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**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 28 SEPTEMBER 2023**

**SUBJECT: REVENUE BUDGET MONITORING QUARTER 1 FOR 2023/24**

**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 June 2023 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 June 2023 is showing an overall overspend of £2,306,993;**
- ii) Note the progress against the approved savings plan in paragraph 6;**
- iii) Note the budget pressures and emerging budget pressure as detailed in paragraph 7;**
- iv) Approved the virements in budgets from Care Services provided by external contractors to the Learning Disability Services, Mental Health Services and Older People and PSD services, as detailed in paragraph 8;**
- v) 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 April to 30 June 2023 as shown in APPENDIX 3; and**
- vi) Approve for issue, the Directions arising from the updated budget position shown in Appendix 4.**

### 3. **BACKGROUND**

- 3.1 The financial position for the MIJB services at 30 June 2023 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £2,306,993. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	160,967,850	41,332,704	43,639,697	(2,306,993)
MIJB Strategic Funds	13,624,499	1,426,720	1,717,435	(290,715)
Set Aside Budget	13,917,000	-	-	-
<b>Total MIJB Expenditure</b>	<b>188,509,349</b>	<b>42,759,424</b>	<b>45,357,132</b>	<b>(2,597,708)</b>

- 3.2 Due to the level of overspend reported above for quarter 1, a straight extrapolation of the variances for the first provisional forecast to 31 March 2024 is summarised below:

	Annual Budget £	Forecast expenditure to 31 Mar 23 £	Variance to 31 Mar 23 £
MIJB Core Service	160,967,850	170,316,746	(9,348,896)
MIJB Strategic Funds	13,624,499	8,005,425	5,619,074)
Set Aside Budget	13,917,000	<b>13,917,000-</b>	<b>0-</b>
<b>Total MIJB Expenditure</b>	<b>188,509,349</b>	<b>192,239,171</b>	<b>(3,729,822)</b>

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

### 4. **KEY MATTERS/SIGNIFICANT VARIANCES FOR 2023/24**

#### Learning Disability

- 4.1 The Learning Disability (LD) service is overspent by £534,844. The overspend is predominantly due to care purchased at £565,796 with income received more than expected reducing this overspend by £31,480 and other minor overspends totalling £528.
- 4.2 The LD Service manager and their team are aware of the overspend. There is national pressure on learning disabilities budgets due to escalating costs in Learning Disabilities. The most significant cost pressure is in terms of demand, volume, unit cost and complexity. The number of people with learning difficulties is also increasing, there has been a post lockdown surge in demand because of lack of structured activities during lockdown leading to an increase in complex and challenging behaviour and associated measures needed to support individuals and families. We do try make sure people live in homes and hospitals and improve people's quality of care and quality of life whilst trying to balance this against budget constraints.

#### Mental Health

- 4.3 The Mental Health service is overspent by £95,841. Clinical Nursing and other services are overspent by £62,385. The overspend is primarily due to staffing in medical services which is overspent by £93,013 partly offset by continuing underspends of £30,628 across Nursing Psychology and Allied Health Professionals (AHP's).
- 4.4 The staffing overspends continues to relate to consultant psychiatrist vacancies and junior medical staff within the department being covered by locums. This remains a financial risk to MIJB, which has been reported previously, due to high costs of locums compared to NHS substantive medical staff. Nursing vacancies in community teams are not filled because of difficulties with recruitment due to lack of qualified staff.
- 4.5 Assessment and care is £33,457 overspent primarily due to the purchase of care and costly care packages. There has been a significant increase in demand on Mental Health services since the pandemic and we expect this to continue.

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

- 4.6 This budget is overspent by £468,498 to 30 June 2023. This primarily relates to overspends for domiciliary care in the area teams of £412,281, permanent care £371,811, other minor underspends totalling £14,411 and income received being more than budgeted £128,715. Income can be deferred by an arrangement between the local authority and client which will result in spikes of income received. The overall overspend is further reduced by the underspend of £172,468 against Care Service provided in-house. 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.
- 4.7 This overspend is expected to continue and will be monitored throughout the next quarter.

#### Primary Care Prescribing

- 4.8 The primary care prescribing budget is overspent by £1,005,693 to 30 June 2023, this position is based on only one month's actuals for April and an accrued position for May and June as information is received two months in arrears. The budget to month 3 does not yet include allocation from MIJB core uplift yet to be included which would improve the position. For 2022/23 the overall prescribing volume of items in total was 4.445% higher than in 1921/22. The prescribing volumes overall are now greater than pre Covid levels and continue to grow. To June 2023 the estimate of items is greater to date than anticipated, with higher volume in May. The emerging volume pattern for 2023/24 requires to be investigated as the increase is greater than expected across Grampian. The average price per item increased throughout 2022/23 and an average price of £11.53 per item has been used to estimate position to June. The increase in price has not yet abated and is a factor throughout Scotland.

#### Out of Area Placements

- 4.9 This budget is overspent by £264,487. This relates primarily to Mental Health, Learning Disability and Acquired Brain Injury (ABI) Placements for specific

individuals agreed on a case by case basis. This budget remains at the original transfer value in 2016/17. There are an additional 4 patients who have been admitted since that date for who there is no budget, which along with increase in costs are producing an overspend.

## **5. STRATEGIC FUNDS**

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

- Additional funding received via NHS Grampian and Moray Council (this may not be fully utilised in the year resulting in a contribution to overall MIJB 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, Action 15, additional investment funding & others in 2023/24, identified budget pressures, new burdens, savings and general reserve that were expected at the start of the year.

5.2 Within the strategic funds are earmarked reserves totalling £4,682,794. However there will not be enough reserves to cover the overspend in total if the level of spend continues till the 31 March 2024.

5.3 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 APPROVED SAVINGS PLAN**

6.1 The Revenue Budget 2023/24 was presented to the MIJB 30 March 2023 (para 12 of the minute refers). The paper presented a balanced budget through the identification of efficiencies through savings and the use of general reserves.

6.2 The progress against the savings plan is reported in the table below and will continue to be reported to the Board during the 2023/24 financial year. The table details progress during the first quarter against the original recovery plan.

<b>Efficiencies</b>	<b>Para Ref</b>	<b>Full Year Target</b>	<b>Expected progress at 30 June 2023</b>	<b>Actual Progress against target at 30 June 2023</b>
		£'000	£'000	£'000
External Commissioning	6.3	500	125	544
Vacancy target	6.5	1,400	350	649
Reduction in prescribing costs	6.6	400	100	0
Reduction in overspending budgets	6.7	600	150	0
Reduction in management costs	6.8	300	75	0
Reduction in overtime	6.9	800	200	0
Staff transport	6.4	136	34	40
Postages	6.4	5	1	5
Additional savings achieved	6.3	0	0	123
<b>Total Projected Efficiencies</b>		<b>4,141</b>	<b>1,035</b>	<b>1,361</b>

- 6.3 Savings have been achieved in quarter 1 for the full year effect.
- 6.4 Savings have not been taken in quarter 1 but savings will be taken and achieved in full by quarter 2.
- 6.5 Savings of £400,000 for the full year have been achieved in quarter 1, with savings of £249,000 relating to the period to 30 June 2023, however it is not yet known if the rest of the vacancy target will be achieved and progress will be reported each quarter.
- 6.6 Reduction in the prescribing costs will be taken in quarter 2 when the budget pressure will also be realised. With the increasing cost pressure on prescribing there is a high chance the overspend will still increase.
- 6.7 Reduction in overspending budgets has not been achieved and with the current level of overspend on the core budgets is not looking likely to be achieved.
- 6.8 Reduction in management costs has not been achieved in quarter 1, this budget is currently under review but is not expected to be fully achieved.
- 6.9 Reduction in overtime has not been achieved in quarter 1, with the current level of vacancies and recruitment issues facing the MIJB, it is unlikely this will be achieved.

## 7 **BUDGET PRESSURES**

7.1 Budget pressures recognised when the budget was approved on 30 March 2023 are released when the pressure crystallises to the extent that it can be accurately quantified. Provisions to meet budget pressures totalling £927,830 have been released in quarter 1.

7.2 Provisions still held centrally at the end of quarter 1 total £9,433,136 and are detailed in the table below.

Description	Para Ref	£'000
Pay inflation	7.3	1,657
Contractual inflation & Scottish Living Wage	7.3	1,818
Prescribing & Community Pharmacy	7.4	1,924
Children in Transition	7.3	979
Learning Disability Clients	7.3	440
Recurring Deficit	7.5	2,473
Hosted Services	7.3	142
<b>TOTAL BUDGET PRESSURES</b>		<b>9,433</b>

7.3 These budget pressures have not yet been drawn down as they have not yet materialised in the budgets. At this stage these are all intended to be fully required in this financial year.

7.4 The budget for prescribing has not yet been drawn down but will be done in quarter 2. At this early stage in the financial year it is not looking like this will be sufficient to cover all the overspend and pressures in this financial year.

7.5 The budget pressure for recurring deficit is used against the bottom line in the budget and is not allocated out during the financial year.

7.6 Emerging budget pressures have materialised since the budget was set and these are detailed in the table below:

Description	Para Ref	£'000
National Care Home Contract	7.7	823
Mental Health out of area clients	7.8	317
Out of Hours nursing service	7.9	100
<b>Total emerging budget pressures</b>		<b>1,240</b>

7.7 National care home contract was included in the budget but was also the assumption that funding would be provided for this nationally agreed uplift. The uplift agreed by the care homes with Scottish Government and COSLA was 6.9% however, this was to be funded from existing resources and no additional funding was received.

7.8 Emerging budget pressure has arisen for mental health clients that were in a hospital setting, where this is no longer the best place for them and as such

the responsibility for these clients are to be under the care of the health and social care partnership.

- 7.9 Out of Hours nursing service is the budget pressure that was reported to Clinical and Care Governance committee on 31 August 2023. This budget pressure relates to the cessation of the Marie Curie contract and this is phase 1 of the service to replace that contract.

## **8 VIREMENTS**

- 8.1 Following the review of the structure with the Care Services Provided by External Contractors, the block contract elements currently within this service are to be vired to the budget managers under the Learning Disability, Mental Health and Older People & PSD services. This reflects the spend within the budget headings for these services so that the reporting under these headings includes all aspects of spend for the service. The proposed virements are as follows:

<b>Description</b>	<b>Budget Manager</b>	<b>£'000</b>
Mental Health	Kirsteen Pyett	378
Learning Disabilities	Marie Burnell	5,656
Older People	Mandy Higgins/Lesley Attridge/Zandra Smith	793
<b>TOTAL</b>		<b>6,827</b>

## **9. CHANGES TO STAFFING ARRANGEMENTS**

- 9.1 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.
- 9.2 Changes to staffing arrangements as dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 Apr to 30 June 2023, are detailed in **APPENDIX 3**.

## **10. UPDATED BUDGET POSITION**

- 10.1 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.
- 10.2 In addition, the MIJB, concluded the financial year 2022/23 in an underspend position following the application of reserves. The unaudited reserves totalling £4,682,793 were carried forward into 2023/24, all of which are ear-marked with no general reserves.

10.3

	£'s
<b>Approved Funding 30.3.23</b>	<b>148,673,460</b>
Set Aside Funding	13,465,540
Balance of IJB reserves c/fwd to 23/24	4,682,793
Amendment to Moray Council core	(84,698)
Amendment to NHS Grampian core	405,876
Children Services & Criminal Justice	19,202,132
Amendment to set aside	451,460
<b>Revised funding at the start of Qtr 1</b>	<b>186,796,563</b>
<b>Budget adjustments M01-M03</b>	
Moray Vaccination Transformation Programme	1,227,919
AFC One Off Payment	443,953
Primary Care	273,013
Hosted Recharges	69,469
Arrears of Pay	55,096
Public Health	17,497
Misc (Waiting Times & NMF)	177
Dental Outreach SLA	(30,500)
Moray DWD ICF Transfer	(138,625)
Winter Funding	(295,000)
National Trauma	50,000
Other	39,787
<b>Revised Funding to Quarter 2</b>	<b>188,509,349</b>

10.4 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 and Moray Council.

## 11. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan 'Partners in Care 2022 – 2032'**

This report is consistent with the objectives of the Strategic Plan and includes budget information for services included in the MIJB Revenue Budget 2023/24.

(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 3-8 of this report and in **APPENDIX 1**. For the period to 30 June 2023, an overspend is reported to the Board of £2,597,708.

A straight line forecast to end March 2024 has been included in section 3 and APPENDIX 1, which gives the provisional year end position of £3,729,822 is spend continues as it has been in quarter 1. There is also the assumption at this early stage that the savings will be achieved. The potential impact to the partners has been communicated however, a recovery plan will be brought to a future meeting of this Committee to mitigate the overspend.

The staffing changes detailed in paragraph 9 have already been incorporated in the figures reported.

The movement in the 2023/24 budget as detailed in paragraph 10 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 are earmarked reserves brought forward in 2023/24. Additional savings continue to be sought and service redesign are under regular review. Progress reports will be presented to this Board throughout the year in order to address the financial implications the MIJB is facing.

The claw back of reserves during 2022/23 vastly reduced the amount of reserves carried forward into 2023/24 as well as additional pressures arising from the cost of living crisis, increasing energy bills, emerging budget pressures and inflation puts a risk on the budget.

The early provisional forecast is a potential overspend position, this has been communicated to both partners and a recovery plan will be produced to counteract and potentially reduce this position as both partners are also under severe financial pressures.

**(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) Climate Change and Biodiversity Impacts**

There are no direct climate change and biodiversity implications as there has been no change to policy

**(i) Directions**

Directions are detailed in para 10 above and in Appendix 4.

**(j) 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.

**12. CONCLUSION**

**12.1 The MIJB Budget to 30 June 2023 has an over spend of £2,306,993 on core services. Senior Managers will continue to monitor the financial position closely and continue to report on the Recovery and Transformation Plan.**

**12.2 The virement of budgets from the Care Services provided by External Contractors, as detailed in para 8 above will amend the various budget headings but will not affect the overall budget for the MIJB**

**12.3 The financial position to 30 June 2023 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDIX 4.**

Author of Report: D O'Shea Interim Chief Financial Officer (MC)  
Background Papers: Papers held by respective Accountancy teams  
Ref: