



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 30 NOVEMBER 2023

SUBJECT: REVENUE BUDGET MONITORING QUARTER 2 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 September 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 September 2023 is showing an overall overspend of £5,068,191 on core services.**
- ii) note the provisional forecast position for 2023/24 of an overspend of £10,615,345 on total budget for core services;**
- iii) note the progress against the approved savings plan in paragraph 6,**
- iv) note the budget pressures and emerging budget pressure as detailed in paragraph 7,**
- 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 July to 30 September 2023 as shown in Appendix 3; and**
- vi) approve for issue, the Directions arising from the updated budget position shown in Appendix 4.**
- vii) note that a recovery and transformation plan will be brought to the MIJB Committee in January 2024.**

3. **BACKGROUND**

- 3.1 The financial position for the MIJB services at 30 September 2023 is shown at **Appendix 1**. The figures reflect the position in that the MIJB core services are currently over spent by £5,068,191. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	163,540,354	82,115,057	86,726,473	(5,068,191)
MIJB Strategic Funds	17,572,711	3,584,186	3,358,045	226,141
Set Aside Budget	13,917,000	-	-	-
Total MIJB Expenditure	195,030,065	85,699,243	90,084,518	(4,842,050)

- 3.2 The updated provisional forecast outturn to 31 March 2024 is included in **Appendix 1**. The figures reflect the overall position in that the MIJB core services are forecast to be overspent by £10,615,345 by the end of the financial year. This is summarised in the table below:

	Annual Budget £	Forecast expenditure to 31 Mar 23 £	Variance to 31 Mar 23 £
MIJB Core Service	163,540,354	174,155,699	(10,615,345)
MIJB Strategic Funds	17,572,711	11,102,775	6,469,936
Set Aside Budget	13,917,000	13,917,000	0
Total MIJB Expenditure	195,030,065	199,175,474	(4,145,409)

- 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**

Community Hospitals & Services

- 4.1 The Community Hospitals & Services is overspent by £21,841 to date, this predominantly relates to cost pressure within community hospital and community admin in the Buckie area.
- 4.2 This budget is forecast to be £213,711 overspent by the end of the financial year. This is mainly due to forecast expenditure relating to winter vaccinations programme including flu campaign costs in excess of confirmed allocation and additional costs for community hospitals including energy costs.

Learning Disability

- 4.3 The Learning Disability (LD) service is overspent by £1,083,056. The overspend is predominantly due to care purchased at £1,172,230 with income received more than expected reducing this overspend by £76,679 and other minor underspends totalling £1,417.
- 4.4 The overspend primarily relates to domiciliary care to support an individual in their own home, day care which allows clients to do meaningful activities,

social opportunities and a chance to learning new skills and housing support to help people to live as independently as possible in the community.

- 4.5 This budget is forecast to be £3,473,308 overspent by the end of the financial year, due to the issues above remaining to the end of the financial year and an additional 6 children are due to transition to adults services this financial year.

Mental Health

- 4.6 The Mental Health service is overspent by £63,557. This includes Clinical Nursing and other services which are overspent by £159,243. The overspend is primarily due to staffing in medical services which is overspent by £312,586 partly offset by continuing underspends of £43,679 across Nursing Psychology and Allied Health Professionals (AHP's) and additional staffing income £165,975 from NHS Scotland alongside other adverse movements totalling £56,311.
- 4.7 The staffing overspends continues to relate to consultant vacancies to September and junior medical staff within the department being covered by locums. This remains a continuing financial risk to MIJB, which has been reported previously, due to high costs of locums compared to NHS substantive medical staff.
- 4.8 Assessment and care is £95,687 underspent primarily due to a ceased mental health contract that is currently under review.
- 4.9 This budget is forecast to be £409,955 overspent by the end of the financial year due to the issues mentioned above being expected to continue to the end of the financial year and there are two mental health clients transitioning from a hospital setting to a community setting, forecast to be in place until the end of the financial year (as detailed in emerging budget pressures paragraph 7.6 below)

Care Services Provided In-House

- 4.10 This budget is overspent by £183,900 due to an accrual relating to the costs from November to March for the staff regrading at Woodview, staff overtime at Woodview and also client transport for internal transport.
- 4.11 This budget is forecast to be £244,720 underspent by the end of the financial year due to the regrading being paid in December and also the reduction in use of overtime.

Older People and Physical Sensory Disability (Assessment & Care)

- 4.12 This budget is overspent by £724,401 to 30 September 2023. This primarily relates to overspends for care purchased in the area teams of £870,713 and permanent care £709,787. This is being reduced by income received more than budgeted £79,372 and other minor underspends totalling £20,689. The overall overspend is further reduced by the underspend of £756,038 in Care Service provided in-house, there is a direct link between internal and external homecare, hence the offset of this variance.

- 4.13 This budget is forecast to be £1,136,001 overspent by the end of the financial year due to the issues with care purchased continuing to the end of the financial year. The population is ageing and more complex care is now required and projected to continue and most elderly prefer to live in their own home.

Other Community Services

- 4.14 This budget is £166,647 overspent to date. This includes the impact of overspends within Allied Health Professionals for Dietetics, Physiotherapy, Pharmacy and Specialist Nurses. Primarily due to staff costs, loss of income increase costs of medical supplies and other non-pay expenditure.
- 4.15 This budget is forecast to be £337,337 overspent by the end of the financial year. This is primarily due to continuing cost pressure anticipated in Dietetics, Physiotherapy, Pharmacy and Specialist Nurses.

Primary Care Prescribing

- 4.16 The primary care prescribing budget is overspent by £1,913,000 to 30 September 2023. This estimated position is based on only one month's actuals for April and an accrued position for May to September due to difficulties implementing a new national prescribing processing system whereby information for NHS Boards has been delayed. The budget to month 6 include allocation from MIJB core uplift of £319,000 to mitigate position. For 2022/23 the overall prescribing volume of items in total was 4.44% higher than in 1921/22. The prescribing volumes overall are now greater than pre Covid levels and are expected to continue to grow. Locally work is ongoing to look at prescribing and a test of change looking at therapeutic drug switches recently achieved £22,000 saving.
- 4.17 This budget is forecast to be £3,442,842 overspent by the end of the financial year taking into account the volume increase continuing and impact of price changes relating to short supply.

Primary Care Service

- 4.18 This budget is overspend by £117,691 to 30 September 2023, and includes exceptional costs which could not be anticipated for supporting Primary Care services delivered in Moray. This includes support for Aberlour GP practice through a period of extended absence which is continuing and locum costs incurred during this support.
- 4.19 This budget is forecast to be £235,383 overspent by the end of this financial year, as the need for support costs are anticipated to continue

Hosted Services

- 4.20 This budget is overspent by £154,896 due to continuing cost pressures within recharged hosted services including Marie Curie services, Continence services, HMP Grampian and GMED Out of Hours service

- 4.21 This budget is forecast to be £409,267 overspent by the end of the financial year due to cost pressures above anticipated to continue, as well as additional winter costs expected.

Out of Area Placements

- 4.22 This budget is overspent by £502,807. 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 unit costs are producing an overspend.
- 4.23 This budget is forecast to be £970,869 overspend by the end of the financial year due to the above expected to continue for the rest of the financial year.

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.

Efficiencies	Para Ref	Full Year Target	Expected progress at 30 Sept 2023	Actual Progress against target at 30 Sept 2023
		£'000	£'000	£'000
External Commissioning	6.3	500	250	544
Vacancy target	6.5	1,400	700	1,091
Reduction in prescribing costs	6.6	400	200	0
Reduction in overspending budgets	6.7	600	300	0
Reduction in management costs	6.8	300	150	33
Reduction in overtime	6.9	800	400	0
Staff transport	6.4	136	68	40
Postages	6.4	5	3	5
Additional savings achieved	6.3	0	0	123
Total Projected Efficiencies		4,141	2,071	1,836

- 6.3 Savings have been achieved in quarter 1 for the full year effect.
- 6.4 Savings of £45,000 have been taken during quarter 2, but the balance of £96,000 savings will be taken and achieved in full by quarter 3.
- 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 and savings of £442,000 in quarter 2, the rest of the vacancy target is expected to be achieved and progress will be reported each quarter.
- 6.6 Reduction in the prescribing costs has not been achieved and 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 of £33,000 has been achieved in quarter 2, 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 2, 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 was released in quarter 1 and £2,670,042 was released in quarter 2.

- 7.2 Provisions still held centrally at the end of quarter 2 total £5,817,099 and are detailed in the table below.

Description	Para Ref	£'000
Pay & inflation	7.3	927
Contractual inflation & Scottish Living Wage	7.3	332
Prescribing & Community Pharmacy	7.4	1,605
Children in Transition	7.3	599
Learning Disability Clients	7.3	(119)
Recurring Deficit	7.5	2,473
TOTAL BUDGET PRESSURES		5,817

- 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 done in quarter 3. 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
Pay award	7.10	1,555
Total emerging budget pressures		2,795

- 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 and is showing in the core services budgets.
- 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. This additional costs is now showing under mental health services and is part of the reason for the increase in overspend as detailed in para 4.6

- 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. This budget pressure is now showing as an additional cost in the core budget under hosted services.
- 7.10 The cost of the pay award based on the latest offer is expected to be £1,555,000 more than included at the start of the financial year, which was £586,000. This offer has not been agreed and is likely that the cost will increase. Some funding from Scottish Government is expected but the amount is not yet known.

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 as dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 July to 30 September 2023, 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 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.

	£'s
Approved Funding 30.3.23	148,673,460
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
Revised funding at the start of Qtr 1	186,796,563
Adjustments in Qtr 1	1,712,786
Revised funding at the start of Qtr 2	188,509,349
Budget adjustments M04-M06	
Moray IJB Uplift	25,000
Moray Vaccination Transformation Programme	60,535

AFC One Off Payment	(6,000)
Primary Care	63,714
Hosted Recharges	6,186
Arrears of Pay	1,154
Public Health	2,967,972
HCSW Funding	146,195
ADP Funding	496,376
Moray Care Home	8,829
Mental Health Capacity	59,860
LD Annual Health Check	34,594
Mental Health Psychological Therapy	156,835
Mental Health Bundle Funding	67,121
Mental Health Innovation	34,977
PCIF Funding	2,344,000
Community Pathways of Care - Physio in Dr Grays ED	57,900
School nurse funding	26,111
Childrens Service budget amendment	(4,643)
MC funding adjustment for RLW	(26,000)
Revised Funding to Quarter 3	195,030,065

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 and Moray Council.

10. **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 September 2023, a total overspend is reported to the Board of £4,842,050.

The updated provisional forecast to end March 2024 has been included in section 3 and **Appendix 1**, which gives the provisional year end position of £4,145,409. There is also the assumption at this early stage that not all 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 updated 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

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 2023 has an over spend of £5,068,191 and the updated provisional forecast position of £10,615,345 on core services. This is reduced by underspends in Strategic funds to give a total overspend position, Managers will continue to monitor the financial position closely and will report on the Recovery and Transformation Plan at the next meeting.

11.2 The financial position to 30 September 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: