



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 25 NOVEMBER 2021

SUBJECT: REVENUE BUDGET MONITORING QUARTER 2 FOR 2021/22

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

1.1 To update the Board on the current Revenue Budget reporting position as at 30 September 2021 and provide a provisional forecast position for the year-end for the Moray Integration Joint Board budget.

2. RECOMMENDATIONS

2.1 It is recommended that the Moray Integration Joint Board (MIJB):

- i) Note the financial position of the Board as at 30 September 2021 is showing an overall overspend of £2,396,026.**
- ii) note the provisional forecast position for 2021/22 of an overspend of £2,373,735 on total budget;**
- iii) Note the progress against the approved savings plan in paragraph 6, and update on Covid-19 and additional funding in paragraph 8;**
- 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 2021 as shown in APPENDIX 3; and**
- v) Approve for issue, the Directions arising from the updated budget position shown in APPENDICES 4 and 5.**

3. BACKGROUND

3.1 The financial position for the MIJB services at 30 September 2021 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £2,388,503. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	126,683,356	62,573,310	64,961,813	(2,388,503)
MIJB Strategic Funds	10,701,837	2,413,465	2,420,988	(7,523)
Set Aside Budget	12,620,000	-	-	-
Total MIJB Expenditure	150,005,193	64,986,775	67,382,801	(2,396,026)

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

3.3 The first provisional forecast outturn to 31 March 2022 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 £4,689,494 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	126,683,356	131,372,850	(4,689,494)	(4)
MIJB Strategic Funds	10,701,837	8,386,078	2,315,759	22
Set Aside Budget	12,620,000	12,620,000	-	-
Total MIJB Expenditure	150,005,193	152,010,928	(2,373,735)	(2)

4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2021/22

Community Nursing

4.1 Community nursing service is underspent by £202,069. This is due to underspends in District Nursing £94,627, Health Visitors £91,766 and Elgin, where the team is combined £15,676.

4.2 For District Nursing the overall current underspend £94,627 relates mainly to the Varis Court Augmented Care Units (ACU's) budget which is underspent by £131,728. The Varis budget is underspent due to staffing vacancies as a result of the organisational change process. These posts have now been appointed to and start dates are being organised. The ongoing capacity in the Varis budget as a result of the organisational change will, in future contribute to the Hanover costs for the provision of care at the 4 ACU's. The variation of the contract has been signed and the ACU's will open for December 2021. The overspend in the remaining District Nursing budget will be mitigated by further Scottish Government additional funding anticipated. The first tranche of £83,788 has been received and is already included in the annual budget. A second tranche is expected during November and it is estimated that further funding of £35,909 will be received to improve the overall District Nursing position.

- 4.3 For Health Visitors, vacancies, planned leave including maternity leave and retirements have contributed to the current underspend of £91,766 across the service. Challenges remain on the recruitment and retention of qualified and experienced Health Visitors and School Nurses at a local, regional and national level. To help mitigate or minimise risk in the delivery of the Service, two trainee Health Visitors have joined the service in September, 1 trainee Health Visitor and 2 School Nurses will qualify in 2022 and 2 trainee Health Visitors and 2 School Nurses will qualify in 2023. In addition, a number of Health Visitors who plan to retire by end of March 2022 have indicated that they would wish to return to part-time posts, which will be considered as part of the service recruitment and retention plan. With the increase in qualified, skilled and experienced practitioners, this will alleviate a number of key service pressures, stabilise the workforce, ensure modernisation and sustainability of the service, that it is responsive to local need and risk, and help maintain positive staff health and wellbeing.
- 4.4 This budget is forecasted to be £357,392 under spent by the end of the financial year as the underspend is addressed.

Learning Disability

- 4.5 The Learning Disability (LD) service is overspent by £447,651. The overspend is predominantly due to care purchased £462,185, less income received than expected £ 28,139 and other minor overspends totalling £8,856. This is being reduced by an underspend in clinical Speech and Language services and psychology services of £51,528.
- 4.6 The LD Service manager and indeed all of the LD service are aware of the overspend. The overspend on care is because of different factors; there has been an increase in families unable to maintain their caring role and as a consequence there has been an increase in crisis intervention. There is little available accommodation and few resources to provide support for people and this results in costly standalone packages. There has also been an increase in complex and challenging behaviour following the lockdown period and this has meant an increase in the number 2:1 staffing requirements to minimise risk. There has also been an increase in people needing day activities following the prolonged lock-down period.
- 4.7 This budget is forecast to be £1,288,751 overspent by the end of the financial year, due to the issues above remaining to the end of the financial year.

Mental Health

- 4.8 The Mental Health service is overspent by £433,605. This overspend is primarily due to two consultant psychiatrist vacancies being covered by high cost agency medical locums. This presents an ongoing financial risk to MIJB, which has been reported previously. The changing workforce demand profile in medical staff is evident of workforce choice for lucrative locum work instead of substantive NHS contracts. This is affecting all health boards across NHS Scotland and the rest of the UK. Some nursing workforce budgets (incremental drift), and out of area care packages are also contributing to overspend. However, some of the overall overspend is being offset by

underspends (vacancies) in Psychology, Community Mental Health Nursing and Allied Health Professionals (AHP's).

- 4.9 In order to reduce reliance on costly agency medical locums, one agency medical locum is due to end mid-December as a result of service and workforce redesign in adult mental health services. The other agency locum is due to end by 31st March 2022. Between now and March 2022, service and workforce redesign in the older adult mental health service will be undertaken and concluded. In relation to Workforce Planning, an adult mental health psychology vacancy has been out to advert twice with no suitable applicants. This is due to national investment in psychological therapies creating workforce opportunity across Scotland and the resulting competition between health and care organisations. In Moray, adult psychological therapy workforce are meeting HEAT (Health improvement, Efficiency and governance, Access, Treatment) targets, however this may not be sustainable as staff reach capacity and referrals continue to be received. Nursing vacancies in community mental health teams are difficult to fill due to national workforce shortages and not enough outputs from undergraduate nurse training.
- 4.10 Care packages are currently overspent by £140,193 primarily due to the purchase of care and costly out of area care packages. This includes a high cost care package now in place, which was anticipated to be incurred when the budget was set in March 2021 and was included as a FYE budget pressure of £158,000. The budget pressure will be aligned in period 7 to reduce the reported overspend in the next quarters budget monitoring report.
- 4.11 This budget is forecast to be £891,489 overspent by the end of the financial year due to the issues mentioned above being forecast to be in place until the end of the financial year

Care Services Provided In-house

- 4.12 This budget is underspent by £446,150 this relates to underspend in staffing across all the services in this budget totalling £565,662, which is being reduced by an overspend of £87,238 in day care services due to transport costs and less income received than expected due to the closure during Covid 19.
- 4.13 This budget is forecast to be £1,041,019 underspent by the end of the financial year. The underspend is primarily due to unfilled vacancies and the issue of recruitment has been an ongoing problem which is expected to continue for the rest of the financial year.

Older People and Physical Sensory Disability

- 4.14 This budget is overspent by £1,650,995. This primarily relates to overspends for domiciliary care in the area teams £1,409,128, permanent care £239,186 and other minor variances of £2,681. 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.

- 4.15 The overall budget set for this area for the year is £18,853,516 and for the first six months of this financial year is showing an overspend of £1,650,995. This is an increase of £723,044 from the same point in the year in 2020/21. A comprehensive report is being presented to this meeting today, allowing for an in-depth review of the complex factors contributing to the adverse financial position, detailing the areas of overspend and mitigating actions to ensure robust financial governance and oversight. Budget Managers and finance staff are currently meeting regularly.
- 4.16 This budget is forecast to be £3,548,029 overspent by the end of the financial year due to the issues mentioned above being expected to continue
- 4.17 Recently, Scottish Government has announced additional funding and new investment that is being put into place to help protect health and social care services over the winter period and to provide longer term improvement in service capacity across our health and care systems. The investment aims to: maximise capacity; ensure staff wellbeing; ensure system flow and to improve outcomes. Over the next period, the Chief Financial Officer will work closely with the senior management Team to ensure the principles supporting this additional funding can be delivered. The impact on allocating this funding will alleviate some of the current pressure being experienced in the care at home budgets.

Other Community Services

- 4.18 This budget is underspent by £281,860 which includes underspend in Allied Health Professionals (AHP's), Dental, Public Health and Specialist Nursing services offset in part by overspend in Pharmacy. Within this underspend £81,006 relates to Public Health where there has been reduced activity in Health Improvement as a consequence of staff redeployment to support Covid services and vacancies. It is anticipated that core activity will resume over the remainder of this financial year. For AHP's the underspend to September is £63,702 which includes underspend in Podiatry where recruitment to vacant posts has recently been concluded and Speech & Language services where recruitment is an ongoing challenge on a Grampian wide basis. Dental is currently underspent by £132,344, mainly due to vacant posts in quarter 1 and quarter 2. The majority of these posts have now been filled or replacements are being actively recruited to with start dates being organised. This includes three Dental Officer posts and support staff including a receptionist and 1.6 WTE dental nurse positions.
- 4.19 This budget is forecast to be £563,259 underspent by the end of the financial year.

Primary Care Prescribing

- 4.20 The primary care prescribing budget is overspent by £559,270 to September 2021. This position is based on four month's actuals to June and an accrued position for August and September as information is received two months in arrears. The budget to month 6 does not yet include any possible allocation through MIJB Covid funding for the two drugs, Sertraline and Paracetamol, identified by Scottish Government as being specifically impacted upon relating to Covid. The full year estimate of the Covid impact for 2021/22 in Moray is

calculated as £154,243 yet to be included which would improve the position. For 2020/21 the overall prescribing volume of items in total was 4.15% lower than in 2019/20 and the prescribing pattern did not return to pre Covid levels. However, to September 2021 the estimate of items is greater to date than anticipated, with higher volume to date. The emerging volume pattern for 2021/22 has still to be reviewed as the increase is greater than expected across Grampian. It may be that Serial Prescribing is contributing to increased volumes and this will need to be reviewed alongside repeat medication systems. Since January 2021 the price per item had been relatively stable and an average price of £11.12 per item has been used to estimate position to June. The average price per item fell in July following negotiations between the Scottish Government and Community Pharmacy Scotland now implemented.

- 4.21 This budget is forecast to be £1,083,000 overspent by the end of the financial year taking into account the volume increase continuing and price reduction from July.

5. STRATEGIC FUNDS

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

- Additional funding received via NHS Grampian (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 & Covid in 2021/22, 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 general reserves totalling £1,597,742 which are not allocated to services but will be used towards funding the overspend. However, there will not be sufficient reserves to cover the overspend in total if the level of spend continues till the 31 March 2022.

- 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 2021/22 was presented to the MIJB 25 March 2021 (para 9 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 2021/22 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 2021	Actual Progress against target at 30 Sept 2021
		£'000	£'000	£'000
Accountancy driven		150	75	73
External Commissioning	6.3	122	61	146
Increased income from charging	6.4	110	55	0
Transformational change		25	13	25
Total Projected Efficiencies		407	204	244

- 6.3 It should be noted that the savings budgeted from external commissioning have been met in full. This position is unlikely to change by the end of the year as all savings have been realised as at 30 September 2021.
- 6.4 Increased income from charging was to reflect changes proposed to the taper relief, due to be agreed through the Contributions Policy. In November 2020, MIJB Members agreed to this recommendation (para 13 of the minute refers) being presented to Moray Council as part of the approval required for the Contributions Policy at an early date. At Moray Council on 10 November 2021 the taper relief was not increased and is to remain the same, therefore this saving will be unachievable. This underachievement is being reported to Scottish Government on a quarterly basis but it remains as yet unknown as to whether the funding of this will be supported. The Independent Review of Adult Social Care report was published and has placed this element of savings at risk going forward <https://www.rcn.org.uk/scotland/influencing-on-your-behalf/independent-review-of-adult-social-care-in-scotland#:~:text=The%20Independent%20Review%20into%20Adult%20Social%20Care%20was,to%20the%20process%20of%20commissioning%20of%20social%20care.>

7 IN-YEAR EFFICIENCIES / BUDGETARY CONTROL

- 7.1 Through budget monitoring processes and further investigate work, we are pursuing opportunities to extract Covid related spend from core budgets and utilise Covid reserves to ensure core expenditure is protected as much as possible. This requires finance and operational areas to work together in effective identification that provides an audit trail.
- 7.2 The Health and Social Care Moray (HSCM) Senior Management Team (SMT) are meeting regularly to review spend, identify additional savings and to track progress on transformational redesign so that corrective action and appropriate disinvestment can be supported. The risks associated with less long term planning remain, and will need to be addressed as part of remobilisation.

8. IMPACT OF COVID – 19 AND ADDITIONAL FUNDING

- 8.1 To date there has been continued commitment from Scottish Government to provide additional funding to support health and social care as a result of the pandemic. This includes the use of Covid 19 specific reserves to support the remobilisation of services. At the time of writing this commitment does not extend beyond 31 March 2022.
- 8.2 HSCM continue to provide quarterly returns to Scottish Government on the Local Mobilisation Plan (LMP) via NHS Grampian. The plan for 2021/22 estimates that additional in-year spend relating to Covid 19 will be £2.928 million to the end of the current financial year. Reported expenditure at the end of quarter 2 was £1.455 million. The costs are summarised below:

Description	Spend to 30 Sept 2021 £000's
Staffing	60
Provider Sustainability Payments	792
Remobilisation	191
Cleaning, materials & PPE	13
Elgin Community Hub (Oaks)	242
Prescribing	77
Unachievable Savings	55
Other	25
Total	1,455

- 8.3 Scottish Government has recognised the ongoing impacts resulting from Covid and the pressures facing the health and social care system heading into the winter period. On the 5th October, measures were outlined by Scottish Government relating to new investment for Scotland of more than £300 Million as a direct response to the intense winter planning and system pressures work that is taking place. These preparations are predicated based on four key principles:

- Maximising capacity
- Ensuring Staff wellbeing
- Ensuring System Flow
- Improving Outcomes

Subsequently, on the 4th November Scottish Government provided further detail on key components of the additional funding. Specifically, this covered

- £40 million for interim care arrangements
- £62 million for enhancing care at home capacity
- Up to £48 million for social care staff hourly rate of pay increases; and
- £20 million for enhancing multi-disciplinary teams

This funding is for the remainder of the current financial year with additional commitments of funding still to be confirmed for future years. The SMT and service leads are currently working through the implications and opportunities and further reporting to the Board will reflect these proposals.

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 Moray Council and NHS Grampian procedures for the period 1 July to 30 September 2021, 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 2020/21 in an undepend position following the application of reserves. Reserves totalling £6,342,395 were carried forward into 2021/22, of which £4,744,650 are ear-marked and £1,597,745 are a general reserve of which £1,554,267 has been utilised to support a balanced budget position as set out in the revenue budget paper presented to this Board on 25 March 2021 (para 9 of the minute refers).

10.3

	£'s
Approved Funding 26.3.21	128,425,128
Set Aside Funding 26.3.20	12,252,000
Balance of IJB reserves c/fwd to 20/21	4,788,128
Amended directions from NHSG 3.6.21	80,661
Budget Adjustments qtr 1	1,678,730
Revised Funding to Quarter 2	147,224,647
Budget adjustments M04-M06	
Public Health Earmarked	136,000
Primary Care	91,728
Staff Mental Health & Wellbeing	34,297
CRT Funding	250,000
Forres HUB	(3,000)
Moray Core Uplift	755,000
District Nursing & School Nursing	205,297
Action 15	274,346
Other	34,449
Amendment to Set Aside Funding	368,000
NCHC Funding	634,429
Revised Funding to Quarter 3	150,005,193

- 10.4 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 respectively.

11. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan 2019 – 2029, ‘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 2021/22.

(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 2021, an overspend is reported to the Board of £2,396,247 with the first estimated forecast being an overspend of £2,373,735 for 2021/22

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

The movement in the 2021/22 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. In particular, in relation to the Older People & Physical & Sensory Disability service. A separate report to this Board is being presented to this meeting today.

There are general and earmarked reserves brought forward in 2020/21. Additional savings continue to be sought and a recovery and transformation plan is in place in order to support the 2021/22 budget

and beyond, which will be 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.

(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.

12. CONCLUSION

12.1 The MIJB Budget to 30 September 2021 has an over spend of £2,388,503 and the first provisional forecast position of £4,689,494 on core services. This is reduced by underspends in Strategic funds to give a total overspend position of £2,396,026 to 30 September 2021 and provisional forecast position of £2,373,735. Senior Managers will continue to monitor the financial position closely and continue to report accordingly on progress.

12.2 The financial position to 30 September 2021 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 (MC) & B Sivewright Finance Manager (NHSG)

Background Papers: Papers held by respective Accountancy teams

Ref: