



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 30 SEPTEMBER 2021

SUBJECT: REVENUE BUDGET MONITORING QUARTER 1 FOR 2021/22

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

1.1 To update the Moray Integration Joint Board (MIJB) of the current Revenue Budget reporting position as at 30 June 2021 for the MIJB budget.

2. RECOMMENDATIONS

2.1 It is recommended that the MIJB:

- i) consider and note the financial position of the Board as at 30 June 2021 is showing an overall overspend of £1,009,961;**
- ii) consider and note the progress against the approved savings plan in paragraph 6, and update on Covid-19 in paragraph 8;**
- iii) consider and note the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations within the Council (MC) and NHS Grampian (NHSG) for the period 1 April to 30 June 2021 as shown in APPENDIX 3; and**
- iv) 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 June 2021 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £1,073,403. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	125,147,731	30,777,686	31,851,089	(1,073,403)
MIJB Strategic Funds	9,824,916	979,617	1,006,175	(26,558)
Set Aside Budget	12,252,000	-	-	-
Total MIJB Expenditure	147,224,647	31,757,303	32,857,264	(1,099,961)

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

4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2021/22

Community Nursing

- 4.1 Community nursing service is underspent by £93,266. This is due to underspends in District Nursing £40,384, Health Visitors £43,132 and Maryhill, Elgin, where the team is combined £9,750.
- 4.2 For District Nursing the overall current underspend relates to the Varis Court Augmented Care Units (ACU's) budget which is underspent by £73,491. The Varis budget is underspent due to staffing vacancies as a result of the organisational change process. These posts are now in the process of being filled. 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 in the near future. 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 in 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 £43,132 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 will join the service this month (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. 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.

Mental Health

- 4.4 The Mental Health service is overspent by £201,811. The overspend is primarily due to staffing in medical and dental, nursing and admin and assessment and care service, which is partly offset by underspends across Psychology and Allied Health Professionals (AHP's).
- 4.5 The staffing overspends relate to two consultant psychiatrist vacancies within the department being covered by locums. This is a financial risk to MIJB, which has been reported previously, due to high costs of locums compared to NHS substantive medical staff. An adult mental health psychology vacancy has been out to advert twice with no suitable applicants. Currently meeting HEAT (Health improvement, Efficiency and governance, Access, Treatment) targets but this may not be sustainable as staff reach capacity and referrals continue to come into the team. Nursing vacancies in community teams are not filled because of difficulties with recruitment due to lack of qualified staff.
- 4.6 Assessment and care is £69,531 overspent primarily due to the purchase of care. This includes a high cost care package now in place, this was anticipated to be incurred when the budget was set in March 2021 and was included as a budget pressure of £158,000 per annum. The budget pressure will be aligned in period 4 to reduce the reported overspend in the next quarters budget monitoring report. There are also overspends in nursing and residential care due to the timing of the increase in national care home contracts and the funding received. An additional funding of £39,000 per annum has been received in period 4, July 2021.

Older People and Physical Sensory Disability (Assessment & Care)

- 4.7 This budget is overspent by £824,942. This primarily relates to overspends for domiciliary care in the area teams £511,820, permanent care £313,383 and other minor variances of £261. 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.
- 4.8 Initially it was intended that a separate report would be provided to the MIJB at this meeting in support of the finance paper, however, a more in-depth review is now required and is underway. The overall budget set for this area for the year is £18,170,999 and for the first three months of this financial year is showing an overspend of £824,942. This is an increase of £528,196 from the same point in the year in 2020/21. A comprehensive report will be prepared for November, 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 on a weekly basis.

Primary Care Prescribing

- 4.9 The primary care prescribing budget is overspent by £238,182 to June 2021. This position is based on only one month's actuals for April and an accrued position for May and June as information is received two months in arrears.

The budget to month 3 does not yet include any possible allocation from 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 June 2021 the estimate of items is greater to date than anticipated, with higher volume in April. The emerging volume pattern for 2021/22 is to be reviewed as the increase is greater than expected across Grampian. Since January 2021 the price per item has been relatively stable and an average price of £11.12 per item has been used to estimate position to June. The future average price per item will be affected by negotiations between the Scottish Government and Community Pharmacy Scotland still to be implemented.

Out of Area

- 4.10 Out of Area is overspent by £64,399, primarily due to the level of individual placements remaining higher than anticipated and cost increasing. These arrangements are subject to review but it is assumed existing placements will continue. Such placements are arranged on an individual basis and there is a risk that further placements may be required for other individuals. One of the places relates to a learning disabilities client, who will remain in their existing accommodation until such time that suitable accommodation becomes available and the individual can be brought back to Moray. It is unlikely that any of the Mental Health patients will return to Moray in the immediate future, although progress is being made in relation to two patients.

5. STRATEGIC FUNDS

- 5.1 Strategic Funds is additional 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, 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 enough 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 June 2021	Actual Progress against target at 30 June 2021
		£'000	£'000	£'000
Accountancy driven		150	37	26
External Commissioning		122	31	37
Increased income from charging		110	28	0
Transformational change		25	6	25
Total Projected Efficiencies		407	102	82

- 6.3 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. Since this agreement, the Independent Review of Adult Social Care report was published and has placed this element of savings at risk <https://www.gov.scot/groups/independent-review-of-adult-social-care/>

7 IN-YEAR EFFICIENCIES / BUDGETARY CONTROL

- 7.1 Ordinarily, results for the first quarter of any financial year are approached with caution, with 2021/22 being no different and since Covid 19 continues to place additional uncertainty on the budget at this early stage in the year.
- 7.2 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.
- 7.3 The Health and Social Care Moray senior management team 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

- 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 and further guidance on support for provider sustainability is awaited, however, the expectation is that reliance should reduce on certain elements of this support beyond 30 September 2021.
- 8.2 Health and Social Care Moray (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 £2.176 million to the end of the current financial year. Reported expenditure at the end of quarter 1 was £0.502 million. The costs are summarised below:

Description	Spend to 30 June 2021 £000's
Reducing Delayed Discharge	
Staffing	39
Provider Sustainability Payments	275
Remobilisation	13
Cleaning, materials & PPE	6
Elgin Community Hub (Oaks)	93
Prescribing	39
Unachievable Savings	28
Other	9
Total	502

9. CHANGES TO STAFFING ARRANGEMENTS

- 9.1 At the meeting of the Board on 28 March 2019, the Financial Regulations were approved (para 11 of the minute refers). All changes to staffing arrangements with financial implications and effects on establishment are to be advised to the Board.
- 9.2 Changes to staffing arrangements as dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 Apr to 30 June 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 underspend 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 M01-M03	
Public Health Earmarked	57,406
Primary Care	258,827
Hosted Recharges	175,214
Immunisation	80,000
Forres HUB	-28,000
Moray Core Uplift	2,500
PCIF	1,196,547
Cervical Screening	117,000
Psychological Therapy	86,406
Plasma Products	1,283
Winter planning	(295,000)
Misc	26,548
Revised Funding to Quarter 2	147,224,647

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.

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 June 2021, an overspend is reported to the Board of £1,099,961.

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 & PSD service. A separate report to this Board will be made on the pressures facing this service. This will be presented in November.

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, the Finance Officers from Health and Social Care Moray and Tracey Sutherland, Committee Officer, Moray Council have been consulted and their comments have been incorporated in this report where appropriate.

12. CONCLUSION

12.1 The MIJB Budget to 30 June 2021 has an over spend of £1,073,403 on core services. Senior Managers will continue to monitor the financial

position closely and continue to report on the Recovery and Transformation Plan.

12.2 The financial position to 30 June 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: