



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 29 AUGUST 2019

SUBJECT: REVENUE BUDGET MONITORING QUARTER 1 FOR 2019/20

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 2019 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 June 2019 is showing an overspend of £837,040;**
- ii) **note the progress against the recovery plan;**
- iii) **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 2019 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 2019 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £790,498. This is summarised in the table below.

	Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £
MIJB Core Service	114,967,355	28,804,230	29,594,728	(790,498)
MIJB Strategic Funds	4,583,900	141,034	187,576	(46,542)
Set Aside Budget	11,765,000			
Total MIJB Expenditure	131,316,255	28,945,264	29,782,304	(837,040)

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

4. KEY MATTERS/SIGNIFICANT VARIANCES FOR 2019/20

4.1 Community Hospitals & Services

4.1.1 There are continuing overspends within community hospitals and services for the four localities: Elgin, Buckie, Forres and Keith/Speyside totalling £174,012 to 30 June.

4.1.2 Overspends continue to be realised for the services. The main overspend relates to community hospitals in Buckie £74,719, Forres £67,336 (where the cost is to be reallocated to Community service) and Keith/Speyside £64,123. The overspend in Buckie and Keith are mainly longstanding and relate to staffing. Managers continue to seek to actively manage this. This is reduced by an underspend on administrative and other services £32,166.

4.2 Learning Disabilities

4.2.1 The Learning Disability service is overspent by £102,816. The overspend is primarily due to overspends on the purchase of care for people with complex needs of £121,785 which includes young people transitioning from children's services and people being supported to leave hospital; less client income received as expected of £14,527 and other minor variances totalling £828. This is being offset by underspends on staffing of £34,324, mainly relating to physiotherapy, speech and language and psychology services.

4.2.2 The whole system transformational change programme in learning disabilities can help assure that every opportunity for progressing people's potential for independence is taken, and every support plan is scrutinised prior to authorisation. The system can then have confidence that the money spent is required and appropriate to meet a person's outcomes, but it is not possible to remove the need for ongoing support. Whilst every element of expenditure is scrutinised prior to authorisation at service manager level, it has not been possible to reduce expenditure in line with the budget, as the nature of learning disabilities means that people will require on-going, lifelong support. The current level of scrutiny will remain in place, with only critical or substantial needs being met.

4.3 Mental Health

4.3.1 Mental Health services are overspent by £48,673. This includes overspends on senior medical staff costs including locums £33,211, Allied Health Professionals £7,767, supplies and equipment £1,592, and other costs including an efficiency target yet to be achieved £23,586, less income received than expected £2,444 and assessment and care £1,166, which is being reduced by an underspend in nursing £21,093. Services have continued to be delivered where funding has been reduced or withdrawn and management are considering this within the overall redesign of Mental Health services.

- 4.3.2 This redesign of medical services will result in a reduction in the number of sessions delivered equating to 0.5 whole time equivalent senior medical staff.

4.4 Care Services Provided In-House

- 4.4.1 This budget is underspent by £71,586. This primarily relates to staffing costs in Care at Home service £97,543, Community Support workers £62,294, which is reduced by a minor overspend in the challenging behaviour unit of £8,727. This is being further reduced by overspends in Day Care of £51,656 (due to a full year saving taken but the decision was not approved by MIJB until 27 June 2019 (paragraph 4 of the draft Minute refers)), less income received than expected £16,216 and other minor variances totalling £11,652.

- 4.4.2 In-House provided care is being closely monitored in relation to the ongoing changes within the service to ensure budget can be aligned accordingly.

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

- 4.5.1 This budget is overspent by £292,087. This includes an over spend for domiciliary care in the area teams £232,085, less income received than anticipated £39,141, client transport £17,019 and other minor variances of £3,842. 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.

- 4.5.2 Monitoring the level of spend within domiciliary care with external providers will continue in the context of the wider budget and shifting patterns of expenditure and the progress being made in relation to increased investment into new housing models.

4.6 Care Services Provided by External Contractors

- 4.6.1 This budget is overspent by £69,906. This relates to prior year savings not yet achieved of £36,000, due to the Board approving an extension for exiting grant funded services; increase costs for waking night cover £14,285, increase in OLM Systems Ltd licences £4,867 and other minor overspends totalling £14,754.

- 4.6.2 The MIJB has requested that information be presented to them by January 2020 to enable a framework to be developed to facilitate prioritisation of the grants made to third sector groups/organisations.

- 4.6.3 Work is underway to explore alternative models for overnight provision which maintain positive outcomes for service users whilst being more efficient. The work is monitored by the Learning Disability Transformational Change Programme Board. Social Workers are currently consulting with service users and families prior to the commencement of a 12 week pilot and subject to approval by the Board through a separate report to this meeting.

4.7 Other Community Services

- 4.7.1 This budget is underspent by £75,151. This relates to underspends in Allied Health Professionals (AHP's) £27,345, which includes Speech and Language

Therapy where ongoing difficulties are being experienced in recruitment, Dental £39,233 where underspends exist in Community Dental services arising from staffing, Public Health £15,393 where timing of expenditure within Moray Collective has impacted upon the position to date and Specialist Nursing services £5,778 where there is an ongoing vacancy in the Oaks service. These underspends are offset in part by an overspend in Pharmacy £12,598 which is related to staff costs that are expected to continue.

4.8 Primary Care Prescribing

- 4.8.1 The primary care prescribing budget is reporting an over spend of £256,675 to June 2019. As actual information is received two months in arrears, this position is only based on one month's actual spend plus an accrual for May and June. The position reflects the continuation of overspend from 2018/19 and is consistent with expectation. 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 perspective.

5. STRATEGIC FUNDS

- 5.1 Strategic Funds is additional Scottish Government funding for the MIJB, they include:
- Integrated Care Fund (ICF);
 - Delayed Discharge (DD) Funds;
 - Additional funding received via NHS Grampian (this may not be fully utilised in the year resulting in a contribution to overall IJB financial position at year end which then needs to be earmarked as a commitment for the future year).
 - Provisions for earmarked reserves has been made to fund unutilised allocation for Primary Care Improvement Funds and Action 15 in 2019/20, identified budget pressures, new burdens and savings that were expected at the start of the year.
- 5.2 By the end of the financial year, the Strategic Funds will reduce as the commitments and provisions materialise and the core budgets will increase correspondingly. The 2018/19 outturn position resulted in the MIJB having a deficit of £1,192,677 and a financial recovery plan was put in place, where the Recovery Plan will continue to be monitored and reported through 2019/20.

6. PROGRESS AGAINST THE RECOVERY PLAN

- 6.1 The financial recovery plan was submitted to the IJB on 29 November 2018, (para 18 of the minute refers) it was acknowledged that service redesign takes time to implement whilst ensuring the wellbeing of the population, as such the high level plan was for recovery over the years 2019/20 to 2021/22.
- 6.2 The progress against the recovery plan will be reported during the 2019/20 financial year. The following table details progress during the first quarter, however, this is early on in the financial year and more detailed progress will be available for quarter 2:

Theme	Para Ref	Full Year Target	Expected progress at 30 June 2019	Progress against target at 30 June 2019 Exceeded / (Shortfall)
		£	£	£
Mental Health		300,000	75,000	50,000
Care Services Provided In-House	6.3	500,00	125,000	(23,000)
Community Hospitals	6.4	100,000	25,000	(144,000)
Care Services Provided by External Contractors		350,000	87,000	294,000
Prescribing	6.5	200,000	50,000	(13,000)
Accountancy Driven		120,000	30,000	53,000
Total		1,570,000	392,000	217,000
Slippage	6.6	1,500,000		
Total Recovery Plan		3,070,000		

- 6.3 Care Services Provided In-House has fallen marginally short of the target for quarter 1. This continues to be considered in the context of balance of care and provision of service.
- 6.4 Community Hospitals has not met the target for quarter 1, however there are budget adjustments to be made totalling £276,000. Whilst this doesn't affect the bottom line it does improve the progress against the recovery plan to 30 June by £119,000 so the (£144,000) above would be reduced to (£25,000). The recovery plan option appraisal in relation to future models of care is still being developed.
- 6.5 Prescribing has not fully met the target for quarter 1 as the position to 30 June includes only one month of actual results. This may improve as the actual position is reported and local medicines management practices continue to be applied.
- 6.6 Slippage is difficult to gauge at this early stage of the financial year, so no figure is included for the first quarter, but is expected to be achieved during the year.

7. CHANGES TO STAFFING ARRANGEMENTS

- 7.1 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.
- 7.2 The staffing arrangements are noted in **APPENDIX 3** as dealt with under delegated powers for the period 1 January to 31 March 2019.

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 In addition, the MIJB, for the first time in 2018/19 concluded the financial year in an overspend position following the application of reserves. In line with the Integration Scheme, the funding Partners were called upon to meet this overspend in an agreed proportion. Communication has remained paramount throughout the year so the effects of the MIJB overspend could be built into the financial planning of NHS Grampian and Moray Council. These additional contributions are also show in the table below:

	£'s
Approved Funding 29.3.18	128,938,000
Amended directions from NHSG 10.7.19	46,457
Balance of IJB reserves c/fwd. to 19/20	256,863
Budget adjustments M01-M03	
Uplift (medical pay & other)	351,757
Primary Care Directed Enhanced Services	240,366
Public Health Earmarked Funds	211,918
Moray Alliance	40,596
Energy Uplift	30,059
Open University	15,000
Set Aside budget amendment	1,172,000
Improvement grants HRA	100
Other Minor Adjustments	13,137
Revised Funding to Quarter 1	131,316,255

- 8.3 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.

9. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019**

This report is consistent with the objectives of the Strategic Plan and includes budget information for services included in the MIJB Revenue Budget 2019/20.

(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 2019, an overspend is reported to the Board of £837,040.

The staffing changes detailed in **APPENDIX 3** have already been incorporated in the figures reported.

The movement in the 2019/20 budget as detailed in paragraph 8 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.

The year-end overspend position for 2018/19 gives cause for concern going forward. The general reserves have been depleted in 2018/19. Additional savings continue to be sought and a recovery plan is in place in order to support the 2019/20 budget and beyond. Progress reports will be presented to this Board throughout the year in order to address the serious financial implications the MIJB is facing.

(e) Staffing Implications

There are no direct implications in this report but **APPENDIX 3** summarises staffing decisions that have been implemented through delegated authority within Moray Council and NHS Grampian.

(f) Property

There are no direct implications in this report.

(g) Equalities/Socio Economic Impact

There are no equality implications as there has been no change to policy.

(h) Consultations

The Chief Officer, the Health and Social Care Moray Senior Leadership Group and the Finance Officers from Health and Social Care Moray have been consulted and their comments have been incorporated in this report where appropriate.

10. CONCLUSION

- 10.1 The MIJB Budget to 30 June 2019 has an over spend of £790,498 on core services. Senior Managers will continue to monitor the financial position closely and continue to deliver on the recovery plan.**
- 10.2 The financial position to 30 June 2019 includes the changes to staffing under delegated authority, as detailed in APPENDIX 3.**
- 10.3 The financial position to 30 June 2019 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDICES 4 and 5.**

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Background Papers: Papers held by respective Accountancy teams

Ref: