



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 24 JUNE 2021

SUBJECT: REVENUE BUDGET OUTTURN FOR 2020/2021

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

1.1 To inform the Moray Integration Joint Board (MIJB) of the financial outturn for 2020/21 for the core budgets and the impact this outturn will have on the 2021/22 budget.

2. RECOMMENDATIONS

2.1 It is recommended that the MIJB:

- i) consider and note the unaudited revenue outturn position for the financial year 2020/21,**
- ii) consider and note the impact of the 2020/21 outturn on the 2021/22 revenue budget, and**
- iii) approve for issue, the Directions shown in APPENDICES 4 and 5 to NHS Grampian and Moray Council respectively.**

3. BACKGROUND

3.1 The overall position for the MIJB is that core services were underspent by £503,557 as at 31 March 2021. The MIJB's unaudited financial position for the financial year ending 31 March 2021 is shown at **APPENDIX 1**. This is summarised in the table below.

	Annual Budget	Actual Expenditure	Variance to date
	£	£	£
MIJB Core Service	126,584,066	126,080,509	503,557
MIJB Strategic Funds & other resources	12,540,118	6,701,280	5,838,838
Set Aside Budget	12,620,000	12,620,000	0
Total MIJB Expenditure	151,744,184	145,401,789	6,342,395

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

4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2020/21

4.1 Community Hospitals & Services

4.2 The Community Hospitals and Services budget is overspent by £238,969 at the year-end. This includes £54,997 overspend on medical costs and community administration including cost of salaries and under recovery of income alongside £183,972 overspend for Community Hospitals. The main overspends relates to community hospitals in Buckie £176,386, Aberlour £20,471 and Keith £64,063 which is offset by an underspend in Dufftown £76,948. Community hospitals generally continue to be challenged with staffing to the required level to safely operate the bed complement. In Speyside, this includes the community hospitals in Dufftown and Aberlour where there have been attempts to stabilise the service and staff have been working across sites as a means of ensuring resilience. Long term sickness has also been a factor.

4.3 The outturn for Community Hospitals and Services budget is overspent by £13,552 less than previously forecast. This was primarily due to a slight reduction in the level of overspends in Nursing costs.

4.4 Community Nursing

4.5 The Community Nursing budget is underspent by £322,047 to the year-end. This is due to underspends across the Community Health Visiting service and District Nursing related to vacancies and development within the service

4.6 The outturn for Community Nursing is underspent by £26,339 less than previously forecast. This was primarily due to increased expenditure amongst the Health Visiting service which has reduced the underspend.

4.7 Learning Disabilities

4.8 The Learning Disability (LD) service is overspent by £577,342 at the year-end. The overspend is primarily due to the purchase of care for people with complex needs of £534,663, which includes young people transitioning from children's services, people being supported to leave hospital and for additional adaptation to a property of £5,000 to enable the service user to remain in their own home. Adults with learning disabilities are some of the most vulnerable people in our community and need a high level of support to live full and active lives. Overspending in this area is not specific to Moray – local authorities across the country face similar difficulties in funding LD services at the required level. The LD team are aware that without appropriate structure and routine, many of our service users will exhibit challenging behaviours which are costly to manage and are not desirable from the perspective of people's life experience and human rights. This is being offset by underspends on staffing of £194,321 that have existed throughout this financial year, related to vacancies mainly in physiotherapy, nursing and psychology services.

4.9 The outturn for the LD service is overspent by £113,393 less than previously forecast however, pressures remain in supporting people with complex needs. The transition of individuals moving from being cared for by their families to living more independently creates additional costs that have to be met. The whole system transformational change programme in learning disabilities can help ensure that every opportunity for progressing people's potential for independence is taken, and every support plan is scrutinised prior to authorisation, that expenditure is 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.

4.10 Mental Health

4.11 Mental Health services are underspent by £30,887 at the year end. This includes underspends in clinical, nursing and other services of £214,526 which is offset by an overspend of £183,639 within assessment and care. The underspend is mainly attributed to nursing pays of £229,271, and additional income being received of £45,182 relating to NHS Education for Scotland. This is being reduced by overspends relating to high cost care package and respite care for three new clients, all of which have high support needs.

4.12 The outturn for Mental Health is overspent by £114,639 more than the previous forecast. This was due in part to the purchase of care, since forecasting is difficult as it relies on meeting clients' needs as well as due to reducing underspends on staffing costs relating to nursing pay.

4.13 Care Services Provided In-House

4.14 This budget is underspent by £1,213,489 at the end of the year. There are numerous variances within this budget heading, the most significant are due to the Care at Home services for all client groups which are underspent by £987,828. Supported Living services which include Waulkmill, Barlink and Woodview are underspent by £216,640. There are other minor underspends totalling £9,021.

4.15 The outturn for this budget is £164,511 less than previously forecast. This is primarily due to recruitment of more staff to deliver more hours for the Care at Home service which reduced the forecast underspend. The staffing underspend in Care at Home and community support workers is not expected to continue at the current level in 2021/22 as we continue through the pandemic and recovery with a clear focus on the Home First approach. Work to re-align budgets will take place during 2021/22.

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

4.17 This budget is overspent by £1,904,432 at the end of the year. The year-end position includes an overspend for domiciliary care in the area teams of £2,527,217, which includes the Hanover complexes for the sheltered housing complexes at Forres and Elgin (£971,000) and permanent care costs (£443,296), due to an increase in nursing care requirements rather than residential. This is reduced by an underspend in day care and related

transport costs £622,785 which have been reduced through the pandemic. 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 and for the relatively new models of care being embedded with Hanover.

4.18 The outturn for this budget is £387,568 better than the previous forecast. This was primarily due to the cost of care within the community, this budget is extremely difficult to forecast due to it meeting clients' needs. Monitoring the level of spend within domiciliary care with external providers will continue and this should be in context with the underspend in internal services with a view to budget re-alignment in the 2021/22 financial year.

4.19 Intermediate Care & Occupational Therapy (OT)

4.20 This budget is underspent by £13,443 at the end of the year, this primarily relates to underspends of £12,457 on aids & adaptations, £9,241 on staff transport costs and £18,658 for Loxa Court, primarily because of Covid and other minor variances totalling £7,172. This is being reduced by overspends that relate to the landlord costs attributable to Jubilee cottages, £14,461 and Telecare equipment, £11,744 to facilitate people remaining in their own home and loss of income due to Covid £6,320.

4.21 The outturn for this budget is £102,443 better than previously forecast. The improved position is due to a reduction in stock at the end of the year of £68,785 and a greater underspend than expected for Varis Court of £33,658.

4.22 Care Services provided by External Contractors

4.23 This budget is underspent by £346,609, this primarily relates to underspends in Learning Disability contracts of £449,090 and other contracts totalling £23,979, through service closures and the impact of Covid on services. Which is being reduced by loss of income £48,553, Blue badge scheme £18,057 and prior year savings that have not been achieved £59,850. External providers have been supported continuously throughout 2020/21 with supplier relief payments.

4.24 The outturn for this budget is £70,391 less than previously forecast due to the underspends on the Learning Disability contracts and Older people and non-client specific contracts being less than expected.

4.25 Other Community Services

4.26 The Other Community Services budget is underspent by £418,054 at the year-end. This is due to underspends in community dental services of £144,996 mainly related to staffing, Allied Health Professionals £156,563 including an under spend in Podiatry and Speech and Language Therapy which is being partially offset by an overspend in Occupational Therapy and Dietetics. Specialist nurses are underspent by £96,594 including underspends at the Oaks arising from Covid response arrangements. In addition, Public Health is underspent by £73,268 mainly attributed to non-pay where activity has been deferred. These underspends are offset by an overspend in Pharmacy services of £53,367 including both salaries and equipment costs.

4.27 The outturn for other Community services budget is £37,912 better than previously forecast. This was primarily due to a slight increase in the underspend associated with Allied Health Professionals and Dental services.

4.28 Administration & Management

4.29 There is an overall underspend of £459,205 at the end of the year. This primarily relates to the vacancy target in Council services being overachieved by £434,998 and the business support unit administration service (£70,893) which includes a number of small underspends including clinical governance, International Normalised Ratio (INR) training and winter pressures. An overspend exists in the Admin & Management service (£46,686) mainly relating to under recovery of income.

4.30 The outturn for this budget is £8,027 better than previously forecast. This was primarily due to the vacancy target outturn in comparison to an earlier forecast.

4.31 Primary Care Prescribing

4.32 The primary care prescribing budget is reporting an under spend of £174,910 for the twelve months to 31 March 2021. The budget to March includes an uplift of £706,000 (non-recurring) for efficiencies not achieved and £115,000 recurring from within Moray IJB in 2020/21 allocated to prescribing in month 12. Locally, medicines management practices continue to be applied on an ongoing basis to mitigate the impact of external factors as far as possible and to improve efficiency of prescribing both from clinical and financial perspectives.

4.33 The outturn is £794,910 better than previously forecast for this budget but this is mainly attributable to the funding allocations made at end of the year. The continuation of effective local medicines management practices has limited the negative impact of external factors on this budget.

4.34 Primary Care Services

4.35 Primary Care services are underspent by £127,460 overall following finalisation of the out turn position including a non-recurring benefit within Premises expenditure where a rates refund has been received and a small underspend on improvement grants following prioritisation of Covid response.

4.36 The outturn for this budget is £44,460 better than previously forecast mainly due to less than expected premises expenditure at year end.

4.37 Hosted Services

4.38 Within the scope of services delegated to the MIJB are hosted services. Budgets for hosted services are primarily based on National Resource Allocation Formula (NRAC). Hosted services are operated and managed on a Grampian-wide basis. Hosting arrangements mean that the one IJB within the Grampian Health Board area would host the service on behalf of all 3 IJB's. Strategic planning for the use of the hosted services is undertaken by the IJB's for their respective populations. The position for Moray's share of all

hosted services is detailed in 4.39. Final outturn figures for the whole of Grampian Hosted services are summarised in the table below:

Hosted Service	Hosting IJB	Budget £000	Actual £000	Variance £000
Chronic Oedema	Aberdeenshire	245	212	33
Diabetes/Retinal Screening	Aberdeenshire	1,041	923	118
Marie Curie Nursing	Aberdeenshire	801	825	(24)
Heart Failure Service	Aberdeenshire	285	290	(5)
Continence service	Aberdeenshire	730	720	10
HMP Grampian	Aberdeenshire	2,749	2,683	66
Police Forensic Examiners	Aberdeenshire	1,826	1,502	324
Intermediate Care	Aberdeen City	22,485	20,809	1,676
Sexual Health	Aberdeen City	2,421	2,235	186
GMED	Moray	11,395	11,580	(185)
Primary Care Contracts	Moray	656	576	80
TOTAL		44,634	42,355	2,279

4.39 For the Moray hosted services, the position overall is an over spend of £99,165. There are a range of services within the overall recharge which includes underspends services hosted out with Moray, namely Intermediate Care, Police forensic services, Retinal screening, Sexual Health and Heart Failure services and which is reduced by overspends including Grampian Medical Emergency Department (GMED), HMP Grampian and Diabetes. Within the total, the main overspend relates to GMED service (£258,568). Work is ongoing across Grampian to improved GMED position.

4.40 Out of Area Placements

4.41 This budget was overspent by £138,935 at the year end, this is due to the number of specific individual placements required and activity not being uniform throughout the year as service relates to individual need.

4.42 Improvement Grants

4.43 This budget is underspent by £324,262 at the end of the year. This is primarily due to the impact of Covid upon the service, with lockdowns and reduced access to housing because of the restrictions.

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 from NHS Grampian during the year which may not been fully utilised during 2020/21, some of which may be needed to be funded in future years; and
- Provisions for earmarked reserves, identified budget pressures, new burdens and savings that were expected at the start of the year.

- 5.2 At the end of the financial year there was slippage on Strategic Funds of £82,160 which has increased the overall underspend to £585,718.
- 5.3 During the 2020/21 financial year, Scottish Government made the full allocation of funding aligned to the Primary Care Improvement Fund, provided to commission primary care services and support the Government's Mental Health Strategy. The Scottish Government made a commitment to ensuring full sums would be invested and spent on the priorities identified in support of this. Allocations made during the year, that remain unspent are considered as earmarked funding and to be used for these specific purposes in future years. This has contributed to the overall increase in MIJB reserves.
- 5.4 After consideration of funding received, earmarked reserves and application of slippage on Strategic Funds, the MIJB financial position resulted in an underspend of £6,342,395 constituting the MIJB balance to carry forward to 2021/22. The reserves are detailed below in paragraph 9.

6. CHANGES TO STAFFING ARRANGEMENTS

- 6.1 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.
- 6.2 The staffing arrangements are noted in **APPENDIX 3** as dealt with under delegated powers for the period 1 Jan to 31 March 2021.

7. IMPACT ON 2021/22 BUDGET

- 7.1 The actual out-turn for the 2020/21 Core Services budget year is an underspend of £503,557. Due to the ongoing impact of Covid 19 it is difficult to ascertain with certainty the 2020/21 variances to budget and the likely impact moving in to the next financial year. However, the variances against the budget have been reviewed and classified as one-off or likely to be recurring. Impact in 2021/22 will be monitored continuously and reported regularly to the MIJB. The overall position is summarised below:

Area	Para Ref	Recurring £	Non-Recurring £
OVERSPEND			
Staff	7.2	(126,205)	0
Purchasing of Care	7.3	(3,765,611)	0
Income	7.4	(550,126)	(59,017)
Supplies & Services	7.5	(116,149)	0
Property costs	7.6	(41,250)	0
Client transport	7.7	0	0
Aids & Adaptations	7.8	(11,744)	(5,455)
Other	7.9	(40,406)	0
Sub-total		(4,651,491)	(64,472)
UNDERSPEND			

Staff	7.2	523,486	2,084,168
Purchasing of Care	7.3	334,377	480,628
Income	7.4	62,031	407,967
Supplies & Services	7.5	31,702	173,733
Property costs	7.6	15,000	17,822
Client transport	7.7	0	186,374
Aids & Adaptations	7.8	0	20,123
Other	7.9	180,685	701,423
Sub-total		1,147,282	4,072,238
TOTAL		(3,504,209)	4,007,238
Net Underspend			503,557

- 7.2 Staff turnover can incur both under and overspends. Underspends can be attributed to the process of recruitment, which adds a natural delay, with posts being filled by new staff at lower points on the pay scale and in some circumstances the nature of the positions have been challenging to recruit to. The Council has recognised this turnover and had set as part of the budget process a vacancy factor saving, which has been met for numerous years. Overspends can be due to the use of bank staff to provide required cover for vacancies/sickness and from the historic incremental drift and efficiency targets imposed.
- 7.3 The purchasing of care overspend relates to the purchase of domiciliary care by the area teams and the underspend relates to the cessation due to closure of services. The demographics show that Moray has an ageing population and the spend on external domiciliary care is increasing in relation to both increasing hours of commissioned care and the number of packages of care. This also reflects the shift in the balance of care to enable people to remain in their own homes for longer and the new models of care being introduced with Hanover.
- 7.4 The under recovery of income budgets is apparent across a number of service headings. It is very difficult to predict the level of income accurately as client income is subject to the contributions policy which is based on a client's financial assessment. Income recovery on all care at home services continues to reduce as well as income from permanent care placements from deferred income. The income will continue to reduce due to the legislation in relation to the Carers Act and free personal care for under 65's as well as the impact of Covid. The Independent Review of Adult Social Care will likely impact in the longer term.
- 7.5 The Supplies and services overspend includes purchases of medical supplies, medical equipment and maintenance cost of equipment which is expected to be recurring. The non-recurring underspend includes transport costs which have been reduced during the last year due to restrictions on all travel.
- 7.6 The net small overspend in property costs primarily relates to energy costs and cleaning for services that were in operation throughout the Covid lockdown.
- 7.7 Client transport costs are underspent in numerous service headings, which are due to the impact of Covid 19

- 7.8 Aids and Adaptations underspend relates to Occupational therapy aids, servicing, stair lifts and day care services. Which is being reduced by overspends in Telecare/ Community alarm aids, to help support people to remain in their own homes.
- 7.9 Other category relates to minor variances across the services but also includes nonrecurring underspends relating to Drugs, Primary Care Prescribing and Primary Care services which are not expected to continue.
- 7.10 The financial results for 2020/21 show that underlying financial pressures on both the NHS and Council budgets remain, with the MIJB assuming responsibility for the budgets of the delegated functions and are expected to prioritise services within the budgets directed to it by Moray Council and NHS Grampian.
- 7.11 Through in-year reporting of the recovery plan/savings progress it was evident that whilst some small elements were delivering according to plan, other areas, were falling significantly short and with the impact of the Covid pandemic on expenditure, Scottish Government additional funding was made available that covered the underachievement of savings totalling £1,404,000. This was acknowledged in the preparation of the revenue budget 2021/22, resulting in a revised recovery and transformation plan. The MIJB has committed to continue to identify further efficiencies that will be reported throughout the year, recognising the remaining pressure on the budget and the required disinvestment to allow the programmes of transformation to develop.
- 7.12 Whilst the 2020/21 revenue budget position as reported to the Board on 26 March 2020 (para 11 of the minute refers) presented a balanced budget position, it has been highlighted that due to the current pandemic, there are risks to the delivery of the recovery and transformation plan inherent in the budget setting. The Senior Management Team are actively addressing the emerging situation to implement alternative measures to limit the financial pressure. Updates on the recovery and transformation process and further savings will be provided to the Board for approval during 2020/21 through the financial reporting processes.

8. UPDATED BUDGET POSITION

- 8.1 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.
- 8.2 The MIJB, for the 2020/21 has concluded the financial year in an underspend position due to additional funding being made available for Covid related expenditure and unachieved savings. The additional funding is advance payment and has been carried forward in General Fund Reserves. These additional funding contributions are also show in the table below:

	£'s
Approved Funding 26.3.20	123,818,000
Amendment to Set Aside funding	487,000
Balance of IJB reserves c/fwd to 20/21	186,692
Revised funding at start of Quarter 1	136,256,692
Adjustments in Quarter 1	1,261,592
Revised funding at start of Quarter 2	137,518,284
Adjustments in Quarter 2	1,593,186
Revised Funding to Quarter 3	139,111,470
Adjustments in Quarter 3	6,241,959
Revised Funding to Quarter 4	145,353,429
Budget adjustments M10-M12	
Moray Alliance	33,000
Moray Winter Planning	759,550
Moray District Nurses	45,566
Pay Uplift	391,342
Covid Payment	407,835
Primary Care	132,470
Moray Action 15 Mental Health	253,833
Moray School Nurse Funding	36,800
Moray Covid Funding	2,275,115
Moray PCIF	913,516
Com Living Change Fund	319,463
Moray Care Home IPC	141,000
Mental Health Drug Death Funding	42,330
Hosted Recharges Funding	16,603
Prescribing	136,508
Misc.	119
Learning Disability additional funding	84,136
Other	349
Amendment to set aside funding	368,000
Holiday pay mitigation funding	33,220
Revised 2020/21 Financial Year Funding	151,744,184

8.3 In accordance with the updated budget position, revised Directions have been included at **APPENDIX 4 and 5** for approval by the Board to be issued to NHS Grampian and Moray Council.

9. RESERVES

9.1 Members will recall the MIJB Reserves Policy, most recently approved on 30 January 2020 (para 11 of the minute refers). The next review date should be no later than March 2022. The closing financial position on Reserves for 2020/21 is £6,342,395. Of this reserve, £1,597,746 is a usable general reserve and has been utilised in supporting a balanced budget for 2021/22. The remaining £4,744, 650 is an earmarked reserve and will be called upon during the year in line with their specific purpose. In the main, the earmarked

reserves relate to the Primary Care Improvement Plan and Covid 19 funding received in 2020/21 for use in 2021/22. The detail is provided in the table below:

Reserve Detail	Type	£'s
Action 15 & PCIP	Earmarked	1,667,179
Covid 19	Earmarked	2,725,543
Community Living Change Fund	Earmarked	319,463
Physio Arise	Earmarked	32,465
Covid 19 – Flexibility & Surplus (utilised for 21/22 budget)	General	
TOTAL		4,744,650

10. **SUMMARY OF IMPLICATIONS**

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

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

(b) **Policy and Legal**

In accordance with the MIJB Integration Scheme and in the event that the recovery plan is unsuccessful at the year-end, uncommitted reserves held by the MIJB have been used to address the budget overspend.

Following the application of remaining uncommitted reserves, the funding partners were asked to meet the remaining over spend proportionately with their share of the baseline payment.

(c) **Financial implications**

The unaudited financial outturn for 2020/21 for the MIJB core budgets is £503,557 underspend. The financial details are set out in sections 3-9 of this report and in **APPENDIX 1**.

The estimated recurring overspend of £3,504,209 as detailed in para 7 will impact on the 2021/22 budget.

The movements in the 2020/21 budget as detailed in paragraph 8 have 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.

Due to the impact of the current pandemic, additional funding has been received and carried forward to help support the additional costs related to it. Considerations are being given to alternative measures that can be established to support the recurring overspends. There is a need for

constant scrutiny around this rapidly changing situation and reporting to the Board will inform throughout 2021/22

(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

An Equality Impact Assessment is not required because there are no changes to policy resulting from this report.

(h) Consultations

The Chief Officer, the Senior Management Team, Service Managers and the Finance Officers from Health and Social Care Moray have been consulted and their comments have been incorporated in this report as appropriate.

12. CONCLUSION

12.1 This report identifies Moray IJB's unaudited final out-turn position on the Core Budget of an underspend of £503,557 at 31 March 2021 and identifies major areas of variance between budget and actual for 2020/21.

12.2 The impact of the provisional outturn on the 2021/22 budget, of a recurring overspend of £3,504,209 is detailed in paragraph 7.

12.3 NHS Grampian and Moray Council have both carried forward reserves into 2021/22 which total £6,342,396.

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

Background Papers: Papers held by respective Accountancy teams

Ref: