expenditure	<b>139,111,472</b>	<b>139,413,180</b>	<b>(301,708)</b>	<b>(0.2)</b>

#### 4. **KEY MATTERS/SIGNIFICANT VARIANCES FOR 2020/21**

##### Community Hospitals & Services

- 4.1 There are continuing overspends within community hospitals and services for the four localities: Elgin, Buckie, Forres and Keith/Speyside totalling £126,788 to 30 September.
- 4.2 Overspends continue to be realised for the services. The main overspend relates to community hospitals in Buckie £99,363 Keith £50,395 and Aberlour £26,532 alongside other minor overspends totalling £9,380. The overspend in Buckie and Keith and are mainly longstanding relating to staffing. The overspend in Aberlour is attributable to the additional cost of currently commissioned care beds. Managers continue to seek to actively manage this. This is offset in part by underspends in Dufftown £45,022, and other services £13,860.
- 4.3 This budget is forecasted to be £234,202 over spent by the end of the financial year, this is only slightly improved recognising the task of maintaining staffing and non-financial objectives including waiting times and delayed discharge objectives. The current forecast is based on the existing situation but due to the work required over the next few months a significantly different picture may present at the end of this financial year.

### Community Nursing

- 4.4 Community nursing service is underspend by £223,170. This is primarily due to underspend across the Community Health Visiting service related to vacancies and development within the service.
- 4.5 This budget is forecasted to be £377,728 under spent by the end of the financial year. This position includes the impact of vacancies where new appointments are only just about to commence, staff in training not yet at full cost and budgetary allocation provided in 2020/21 to allow for banding adjustment to qualified staff which was nationally agreed.

### Learning Disabilities

- 4.6 The Learning Disability service is overspent by £144,195. The overspend is primarily due to overspends on the purchase of care for people with complex needs of £234,000 which includes young people transitioning from children's services and people being supported to leave hospital. Underspends in staffing of £84,642 mainly relating to physiotherapy, occupational therapy, speech and language and psychology services and other minor underspends totalling £5,163.
- 4.7 This budget is forecasted to be £361,768 over spent by the end of the financial year after including assumptions that the overspend on purchase of care will be £529,000 and staffing underspends will continue at a level of £167.
- 4.8 The whole system transformational change programme in learning disabilities can help to assure that every opportunity for progressing people's potential for independence is being taken, and every support plan is scrutinised prior to authorisation. The system can then have confidence that the money spent is required and appropriate to meet a person's outcomes, but it is not possible to remove the need for ongoing support. Whilst every element of expenditure is scrutinised prior to authorisation at service manager level, it has not been possible to reduce expenditure in line with the budget, as the nature of learning disabilities means that people will require on-going, lifelong support. The current level of scrutiny will remain in place, with only critical or substantial needs being met.

### Care Services Provided In-House

- 4.9 This budget is underspent by £780,637. This primarily relates to staffing costs totalling £657,798 (this includes underspends in Care at Home service £291,558; Community Support workers £143,424; Re-ablement £54,041, Barlink £18,246, Woodview £112,416 and Waulkmill of £38,113). There are associated underspends in staff transport of £51,405, client transport of £74,426, admin £28,053 and property costs of £22,451, which is being further reduced due to less income received than expected £48,590 and other minor variances totalling £5,906.
- 4.10 This budget is forecasted to be £1,524,000 under spent by the end of the financial year. The staffing cost underspends are expected to continue totalling £1,282,000 and corresponding under spends in staff transport £95,000 and client transport £198,000. Continuing underspends in Admin

£24,000, property costs £24,000 and other underspends totalling £31,000. This is being reduced by continued loss of income anticipated to be £130,000 primarily due to client transport.

- 4.11 In-House provided care is being closely monitored in relation to the ongoing changes within the service to ensure budget can be aligned accordingly.

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

- 4.12 This budget is overspent by £927,951. This includes an overspend for domiciliary care in the area teams £1,049,125 and permanent care £176,891. This is being reduced by underspends in day care £202,535 transport £47,777, respite £45,526 and other minor variances of £2,227. The variances within day care, transport and respite are due to the services being closed due to Covid.
- 4.13 This budget is forecasted to be £2,113,000 over spent by the end of the financial year. The forecast overspend is expected to continue as detailed above, with domiciliary care overspend of £2,434,754 and permanent care £300,000 which is offset in part by continuing underspends in day care £611,165, respite £7,589 and other minor underspends totalling £3,000. The underspends in day care and respite are based on these services to be closed for the year. The extent of the underspends and any likely reduction will be based on re-mobilisation over the coming months.
- 4.14 Monitoring the level of spend within domiciliary care with external providers will continue in the context of the wider budget and shifting patterns of expenditure and the progress being made in relation to increased investment into new housing models.

#### Care Services Provided by External Contractors

- 4.15 This budget is under spent by £156,862. This primarily relates to Learning Disability (LD) contracts £174,885 where services have had to cease due to the Covid pandemic and other minor underspends of £1,538. Which is being reduced by increase in OLM licences and care cubed £19,562.
- 4.16 This budget is forecasted to be £347,000 over spent by the end of the financial year primarily due to the above variances continuing, LD contracts underspend by £387,000 and other minor variances totalling £2,562. Which is being reduced by increase in OLM licences, care cubed £19,562, and prior year savings unachieved totalling £23,000

#### Other Community Services

- 4.17 This relates to underspends in Allied Health Professionals (AHP's) £117,531 (which includes underspends in Podiatry, Physiotherapy and Speech and Language Therapy where ongoing difficulties are being experienced in recruitment), Dental services £34,868 where underspends exist in Community Dental services arising from staffing, Public Health £20,451 where timing of expenditure within services varies during the year and Specialist Nursing services £68,945 (where there is an ongoing underspend in the Oaks service where community hub is now located). These underspends are offset in part

by an overspend in Pharmacy £25,433 which is related to staff costs that are expected to continue.

- 4.18 This budget is forecasted to be £433,129 under spent by the end of the financial year. Managers are aware of position in relation to their services but the forecast broadly anticipates continuance of current expenditure patterns as detailed above

#### Admin & Management

- 4.19 Admin and Management is currently underspent by £68,273. This includes £36,001 relating to over spends in salaries relating to provision of management, shortfall in budget for Sure Start nursing and Child Protection staffing. Within Business Support an underspend to date of £98,804 includes, Step Down beds relating to contract compliance and Winter Pressures where expenditure is lower than budget to date and other minor underspends totalling £5,470.
- 4.20 This budget is forecasted to be £613,876 under spent by the end of the financial year. This is primarily due to the vacancy factor target which is expected to be exceeded by £560,847 and under spend of £148,609 within Business Support being reduced by an over spend £101,960 due to NHS Grampian Admin and Management as detailed above, which also includes the impact of budget realignment from management to operational area and continuing shortfall for Sure Start and other minor underspends of £6,380.

#### Primary Care Prescribing

- 4.21 The primary care prescribing budget is reporting an overspend of £350,889 to September 2020. This position is based on four month's actuals from April to July and includes the continuing impact on price and volume from the impact of Covid-19. The material disruptive impact to the prescribing pattern both in relation to price and volume arising from Covid is currently ongoing. Work is ongoing both locally at Grampian Primary Care Prescribing Group to investigate this and nationally, the prescribing advisors network are working with Primary Care (Family Health Services executives) to analyse the situation to determine expected future volume and price movements to enable further revision of forecasts
- 4.22 This budget is forecasted to be £1,009,000 over spent by the end of the financial year reflecting assumed future volumes now consistent with prior year and for price to remain consistent with current level, which is higher than anticipated. The prescribing position is a major risk area.

#### Hosted Services

- 4.23 Hosted services is overspent by £105,361, primarily due to the GMED out of hours service £178,670 that is offset by cumulative underspends £73,709 in other hosted services including Intermediate Care and Sexual Health services.
- 4.24 This budget is forecasted to be over spent by £220,622 by the end of the financial year mainly attributable to GMED out of hours service. Service

managers are continuing to review the GMED service to ensure resilience and sustainability especially during winter.

### Improvement Grants

- 4.25 Improvement grants is breakeven at 30 September 2020, however at the end of the financial year this budget is expected to be under spent by £200,000. This is predominately due to the impact of Covid upon the work that has been able to be completed during the restrictions of the pandemic.

## **5. STRATEGIC FUNDS**

- 5.1 Strategic Funds is additional Scottish Government funding for the MIJB, they include:

- Integrated Care Fund (ICF);
- Delayed Discharge (DD) Funds;
- Additional funding received via NHS Grampian (this may not be fully utilised in the 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 has been made to fund unutilised allocation for Primary Care Improvement Funds and Action 15 in 2020/21, 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.

## **6. PROGRESS AGAINST THE RECOVERY & TRANSFORMATION PLAN**

- 6.1 The Revenue Budget 2020/21 was presented to the MIJB 26 March 2020 (para 11 of the minute refers). The paper presented a balanced budget through the identification of efficiencies through Recovery and Transformation.

- 6.2 The progress against the Recovery and Transformation Plan is reported in the table below and will continue to be reported to the Board during the 2020/21 financial year. The table details progress during the second quarter against the original recovery plan.

<b>Efficiencies</b>	<b>Para Ref</b>	<b>Full Year Target</b>	<b>Expected progress at 30 September 2020</b>	<b>Status (R A G)</b>	<b>Actual Progress against target at 30 September 2020</b>
		£'000	£'000		£'000
Accountancy driven		223	112	G	246

External Commissioning	6.3	249	124	R	9
Increased income from charging	6.4	261	131	R	28
In-house provided care	6.5	157	78	A	68
Transformational change	6.5	341	158	G	72
Prescribing – medicines management	6.6	206	103	R	0
Prescribing – National reduction in drug tariff	6.6	500	250	R	0
Other		7	3	R	0
<b>Total Projected Efficiencies</b>		<b>1,944</b>	<b>972</b>		<b>423</b>

- 6.3 Commissioning activity was stood down in March 2020 and staff were redeployed to support the Covid-19 response. In recent weeks, further commissioning activity has been re-established. Progress has therefore been slow but opportunities to refocus activity are being developed with a view to achieving some level of savings during the latter part of the year.
- 6.4 Savings from increases in charging are being met in part currently where these formed part of the charging policy that was approved by Moray Council at its meeting of the Policy and Resources Committee on 14 January 2020 (para 9 of the minute refers). Some other elements to this area of recovery are subject to policy change, which require approval from Moray Council. Covid – 19 has created a delay due to reduced, scheduled meetings earlier in the year that will mean these savings will not be delivered in full during the year. A plan has been developed to take this forward relating to the contributions policy, also being presented to the MIJB today.
- 6.5 Redesign and transformation of specific internal services formed part of the recovery and transformation plan. The response to the pandemic has taken precedence over review and redesign, however, opportunities for alternative ways of delivering services are being realised due to the current situation. This will be further enhanced as we progress through winter and the Home First delivery programme. It is recognised that significant budget re-alignment will be required going forward to match activity.
- 6.6 Prescribing was set to deliver significant savings during 2020/21 in the main as a result of a national reduction in the drug tariff. The Covid-19 pandemic has placed significant pressure on this budget creating uncertainty around this element of efficiency. Whilst there are national conversations taking place as to how the prescribing situation can be supported going forward, the impact being felt currently is that this will have a significant impact on the savings programme.

## **7. IMPACT OF COVID – 19 & WINTER PRESSURES**

- 7.1 There has been commitment from Scottish Government to provide additional funding to support the impact of Covid-19. For Moray, this translates to £4.9m. The latest submission of our local mobilisation plan was made on 23 October 2020 (via NHS Grampian). The plan estimates that additional spend relating to Covid-19 will be £5.2m to the end of the financial year. Additionally, the plan indicated that the underachievement of savings would be in the region of £1m that corresponds to 6.2 above in relation to the shortfall as at 30 September 2020. There has been no written confirmation from Scottish Government (SG) at the time of writing the report, but there is clear indication that SG will also support this detrimental impact of Covid-19 on the budget. If this proves to be the case then the impact on the 20/21 financial position would result in a break-even position. A reserves position is not anticipated. Future reporting to MIJB will be updated to reflect the actual commitment made by SG. The largest proportion of Covid 19 related spend continues to be in support of the sustainability payments being made to providers and the costs of operating the Elgin Community Hub.
- 7.2 The Chief Financial Officer is able to provide reasonable assurance at this stage that the estimated costs of Covid-19 to the end of the financial year will be met within the funding envelope provided by SG. Close and continuous focus is being applied and the position will continue to be closely monitored and reported appropriately to MIJB. This budget monitoring report for the second quarter of 2020/21 shows no adverse variance on the financial impact of Covid-19. The costs incurred up to 30 September 2020 can be summarised as:

<b>Description</b>	<b>Spend to 30 September £000's</b>
Reducing Delayed Discharge	264
Staffing	424
Provider Sustainability Payments	427
Payments to Primary Care Contracts	381
Cleaning, materials & PPE	10
Elgin Community Hub	522
Prescribing	94
Clinical leadership	78
<b>Total</b>	<b>2,200</b>

- 7.3 In addition to Covid funding, additional SG resource has been secured to address the winter period and the additional pressure this will exert on the wider system. This has been co-ordinated on a Grampian wide basis with input from the three IJB Chief Officers and the Chief Officer of Acute services. The total additional funding is £5.5m of which the Moray share is £0.871m. This will be monitored and reported through NHS Grampian and is required to be spent by 31 March 2021. Oversight of the Moray element will be through the Health and Social Care Moray senior management team.

## **8. CHANGES TO STAFFING ARRANGEMENTS**

- 8.1 At the meeting of the Board on 28 March 2019, the Financial Regulations were approved (para 11 of the minute refers). All changes to staffing

arrangements with financial implications and effects on establishment are to be advised to the Board.

- 8.2 Changes to staffing arrangements dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 July to 30 September 2020, and are detailed in **APPENDIX 3**.

## 9. **UPDATED BUDGET POSITION**

- 9.1 During the financial year, budget adjustments 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.
- 9.2 In addition, the MIJB, concluded the financial year 2019/20 in an overspend position following the application of reserves. In line with the Integration Scheme, the funding Partners were called upon to meet this overspend in the proportions aligned to the risk-sharing scheme. Communication has remained paramount throughout the year so the effects of the MIJB overspend could be built into the financial planning of NHS Grampian and Moray Council. These additional contributions are also show in the table below:

	£'s
<b>Approved Funding 26.3.20</b>	<b>123,818,000</b>
<b>Set Aside Funding 26.3.20</b>	<b>11,765,000</b>
Amended directions from NHSG 3.6.20	412,064
Balance of IJB reserves c/fwd. to 19/20	186,692
Amendment to Set Aside funding	487,000
Budget adjustments qtr 1	849,528
<b>Revised Funding to Quarter 2</b>	<b>137,518,284</b>
<b>Budget adjustments M04-M06</b>	
Open University	20,000
Moray School Nurse	36,800
Clinical Guidance Intranet	(7,200)
Primary Care	20,186
Hosted Recharges	31,583
Other	1,858
GP Premises	111,742
Childsmile & Oral Health	131,765
PCIF	816,105
Covid 19 2nd Allocation	430,000
NHS Earmarked Reserves Creditor Balance 20/21	347
<b>Revised Funding to Quarter 3</b>	<b>139,111,470</b>

- 9.3 In accordance with the updated budget position, revised Directions have been included at **APPENDIX 4** for approval by the Board to be issued to NHS Grampian.

## 10. **SUMMARY OF IMPLICATIONS**

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

This report is consistent with the objectives of the Strategic Plan and includes budget information for services included in the MIJB Revenue Budget 2020/21.

### (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 year-end 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 NHS Grampian and Moray Council.

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

The financial details are set out in sections 3-9 of this report and in **APPENDIX 1**. For the period to 30 September 2020, an overspend is reported to the Board of £86,903.

The staffing changes detailed in paragraph 8 have already been incorporated in the figures reported.

The movement in the 2020/21 budget as detailed in paragraph 9 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. In particular, in relation to the Prescribing budget. A separate report to this Board is being made on the pressures facing Prescribing. Additionally, the impact of Covid-19 requires close monitoring.

The year-end overspend position for 2020/21 continues to give cause for concern going forward. The general reserves were depleted in 2018/19. Additional savings continue to be sought and a recovery and transformation plan is in place in order to support the 2020/21 budget and beyond. This is currently under continuous review given the anticipated underachievement in this financial year.

The impact of Covid related expenditure is still a potential risk, although the Scottish Government have made funding available, there is still a

risk that the spend, currently estimated at £5.5m will exceed the additional funding being made available. The impact is being closely monitored.

**(e) Staffing Implications**

There are no direct implications in this report.

**(f) Property**

There are no direct implications in this report.

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

There are no direct equality/socio economic implications as there has been no change to policy.

**(h) Consultations**

The Chief Officer, the Health and Social Care Moray Senior Leadership Group and the Finance Officers from Health and Social Care Moray have been consulted and their comments have been incorporated in this report where appropriate.

**11. CONCLUSION**

**11.1 The MIJB Budget to 30 September 2020 has an over spend of £60,863 and the first provisional forecast position of £509,241 overspend on core services. Senior Managers will continue to monitor the financial position closely and continue to report on the Recovery and Transformation Plan.**

**11.2 The finance position to 30 September 2020 includes the changes to staffing under delegated authority, as detailed in APPENDIX 3.**

**11.3 The financial position to 30 September 2020 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDIX 4.**

**11.4 Officers must remain focussed on transformation redesign, and the efficiency of services as the financial challenges will continue beyond this year, and planning carried out now will create opportunities in future years.**

Author of Report: D O'Shea Principal Accountant (MC) & B Sivewright Finance Manager (NHSG)

Background Papers: Papers held by respective Accountancy teams

Ref: