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**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 24 NOVEMBER 2022**

**SUBJECT: REVENUE BUDGET MONITORING QUARTER 2 FOR 2022/23**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 To update the Moray Integration Joint Board (MIJB) on the current Revenue Budget reporting position as at 30 September 2022 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 30 September 2022 is showing an overall overspend of £1,454,162.**
- ii) **note the provisional forecast position for 2022/23 of an underspend of £3,169,711 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 APPENDIX 4.**

**3. BACKGROUND**

- 3.1 The financial position for the MIJB services at 30 September 2022 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £1,453,270. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	133,715,472	65,742,309	67,158,945	(1,453,270)
MIJB Strategic Funds	27,411,802	2,828,170	2,204,663	(892)
Set Aside Budget	12,620,000	-	-	-
Total MIJB Expenditure	<b>173,747,274</b>	<b>68,570,479</b>	<b>69,363,608</b>	<b>(1,454,162)</b>

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 2023 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 £3,352,909 by the end of the financial year. This is summarised in the table below.

	Annual Budget £	Provisional Outturn to 31 Mar 2023 £	Anticipated Variance to 31 Mar 2023 £	Variance against base budget %
MIJB Core Service	133,715,472	136,083,157	(3,352,909)	(3)
MIJB Strategic Funds	27,411,802	8,386,078	6,522,620	24
Set Aside Budget	12,620,000	12,620,000	-	-
Total MIJB Expenditure	<b>173,747,274</b>	<b>169,592,339</b>	<b>3,169,711</b>	<b>2</b>

#### 4. **KEY MATTERS/SIGNIFICANT VARIANCES FOR 2022/23**

##### **Community Nursing**

- 4.1 Community nursing service is underspent by £193,335. This is due to underspends in District Nursing £136,633, Health Visitors £53,399 and Elgin, where the team is combined £3,303.
- 4.2 For District Nursing the overall current underspend £136,633 relates mainly to the Varis Court Augmented Care Units (ACU's) budget which is underspent by £142,631. The Varis budget underspend remains due to staffing vacancies as a result of the organisational change process. Posts have now been appointed to and starts initiated. 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 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. The second tranche is expected during November and it is quantified now and it is still 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 reduced underspend of £53,399

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 £409,334 under spent by the end of the financial year as the underspend above is addressed.

#### **Learning Disability**

- 4.5 The Learning Disability (LD) service is overspent by £718,556. The overspend is predominantly due to care purchased £793,902 and other minor overspends totalling £6,896. This is being reduced by income received more than expected £12,239 and an underspend in clinical Speech and Language services and psychology services of £70,003.
- 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 £1,711,844 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 £162,807. Clinical Nursing and other services are overspent by £77,801 The overspend is primarily due to staffing in medical services and Council mental health staff, which is partly offset by underspends across Nursing Psychology and Allied Health Professionals (AHP's).
- 4.9 The staffing overspends continues to relate to consultant psychiatrist vacancies within the department being covered by locums. This remains a financial risk to MIJB, which has been reported previously, due to high costs of locums compared to NHS substantive medical staff. Nursing vacancies in community teams are not filled because of difficulties with recruitment due to lack of qualified staff.

- 4.10 Care packages are currently overspent by £80,977 primarily due to the purchase of Nursing care packages and other minor overspends totalling £4,029.
- 4.11 This budget is forecast to be £310,546 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

#### **Addiction Service**

- 4.12 This budget is overspent by £133,799, this is made up of overspends in assessment and care for rehab beds of £24,549 and substance misuse service £134,309, which is being off set by underspend in Moray Alcohol and Drug partnership (MADP) of £25,059.
- 4.13 The position to month 6 for substance misuse service is before agreed funding transfers being concluded from the MADP being applied which will improve the position and forecast out-turn for the next quarter.
- 4.14 This budget is forecast to be £269,771 overspent by the end of the financial year but this position will improve once funding is received from the MADP in the next quarter.

#### **Care Services Provided In-house**

- 4.15 This budget is underspent by £715,465 this relates to underspend in staffing across all the services in this budget totalling £833,145, which is being reduced by an overspend of £74,795 in day care services primarily due to transport costs and less income received than expected; an overspend on staff uniforms for care at home of £19,293; purchase of new phones for Woodview and £12,109 for Greenfingers installation of an eco toilet system and other overspends across the service of £160.
- 4.16 Shortages of staff and difficulties recruiting in the social care sector are have a big impact. There are long-standing problems with the recruitment and retention of social care staff. This has been made much worse by the pandemic
- 4.17 This budget is forecast to be £1,555,455 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**

- 4.18 This budget is overspent by £1,204,905. This primarily relates to overspends for domiciliary care and respite care in the area teams of £848,442; permanent care £331,133; less income received than expected of £21,538 due to the cessation of funding from another authority and £3,792 other minor overspends. 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.
- 4.19 For the first six months of this financial year is showing an overspend of £1,204,905. This is a decrease of £446,090 from the same point in the year in 2021/22. Whilst it is noted there is a decrease there are considerable amount of unmet need to resource packages which have already had a community

care assessment. This will continue to be monitored throughout the next quarter balanced alongside the unmet need list and outstanding community care assessments yet to be initiated

- 4.20 This budget is forecast to be £2,664,986 overspent by the end of the financial year due to the issues mentioned above being expected to continue

#### **Intermediate Care and Occupational Therapy**

- 4.21 This budget is overspent by £122,056 due to purchase of OT equipment of £103,094, property costs for Jubilee Cottages of £9,019 and other minor overspends of £9,943 across the service.
- 4.22 This budget is forecast to be £225,488 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 by External Contractors**

- 4.23 This budget is underspent by £498,407. This relates primarily to ceased contracts in Mental Health and Learning Disabilities. Some of this funding will be utilised within the year with contracts being procured with other providers to take on the role of care.
- 4.24 This budget is forecast to be £883,546 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

#### **Other Community Services**

- 4.25 This budget is underspent by £170,923 which includes underspend in Allied Health Professionals (AHP's), Dental and Public Health services offset in part by overspend in Pharmacy of £67,234 and Specialist Nurses £22,498. Within this overall underspend, Public Health has had reduced activity in Health Improvement as a consequence of staff redeployment to support Covid services £80,161. It is anticipated that core activity will continue to pick up in the remainder of this financial year. For AHP's the underspend to September is £107,529 which includes underspend in Dietetics and 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 currently has a reduced underspend of £72,965 as vacancies have been filled.
- 4.26 This budget is forecast to be £285,233 underspent by the end of the financial year as underspends are addressed.

#### **Admin and Management**

- 4.27 This budget is underspent by £176,549. This is predominantly due to underspends in NHS Grampian within management and business support through staff secondment and vacant posts, alongside underspends in equipment, transport and administration costs. Coupled with this additional income has been received for secondment to other Health Board areas
- 4.28 This budget is forecast to be £378,270 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 as well as the vacancy target factor being exceeded by £96,592

#### **Primary Care Prescribing**

- 4.29 The primary care prescribing budget is overspent by £587,867 to September 2022. Actual data indicates item price increased significantly in June and increased again in July. The price increase has been attributed to the impact of short supply causing a spike in prices. The spread is across a range of products and is being analysed to identify any mitigation measures. In addition actual volume of items increases to August have been 4.50% higher year to date than 21/22 following period of increased volumes in 21/22. The estimated position has been adjusted to include an overall 4.1% volume increase to September.
- 4.30 This budget is forecast to be £1,165,000 overspent by the end of the financial year taking into account the volume increase continuing and impact of price changes relating to short supply.

#### **Out of Area Placements**

- 4.31 This budget is overspent by £169,211 reflecting the pattern of specialist individual placements currently required.
- 4.32 This budget is forecast to be £428,732 overspent by the end of the financial year due to the most recent placements being forecast to be in place until the end of the financial year.

### **5. STRATEGIC FUNDS**

- 5.1 Strategic Funds is additional funding for the MIJB, they include:
- Additional funding received via NHS Grampian and Moray Council (this may not be fully utilised in the year resulting in a contribution to overall MIJB financial position at year end which then needs to be earmarked as a commitment for the future year).
  - Provisions for earmarked reserves has been made to fund unutilised allocation for Primary Care Improvement Funds, Action 15 additional investment funding & Covid in 2022/23, 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 £1,257,139 which are not allocated to services but will be used towards funding the overspend. And earmarked reserves totalling £15,763,577. However there will not be enough reserves to cover the overspend in total if the level of spend continues till the 31 March 2023.
- 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 2022/23 was presented to the MIJB 31 March 2022 (para 12 of the minute refers). The paper presented a balanced budget through the identification of efficiencies through savings and the use of general reserves.
- 6.2 The progress against the savings plan is reported in the table below and will continue to be reported to the Board during the 2022/23 financial year. The table details progress during the second quarter against the original recovery plan.

<b>Efficiencies</b>	<b>Para Ref</b>	<b>Full Year Target</b>	<b>Expected progress at 30 Sept 2022</b>	<b>Actual Progress against target at 30 Sept 2022</b>
		£'000	£'000	£'000
External Commissioning	6.3	110	55	110
<b>Total Projected Efficiencies</b>		<b>110</b>	<b>55</b>	<b>110</b>

- 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 2022.

## **7 IN-YEAR EFFICIENCIES / BUDGETARY CONTROL**

- 7.1 Through budget monitoring processes and further investigate work, we are utilising 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 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 The Scottish Government continues to support health and social care as a result of the pandemic, from the use of Covid 19 specific reserves to support the remobilisation of services. Through their guidance the commitment is expected to end by 31 March 2023, with expenditure being gradually reduced during the year and with the support for provider sustainability being reduced on certain elements from 1 July 2022 and the cessation of support by 30 September 2022.

- 8.2 Health and Social Care Moray (HSCM) continue to provide returns to Scottish Government on the Local Mobilisation Plan (LMP) via NHS Grampian, which are now on a monthly basis. The plan for 2022/23 estimates that additional in-year spend relating to Covid 19 will be £3,282,909 to the end of the current financial year. Reported expenditure at the end of quarter 2 was £874,000. The costs are summarised below:

Description	Spend to 30 Sept 2022 £000's
Payment to third parties	89
Staffing	274
Provider Sustainability Payments	433
Remobilisation	70
Cleaning, materials & PPE	8
<b>Total</b>	<b>874</b>

- 8.3 A letter was received from the Scottish Government on the 12 September 2022 with an update on the Covid reserves. Due to a number of significant changes to Public Health policies in relation to Covid over the summer, the profile of Covid spend reduced significantly compared to when funding was provided to IJB's for Covid purposes. In response to this the Scottish Government have announced their intention to reclaim surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. The amount to be reclaimed will not be agreed until Quarter 2 information and forecast position is available. Moray IJB currently has £9,016,000 in the Covid ear marked portion of the reserves, £3,282,909 is currently forecasted to be spent leaving the potential balance of £5,733,145 to be reclaimed.

## 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 2022, 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 2021/22 in an underspend position following the application of reserves. The unaudited reserves totalling £17,020,716 were carried forward into 2022/23, of which £15,763,577 are ear-marked and £1,257,139 are a general reserve.



10.3

	£'s
<b>Approved Funding 31.3.22</b>	<b>142,673,000</b>
<b>Set Aside Funding</b>	<b>12,620,000</b>
<b>Balance of IJB reserves c/fwd to 22/23</b>	17,020,716
Amendment to Moray Council core	(280,982)
Amendment to NHS Grampian core	185,405
Amendment to NHS Grampian Core uplift	(1,317,000)
Budget adjustments Quarter 1	1,074,737
Revised Funding to Quarter 2	<b>171,975,876</b>
<b>Budget adjustments M04-M06</b>	
Moray IJB Uplift	1,317,000
PCIF Tranche 1	306,037
Mental Health	139,714
School Nurse	122,000
Public Health - MIN	42,611
Misc	147,347
Open University	20,000
Forres Hub	(25,000)
Hosted Recharges	(298,309)
<b>Revised Funding to Quarter 3</b>	<b>173,747,275</b>

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

## 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 2022/23.

**(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 3-10 of this report and in **APPENDIX 1**. For the period to 30 September 2022, an overspend is

reported to the Board of £1,454,162 with the first estimated forecast being an underspend of £3,169,711 for 2022/23

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

The movement in the 2022/23 budget as detailed in paragraph 10 have already been incorporated in the figures reported.

**(d) Risk Implications and Mitigations**

The most significant risk arising from this report is the control and management of expenditure to provide the Health and Social Care services required for the Moray Area, within budget.

There are general and earmarked reserves brought forward in 2022/23. The general reserves can be used to support any overspend on services generally across the MIJB. The earmarked reserves can only be used for specified purposes and are under review by the Scottish Government currently and elements are now expected to be recovered or used to offset current year expenditure on specific activities with reduced allocations to be received in year.

The potential to claw back unused portions of the ear marked reserves for Covid, PCIF and MADP reserves, reduces the amount of reserves available as well as additional pressures arising from the cost of living crisis, increasing energy bills and inflation puts a risk on the budget

Additional savings continue to be sought and service redesign are under regular review. Progress reports will be presented to this Board throughout the year in order to address the financial implications the MIJB is facing.

**(e) Staffing Implications**

There are no direct implications in this report.

**(f) Property**

There are no direct implications in this report.

**(g) Equalities/Socio Economic Impact**

There are no direct equality/socio economic implications as there has been no change to policy.

**(h) Climate Change and Biodiversity Impacts**

There are no direct climate change and biodiversity implications as there has been no change to policy

**(i) Directions**

Directions are detailed in para 10 above and in Appendix 4.

**(j) Consultations**

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 2022 has an over spend of £1,453,270 and the first provisional forecast position of £3,352,909 on core services. This is reduced by underspends in Strategic funds to give a total overspend position of £1,454,162 to 30 September 2022 and provisional underspend forecast position of £3,169,711. 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 2022 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDIX 4.**

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

Background Papers: Papers held by respective Accountancy teams

Ref: