



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 25 MARCH 2021

SUBJECT: REVENUE BUDGET MONITORING QUARTER 3 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 31 December 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 31 December 2020 is showing an overspend of £584,491 on core services;**
- ii) note the provisional forecast position for 2020/21 of an underspend of £36,073 on total budget;**
- iii) note the progress against the recovery and transformation plan and the support that has now been confirmed through Scottish Government Covid funding surrounding the underachievement of savings**
- 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 October to 31 December 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 31 December 2020 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £584,491. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	123,906,757	92,870,518	93,455,009	(584,491)
MIJB Strategic Funds	9,194,672	4,297,865	4,269,335	28,530
Set Aside Budget	12,252,000	-	-	-
Total MIJB Expenditure	145,353,429	97,168,383	97,724,344	(555,961)

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

3.3 The updated 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 £543,869 by the end of the financial year. This is summarised in the table below.

	Annual Budget £	Provisional Outturn to 31 Mar 2021 £	Anticipated Variance to 31 Mar 2021 £	Variance against base budget %
MIJB Core Service	123,906,757	124,450,626	(543,869)	(0.4)
MIJB Strategic Funds	9,194,672	8,614,730	579,942	6.3
Set Aside Budget	12,252,000	12,252,000	-	-
Total MIJB Expenditure	145,353,429	145,317,356	36,073	(0.02)

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 £194,560 to 31 December.

4.2 Overspends continue to be realised for the services. The main overspend relates to community hospitals in Buckie £134,925 and Keith £47,536. Aberlour and Dufftown operating jointly are underspent by £3,413 and other minor variances including administration and medical costs total overspend of £15,512. The overspend in Buckie and Keith and are mainly longstanding relating to staffing. Services in Aberlour include additional cost of currently commissioned care beds which are offset by underspends in Dufftown.

4.3 This budget is forecasted to be £252,521 overspent 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.

Community Nursing

4.4 Community nursing service is underspend by £262,757. 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 £348,387 underspent by the end of the financial year. This position includes the impact of vacancies where new appointments are being made, staff still in training not yet at full cost and budgetary allocation provided in 2020/21 to allow for banding adjustment to qualified staff which was agreed nationally.

Learning Disabilities

- 4.6 The Learning Disability service is overspent by £287,123. The overspend is primarily due to overspends on the purchase of care for people with complex needs of £415,412 which includes young people transitioning from children's services and people being supported to leave hospital. Underspends in staffing of £130,962 mainly relating to physiotherapy, occupational therapy, speech and language and psychology services. Other minor non pay overspends total £2,673.
- 4.7 This budget is forecasted to be £463,949 overspent by the end of the financial year after including assumptions that the overspend on purchase of care will be £635,000 and staffing underspends will continue at a level of £171,051.
- 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.

Mental Health

- 4.9 This budget is underspent by £90,534. The underspend on clinical and other services primarily relates to underspends in medical staffing due to vacancies £147,803 alongside other cumulative underspends totalling £56,256 (including nursing staff). This is being reduced by an overspend of £113,525 relating to the purchase of care for a high cost care package.
- 4.10 This budget is forecasted to be £145,526 underspent by the end of the financial year due to the above variances continuing. The underspend is not expected to continue in to 2021/22 as there has now been successful recruitment to the adult mental health vacancies.

Care Services Provided In-House

- 4.11 This budget is underspent by £1,024,252. This primarily relates to staffing costs totalling £932,327 (this includes underspends in Care at Home service £429,079; Community Support workers £230,600; Re-ablement £84,071, Barlink £14,725, Woodview £126,446 and Waulkmill of £47,406), due to vacancies and recruitment. There are also underspends in staff transport of £67,924 due to support staff not using transport because of Covid, client transport of £54,981 relating to day services, where the services have been closed, admin £44,715 relating to telephone contract and other minor variances totalling £951, which is being reduced due to less income received than expected of £76,646.

- 4.12 This budget is forecasted to be £1,378,000 underspent by the end of the financial year. The staffing cost underspends are expected to continue totalling £1,251,000 and corresponding under spends in staff transport £76,000 and client transport £113,000. Continuing underspends in Admin £29,000, and other various underspends totalling £5,000. This is being reduced by continued loss of income anticipated to be £96,000.

Older People and Physical Sensory Disability (Assessment & Care)

- 4.13 This budget is overspent by £1,690,760. This includes an overspend for domiciliary care in the area teams £1,607,296, permanent care £492,167 and loss of client income £33,507. This is being reduced by underspends in day care £219,879, day care client transport £70,357, respite £41,366, Shared Lives £105,382 and other minor underspends totalling £5,226. The variances within day care, Shared Lives, transport and respite relate to the services being closed due to Covid.

- 4.14 This budget is forecasted to be £2,292,000 overspent by the end of the financial year. The forecast overspend is expected to continue as detailed above, with domiciliary care overspend of £2,444,000, permanent care £500,000 and loss of client income under recovery £10,000, which is offset in part by continuing underspends in day care £333,000, day care client transport is forecast to underspend £101,000, respite £60,000, Shared Lives £163,000 and other minor underspends totalling £5,000. The underspends in day care, respite and shared lives are based on the assumption that whilst working towards re-mobilisation it is unlikely to be before the end of the financial year. The extent of the underspends and any likely reduction will be based on re-mobilisation over the coming months.

- 4.15 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

- 4.16 This budget is underspent by £310,178. This primarily relates to Learning Disability where day services have had to cease due to the Covid pandemic, the underspend is £375,740. This underspend also includes a one off credit for a decommissioned service totalling £147,833, where the clients have been provided with more suitable provision. The underspend is offset by prior year savings against services not achieved £46,000 and increase in OLM and Care Cubed licences £19,562.

- 4.17 This budget is forecasted to be £417,000 underspent by the end of the financial year primarily due to the above variances continuing. Learning Disability contracts are expected to underspend by £475,000 and other minor variances totalling £7,562. Which is being reduced by increase in OLM licences, care cubed costs £19,562, and prior year savings unachieved totalling £46,000.

Other Community Services

- 4.18 This budget is underspent by £245,365. This relates to underspends in Allied Health Professionals (AHP's) £100,807 (which includes underspends in Podiatry, Physiotherapy and Speech and Language Therapy where ongoing difficulties are being experienced in recruitment partially offset by an overspend

in Occupational Therapy and Dietetics), Dental services £67,277 where underspends exist in Community Dental services mainly arising from staffing, Public Health £26,960, and Specialist Nursing services £86,912 (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 £36,591 which is related to staff costs that are expected to continue.

- 4.19 Total other community services is forecasted to be £380,141 underspent by the end of the financial year. Managers are aware of the position in relation to their services but the forecast broadly anticipates continuance of current expenditure patterns as detailed above although in Public Health the underspend is forecast to increase as services are delayed due to staff redeployment.

Admin and Management

- 4.20 Admin and Management is currently underspent by £31,978. This includes £80,716 overspend relating to staff costs and a reduction in income. Within Business Support an underspend to date of £112,694 includes, Step Down beds relating to contract compliance, Clinical governance and Business Support Team where expenditure is lower than budget to date.
- 4.21 This budget is forecasted to be £451,178 underspent by the end of the financial year. This is primarily due to the vacancy factor target which is expected to be exceeded by £388,757, underspends of £154,848 within Business Support offset by overspend of £92,437 in Management costs anticipated.

Primary Care Prescribing

- 4.22 The primary care prescribing budget is reporting an overspend of £455,792 to December 2020. This position is based on seven month's actuals from April to October and includes the continuing impact on price and volume from Covid-19. The prescribing budget now includes allocation from IJB Covid funding amounting to £177k for two drugs identified by Scottish Government as being specifically impacted upon by Covid. A national Short Lives Working Group met with expert colleagues from Public Health Scotland and the advice was that only two medicines, Sertraline and Paracetamol, were likely to contribute to material overspends as a result of COVID-19. Work continues both locally at Grampian Primary Care Prescribing Group to investigate this and nationally, where the prescribing advisors network are working with Primary Care (Family Health Services Executives) to analyse the situation.
- 4.23 This budget is forecasted to be £620,000 overspent by the end of the financial year reflecting assumed future volumes now consistent with current levels and for prices to remain consistent. The price per item remains higher than anticipated. The prescribing position is a major risk area.

Primary Care Services

- 4.24 Primary Care services budget is currently underspent by £115,683 which includes a non recurring rebate received in Premises expenditure for rents and rates and Board Administered Funds including seniority payments.
- 4.25 This budget is forecasted to be £83,000 underspent by the end of the financial year as impact of rebate is abated.

Hosted Services

- 4.26 Hosted Services, comprises of a range of Grampian wide services that are hosted and managed by a specific IJB on a Grampian wide basis. Costs are re-allocated to the three IJB budgets on a monthly basis. A list of these services is included in **APPENDIX 2**. Moray Hosted Services are overspent by £137,447 to December primarily due to the Grampian Medical Emergency Department (GMED) out of hours service (which is hosted and managed by MIJB), overspend of £243,789 that is offset by cumulative underspends of £137,477 in other hosted services including Intermediate Care, Sexual Health services and Diabetic Services.
- 4.27 This budget is forecasted to be overspent by £191,686 by the end of the financial year mainly attributable to the overspend within GMED out of hours service. Service managers are continuing to review the GMED service.

Improvement Grants

- 4.28 Improvement grants is underspent by £220,001 at 31 December 2020, however at the end of the financial year this budget is expected to be under spent by £300,000. This is predominately due to the impact of Covid upon the work that has been unable 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 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 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 third quarter against the original recovery plan.

Efficiencies	Para Ref	Full Year Target	Actual progress against target at 31 December 2020	Status (R A G)	Expected to achieve at 31 March 2020
		£'000	£'000		£'000
Accountancy driven		223	167	G	223
External Commissioning	6.3	249	0	R	0
Increased income from charging	6.4	261	30	R	40
In-house provided care	6.5	157	75	A	100
Transformational change	6.5	341	133	A	177
Prescribing – medicines management	6.6	206	0	R	0
Prescribing – National reduction in drug tariff	6.6	500	0	R	0
Other		7	0	R	0
Total Projected Efficiencies		1,944	405	R	540

- 6.3 Commissioning activity was stood down in March 2020 and staff were redeployed to support the Covid-19 response. In the second quarter commissioning activity had been re-established. However, due to the current lockdown progress has therefore been limited and it is unlikely to achieve any of the savings in this financial 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. Due to the timing of meetings and the process aligned to the the required policy changes, the majority of these savings will not be achieved this financial year.
- 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. As re-mobilisation continues, opportunities for alternative ways of delivering services are emerging. It is recognised that budget re-alignment will be required going forward.

- 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 negating 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.
- 6.7 On 5 February 2021, notification from Scottish Government was received in relation to additional Covid-19 funding that would be made available to Integration Authorities for the ongoing associated costs. Within this funding, it has been recognised that the pandemic has had significant impact on financial recovery plans. The allocation provides support for the under-delivery of current year savings. This becomes effective in the final financial quarter of the year and so it not reflected in **Appendix 1** or **3.1** and **3.2** of this report, however the impact will be such that a surplus position will be realised by 31 March 2021. This will create a general reserve that will be utilised to support a balanced budget for 2021/22.

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. The latest submission of our local mobilisation plan was made on 22 January 2021 (via NHS Grampian). The plan estimates that additional spend relating to Covid-19 will be £5.4m to the end of the financial year. Additionally, the plan indicated that the underachievement of savings would be in the region of £1.4m that corresponds to 6.2 above in relation to the shortfall as at 31 December 2020 and as highlighted in para 6.7, funding has now been received to support this position.
- 7.2 This budget monitoring report for the third quarter of 2020/21 shows no adverse variance on the financial impact of Covid-19. The costs incurred up to 31 December 2020 can be summarised as:

Description	Spend to 31 December 2020 £000's
Reducing Delayed Discharge	462
Staffing	519
Provider Sustainability Payments	1,296
Payments to Primary Care Contracts	388
Cleaning, materials & PPE	18
Elgin Community Hub (Oaks)	670
Prescribing	133
Clinical leadership	108
Total	3,594

- 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 October to 31 December 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.

	£'s
Approved Funding 26.3.20	123,818,000
Set Aside Funding 26.3.20	11,765,000
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
Budget adjustments qtr 2	1,593,186
Revised Funding to Quarter 3	139,111,470
Budget adjustments M07-M09	
Carers funding to Childrens services	(43,747)
Covid 19 Allocation	3,615,000
Adult Social Care	1,070,000
Primary Care	729,881
PCIF	701,031
Action 15	228,478
Mental Health	174,668
GP OOH	86,471
School Nurse Funding	55,200
Physio ARISE	32,465
Open University	20,000
Dental Priority Groups	18,000
Hosted Recharges	2,232
Prescribing	(447,720)
Revised Funding to Quarter 4	145,353,429

9.2 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 MIJB Chief Officer and Chief Financial Officer to deliver services within the resources identified. The Moray Integration Scheme (para 12.7 of the 2018 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 31 December 2020, an underspend is reported to the Board of £36,073.

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.

(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 31 December 2020 has an over spend of £584,491 and the updated provisional forecast position of £555,961 overspend on core services. Senior Managers will continue to monitor the financial position closely.**
- 11.2 The finance position to 31 December 2020 includes the changes to staffing under delegated authority, as detailed in APPENDIX 3.**
- 11.3 The financial position to 31 December 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 and 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: