



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 29 SEPTEMBER 2022

SUBJECT: REVENUE BUDGET MONITORING QUARTER 1 FOR 2022/23

BY: INTERIM 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 2022 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 2022 is showing an overall overspend of £692,246.**
- ii) Note the progress against the approved savings plan in paragraph 6, and update on Covid-19 in paragraph 8;**
- 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 2022 as shown in APPENDIX 3; and**
- iv) 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 June 2022 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £692,358. This is summarised in the table below.

| | Annual Budget £ | Budget to date £ | Expenditure to date £ | Variance to date £ |
|-------------------------------|--------------------|---------------------|--------------------------|-----------------------|
| MIJB Core Service | 131,991,560 | 32,423,621 | 33,115,979 | (692,358) |
| MIJB Strategic Funds | 27,364,316 | 1,392,400 | 1,392,287 | 112 |
| Set Aside Budget | 12,620,000 | - | - | - |
| Total MIJB Expenditure | 171,975,876 | 33,816,021 | 34,508,266 | (692,246) |

- 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 2022/23

Learning Disability

- 4.1 The Learning Disability (LD) service is overspent by £199,758. The overspend is predominantly due to care purchased £218,719 less income received than expected £6,812 and other minor overspends totalling £2,077. This continues to be offset by an underspend in clinical Speech and Language services and psychology services of £27,849.
- 4.2 The LD Service manager and their team are aware of the overspend. There is national pressure on learning disabilities budgets due to escalating costs in Learning Disabilities. The most significant cost pressure is in terms of demand, volume, unit cost and complexity. The number of people with learning difficulties is also increasing, there has been a post lockdown surge in demand because of lack of structured activities during lockdown leading to an increase in complex and challenging behaviour and associated measures needed to support individuals and families.

Mental Health

- 4.3 The Mental Health service is overspent by £121,464. Clinical Nursing and other services are overspent by £86,710. The overspend is primarily due to staffing in medical services which is partly offset by underspends across Nursing Psychology and Allied Health Professionals (AHPs).
- 4.4 The staffing overspends continues to relate to two 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.
- 4.5 Assessment and care is £34,754 overspent primarily due to the purchase of care and costly care packages.

Care Services Provided In-house

- 4.6 This budget is underspent by £312,554 this relates to underspend in staffing across all the services in this budget totalling £407,734 which is being reduced by an overspend of £10,978 in property primarily due rising energy costs and cleaning costs and £33,055 in day care services due to rising transport costs and less income received than expected due to a reduction in social work meals income.
- 4.7 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.

Older People and Physical Sensory Disability (Assessment and Care)

- 4.8 This budget is overspent by £669,289. This primarily relates to overspends for domiciliary care in the area teams £481,132, permanent care £164,197 and

other minor variances of £23,960. 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.

- 4.9 For the first three months of this financial year is showing an overspend of £669,289. This is a decrease of £155,653 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.

Care Services provided by External Contractors

- 4.10 This budget is underspent by £418,857. This relates primarily to ceased contracts in Mental Health and Learning Disabilities. This funding will be utilised within the year with contracts being procured with other providers to take on the role of care. A government grant of £59K for telecare is also contributing to the underspent and again this will be utilised this year.

Admin and Management

- 4.11 This budget is underspent by £103,936. This is predominantly due to underspends in NHS Grampian within management business support through staff secondment, alongside underspends in equipment, transport, administration costs and additional income has been received.

Primary Care Prescribing

- 4.12 The primary care prescribing budget is overspent by £392,665 to June 2022, an increase of £154,483 on this budget at the same point in 2021/22. 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 allocation from MIJB core uplift yet to be included which would improve the position. For 2021/22 the overall prescribing volume of items in total was 5.35% higher than in 1920/21. The prescribing volumes overall are now greater than pre Covid levels and continuing to increase. To June 2022 the estimate of items is greater to date than anticipated, with higher volume in May. The emerging volume pattern for 2022/23 is to be reviewed as the increase is greater than expected across Grampian. Following negotiations and agreement between the Scottish Government and Community Pharmacy Scotland the average price per item fell to £10.62 and an average price of £10.62 per item has been used to estimate position to June. The fall in price was in line with expectations as part of national Pharmacy Contract for 2022/23.

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 until 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 first quarter against the original recovery plan.

| Efficiencies | Para Ref | Full Year Target | Expected progress at 30 June 2022 | Actual Progress against target at 30 June 2022 |
|-------------------------------------|-----------------|-------------------------|--|---|
| | | £'000 | £'000 | £'000 |
| External Commissioning | | 110 | 28 | 0 |
| Total Projected Efficiencies | | 110 | 28 | 0 |

- 6.3 Savings have not been taken in quarter 1 but savings will be taken and achieved in full by quarter 2.

7 IN YEAR EFFICIENCIES/ BUDGET CONTROL

- 7.1 Ordinarily, results for the first quarter of any financial year are approached with caution, with 2022/23 being no different and 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 utilising Covid reserves but this is gradually reducing as Covid related expenditure ends. 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 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 £1,735,000 to the end of the current financial year. Reported expenditure at the end of quarter 1 was £212,000 million. The costs are summarised below:

| Description | Spend to 30 June 2022 £000's |
|----------------------------------|---------------------------------|
| Reducing Delayed Discharge | |
| Staffing | 143 |
| Provider Sustainability Payments | 4 |
| Remobilisation | 57 |
| Cleaning, materials & PPE | 7 |
| Total | 212 |

- 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. MIJB currently has £9,016,000 in the Covid ear marked portion of the reserves, £1,735,000 is currently forecasted to be spent leaving the potential balance of £7,281,000 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 Council and NHS Grampian procedures for the period 1 Apr to 30 June 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 earmarked and £1,257,139 are a general reserve.

10.3

| | £'s |
|---|--------------------|
| Approved Funding 31.3.22 | 142,673,000 |
| Set Aside Funding | 12,620,000 |
| Balance of IJB reserves c/fwd to 22/23 | 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 M01-M03 | |
| Primary Care | 287,948 |
| NI Uplift | 280,540 |
| Public Health Earmarked | 37,755 |
| Hosted Recharges | 15,712 |
| Mental Health | 13,129 |
| Misc | 203 |
| Nes Dental Outreach | (30,500) |
| Investment in social care | (3,000) |
| MHO funding | 18,000 |
| Adult disability payment | 45,000 |
| Transitions client FYE | 184,956 |
| Gr 1- 4 pay award | 110,994 |
| Social work capacity in adult services | 409,000 |
| Winter planning | (295,000) |
| | |
| Revised Funding to Quarter 2 | 171,975,876 |

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 '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 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 3-8 of this report and in **APPENDIX 1**. For the period to 30 June 2022, an overspend is reported to the Board of £692,246.

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. 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.

The potential to claw back unused portions of the Covid reserve, 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 .

(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 June 2022 has an over spend of £692,358 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 2022 reflects the updated budget position and revised Directions have been prepared accordingly, as detailed in APPENDIX 4.

Author of Report: D O'Shea Interim Chief Financial Officer (MC) & B Sivewright
Finance Manager (NHSG)

Background Papers: Papers held by respective Accountancy teams

Ref: