



---

**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 31 MARCH 2022**

**SUBJECT: REVENUE BUDGET MONITORING QUARTER 3 FOR 2021/22**

**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 31 December 2021 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 2021 is showing an overall overspend of £1,948,609.**
- ii) note the provisional forecast position for 2021/22 of an underspend of £217,246 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 October to 31 December 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 31 December 2021 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £1,896,636. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	129,062,690	96,722,967	98,619,604	(1,896,637)
MIJB Strategic Funds	10,781,939	4,238,069	4,290,041	(51,972)
Set Aside Budget	12,620,000	-	-	-
<b>Total MIJB Expenditure</b>	<b>152,464,629</b>	<b>100,961,036</b>	<b>102,909,645</b>	<b>(1,948,609)</b>

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 2022 for the MIJB services is included in **APPENDIX 1**. The figures reflect the overall position in that the MIJB core services are forecast to be over spent by £1,967,960 by the end of the financial year. This is reduced by underspends in strategic funds to give an overall underspend of £217,246 by 31 March 2022. This is summarised in the table below.

	Annual Budget £	Provisional Outturn to 31 Mar 2019 £	Anticipated Variance to 31 Mar 2019 £	Variance against base budget %
MIJB Core Service	129,062,690	131,030,650	(1,967,960)	(2)
MIJB Strategic Funds	10,781,939	8,596,733	2,185,206	20
Set Aside Budget	12,620,000	12,620,000	-	-
<b>Total MIJB Expenditure</b>	<b>152,464,629</b>	<b>152,247,383</b>	<b>217,246</b>	<b>0.1</b>

#### **4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2021/22**

##### Community Nursing

4.1 Community nursing service is underspent by £398,289. This is due to underspends in District Nursing £144,114, Health Visitors £226,352 and Elgin, where the team combined is £27,823.

4.2 For District Nursing the overall current underspend is £144,114 relates mainly to the Varis Court Augmented Care Units (ACU's) budget which is underspent by £220,591. The Varis Court budget is underspent due to staffing vacancies as a result of the organisational change process. These posts have now been appointed to and start dates were set for December and January for a number of new starters. The ongoing capacity in the Varis Court 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 for the ACU. 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 has been confirmed for £36,000 which will improve the overall District Nursing position in the current financial year.

- 4.3 For Health Visitors and School Nurses, vacancies, planned leave, including maternity leave and retirements have contributed to the current underspend of £226,352 across the service. In response, a Recruitment and Retention Plan is in place, to date a number of posts have been appointed to, thus mitigate or minimise any gaps in the workforce. 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 to service delivery, two trainee Health Visitors joined the service in September 2021, 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, through vacancies, a Health Visitor Trainee will be recruited to start in September 2022. With a clear and planned increase in the number of 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 £371,471 under spent by the end of the financial year as the underspend is addressed.

#### Learning Disability

- 4.5 The Learning Disability (LD) service is overspent by £802,010. The overspend is predominantly due to care purchased £819,669 less income received than expected £34,316 and other minor overspends totalling £17,717. This continues to be offset by an underspend in clinical Speech and Language services and psychology services of £69,691.
- 4.6 The LD Service manager and their team are aware of the overspend. The overspend on care is due to a range of different factors; there has been an increase in families unable to maintain their caring role, there is also an aging population of family carers in Moray and as a consequence there has been an increase in crisis intervention. There is little available accommodation and few resources (staff and providers) 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 to clients and staff. There has also been an increase in people needing day activities following the prolonged lock-down period. In 2020/21 increased costs started to emerge in Learning Disabilities due to these issues, these costs have continued into 2021/22 as well as additional costs of these issues in the current financial year. Resulting in an increased overspend forecasted.
- 4.7 This budget is forecast to be £1,202,056 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 £424,587. This overspend is primarily due to two consultant psychiatrist vacancies continuing to be covered by high cost agency medical locums. This presents an ongoing financial risk to MIJB, which has been reported previously. The changing workforce demand profile in medical staff is evident of workforce choice for locum work instead of substantive NHS contracts. This is affecting all health boards across NHS Scotland and the rest of the UK. Out of area care

packages are also contributing to overspend. However, some of the overall overspend is being offset by underspends (vacancies) in Psychology, and Community Mental Health Nursing.

4.9 In order to reduce reliance on costly agency medical locums, one agency medical locum ended in December but a new one commences on 31 March 2022, initially for a three month period as a result of service and workforce redesign in adult mental health services. The substantive adult consultant post has been vacant since October 2019 and had previously been advertised on numerous occasions without interest. However, recent round of advertising has attracted an appointable applicant and interview for the post will take place on 9 May. The older adult locum has been extended until the end of May 2022 to allow further discussions in relation to the redesign of the service and workforce. Both ward areas are overspend due to difficulties recruiting to substantive registered nursing posts and resultant increased use of overtime and bank staff to cover shifts. In addition, there are two agency nursing staff currently working within Muirton ward until July 2022. The overspend in the medical budget has been offset by underspends in the adult and older adult community nursing teams. The financial position is unlikely to improve due to national workforce shortages across all disciplines.

4.10 Care packages are currently overspent by £25,803 primarily due to the purchase of care and costly out of area care packages.

4.11 This budget is forecast to be £510,989 overspent by the end of the financial year due to the issues mentioned above being forecast to be in place until the end of the financial year

#### Care Services Provided In-house

4.12 This budget is underspent by £749,753 this relates to underspend in staffing across all the services in this budget totalling £900,222 which is being reduced by an overspend of £46,034 in supplies and services primarily due to additional uniforms and £104,435 in day care services due to transport costs and less income received than expected due to the closure during Covid-19.

4.13 This budget is forecast to be £1,041,774 underspent by the end of the financial year. The underspend is primarily due to unfilled vacancies and the issue of recruitment has been an ongoing problem which is expected to continue for the rest of the financial year.

#### Older People and Physical Sensory Disability

4.14 This budget is overspent by £1,831,788. This primarily relates to overspends for domiciliary care in the area teams £1,452,974 permanent care £372,096 and other minor variances of £6,718. The variances within this overall budget heading reflect the shift in the balance of care to enable people to remain in their homes for longer.

4.15 Increases in spending were detailed in a report to MIJB in November 2021. Transition from the Covid period has seen a shift from critical care to an attempt to reintroduce business as usual, which has now been pared back once more to critical service as demand has outstripped supply. There is, in effect a national social care crisis, and those waiting for care are impacting on

our delayed discharges, community hospital and brokerage waiting lists as well as our rehabilitation and Occupational Therapy services.

- 4.16 Winter measures, attributed to Winter funding and 4 hour ED monies such as interim beds were used to allay some flow issues in acute and community hospitals. During 2022/23, the shift will be towards a phased approach to business as usual, allowing for services to readdress their priorities post Covid.
- 4.17 Significant permanent funding streams from Scottish Government have allowed for additional recruitment for staff to support these services. Home First and its workstreams continues to develop and over the next 18 months should shape and alleviate some acute to home pressures by the embedding of rapid assessment followed by treatment, preferably in the patient's own home. This concentration on decompensating frailty patients will begin to have a slow but steady effect on the demand for care. It is doubtful however, that the effects over the financial year 2022-2023 will be significant and some overspend will remain as these new measures evolve. Robust monitoring of budget spending continues.
- 4.18 This budget is forecast to be £1,475,755 overspent by the end of the financial year. This is not set to continue at the same rate due to additional financial investment to support capacity within care at home being agreed.
- 4.19 Recently, Scottish Government has announced additional funding and new investment that is being put into place to help protect health and social care services over the winter period and to provide longer term improvement in service capacity across our health and care systems. The investment aims to: maximise capacity; ensure staff wellbeing; ensure system flow and to improve outcomes. The Chief Financial Officer will continue to work closely with the senior management Team to ensure the principles supporting this additional funding can be delivered and brought before the Board for approval.

#### Other Community Services

- 4.20 This budget is underspent by £450,238 which includes underspend in Allied Health Professionals (AHP's), Dental, Public Health and Specialist Nursing services offset in part by overspend in Pharmacy. Within this underspend £135,540 relates to Public Health where there has been continuing reduced activity in Health Improvement as a consequence of staff redeployment to support Covid services and vacancies. For AHP's the underspend to December is £152,901 which includes an underspend in Podiatry where recruitment to vacant posts has recently been concluded and Speech & Language services where recruitment is an ongoing challenge on a Grampian wide basis. Dental is currently underspent by £154,807, mainly due to vacant posts in quarter 1 and quarter 2. These posts have now been filled except one remaining Dental Officer post where interviews have been organised.
- 4.21 This budget is forecast to be £635,089 underspent by the end of the financial year.

### Primary Care Prescribing

- 4.22 The primary care prescribing budget is overspent by £386,290 to December 2021. This position is based on seven month's actuals to October and an accrued position for November and December as information is received two months in arrears. Allocation through MIJB Covid funding for two drugs, Sertraline and Paracetamol, identified by Scottish Government as being specifically relating to Covid has yet to be applied. The estimate of the Covid impact for this in Moray is calculated as £154,243 and will help offset in part volume impacts. 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 December 2021 the estimate of items is greater to date than anticipated, with higher volume to date. The emerging volume pattern for 2021/22 has been reviewed as the increase is greater than expected across Grampian and is now forecast at 5.25% higher than 2020/21 to the year end. It may be that Serial Prescribing is contributing to increased volumes and this will need to be further reviewed alongside repeat medication systems. The average price per item fell in July following negotiations between the Scottish Government and Community Pharmacy Scotland now implemented and has remained reasonably consistent.
- 4.23 This budget is forecast to be £917,835 overspent by the end of the financial year taking into account phasing of budgets, volume increase continuing and current estimated price.

## **5. STRATEGIC FUNDS**

- 5.1 Strategic Funds is additional funding for the MIJB, they include:
- Additional funding received via NHS Grampian (this may not be fully utilised in the year resulting in either a contribution to overall MIJB financial position at year end or as an earmarked reserve as a commitment for the future year).
  - Provision 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. The current forecast is for a small overall underspend of £217,246 meaning there will be sufficient reserves to cover the overspend in total if the level of spend continues till the 31 March 2022.
- 5.3 By the end of the financial year, the strategic funds will reduce as the commitments and provisions materialise and the core budgets will increase correspondingly. Any non recurring slippage would support the overall financial position at the year end.

## **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. The table details progress during the first quarter against the original recovery plan.

<b>Efficiencies</b>	<b>Para Ref</b>	<b>Full Year Target</b>	<b>Expected progress at 31 Dec 2021</b>	<b>Actual Progress against target at 31 Dec 2021</b>
		£'000	£'000	£'000
Accountancy driven		150	112	150
External Commissioning	6.3	122	91	146
Increased income from charging	6.4	110	83	0
Transformational change		25	19	25
<b>Total Projected Efficiencies</b>		<b>407</b>	<b>305</b>	<b>321</b>

- 6.3 It should be noted that the savings budgeted from accountancy driven, external commissioning and transformational change 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 31 December 2021.
- 6.4 Increased income from charging was to reflect changes proposed to the taper relief, due to be agreed through the Contributions Policy. In November 2020, MIJB Members agreed to this recommendation (para 13 of the minute refers) being presented to Moray Council as part of the approval required for the Contributions Policy at an early date. At Moray Council on 10 November 2021 the taper relief was not increased and is to remain the same, therefore this saving will be unachievable. This underachievement is being reported to Scottish Government on a quarterly basis. On 25 February 2022, the Director of Health Finance and Governance wrote to NHS Directors of Finance and Integration Authority Chief Financial Officers with a notification of further funding to meet Covid-19 costs. The funding is provided includes provision for under-delivery of savings. This will be drawn-down by the end of the financial year to further support the position.

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

- 7.1 The finance teams, together with budget managers continue to work together to ensure opportunities are being sought to extract Covid related spend from core budgets and utilise Covid reserves to ensure core expenditure is protected as much as possible.
- 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, recovery and transformation planning.

## **8. IMPACT OF COVID – 19 AND ADDITIONAL FUNDING**

8.1 To date there has been continued commitment from Scottish Government to provide additional funding to support health and social care as a result of the pandemic. This includes the use of Covid 19 specific reserves to support the remobilisation of services.

8.2 HSCM continue to provide quarterly returns to Scottish Government on the Local Mobilisation Plan (LMP) via NHS Grampian. The plan for 2021/22 estimates that additional in-year spend relating to Covid 19 will be £4.921 million to the end of the current financial year. Reported expenditure at the end of quarter 3 was £3.018 million. The costs are summarised below:

<b>Description</b>	<b>Spend to 31 Dec 2021 £000's</b>
Reducing Delayed Discharge	
Staffing	97
Provider Sustainability Payments	1,039
Remobilisation	609
Cleaning, materials & PPE	22
Elgin Community Hub (Oaks)	412
Prescribing	116
Unachievable Savings	82
Other	(263)
Additional Capacity in Community	904
<b>Total</b>	<b>3,018</b>

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

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

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

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



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

## **9. CHANGES TO STAFFING ARRANGEMENTS**

9.1 At the meeting of the Board on 28 March 2019, the Financial Regulations were approved (para 11 of the minute refers). All changes to staffing arrangements with financial implications and effects on establishment are to be advised to the Board.

9.2 Changes to staffing arrangements as dealt with under delegated powers through appropriate Moray Council and NHS Grampian procedures for the period 1 October to 31 December 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
<b>Approved Funding 26.3.21</b>	<b>128,425,128</b>
<b>Set Aside Funding 26.3.20</b>	<b>12,252,000</b>
<b>Balance of IJB reserves c/fwd to 20/21</b>	4,788,128
Amended directions from NHSG 3.6.21	80,661
Budget Adjustments qtr 1	1,678,730
Budget Adjustments qtr 2	2,780,546
Revised Funding to Quarter 2	<b>150,005,193</b>
<b>Budget adjustments M07-M09</b>	
Covid 19 allocation	154,243
Primary Care	836,840
Staff Mental Health & Wellbeing	34,293
ADP Funding	239,292
Hospital at home	207,000
Care home infection	179,000
GP Premises	94,318
Winter funding	577,823
Misc	(24,417)

Mental Health	161,044
Covid 19 allocation	154,243
<b>Revised Funding to Quarter 4</b>	<b>152,464,629</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.

## 11. **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 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 31 December 2021, an overspend is reported to the Board of £1,948,609 with the updated estimated forecast being an underspend of £217,246 for 2021/22

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

The movement in the 2021/22 budget as detailed in paragraph 10 have already been incorporated in the figures reported.

(d) **Risk Implications and Mitigations**

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

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) Climate Change and Biodiversity Impacts**

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

**(i) 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 31 December 2021 has an over spend of £1,896,637 and the first provisional forecast position of £1,967,960 on core services. This is increased by overspends in Strategic funds to give a total overspend position of £1,948,609 to 31 December 2021. There is an underspend in Strategic funds on the provisional forecast position giving an overall underspend of £217,246. Senior Managers will continue to monitor the financial position closely and continue to report accordingly on progress.**

**12.2 The financial position to 31 December 2021 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: