



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 29 NOVEMBER 2018

SUBJECT: REVENUE BUDGET MONITORING QUARTER 2 FOR 2018/2019

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 2018 and a provisional forecast position for the year end.

2. RECOMMENDATION

2.1 It is recommended that the Moray Integration Joint Board consider and:

- i) note the financial position of the Board as at 30 September 2018 is showing an overspend of £1,931,604;**
- ii) note the provisional forecast position for 2018/19 of an overspend of £3,023,959 on core services;**
- iii) note the progress on savings previously approved;**
- iv) note the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations for the period 1 July to 30 September 2018 as shown in Appendix 3; and**
- v) approve for issue, the revised Directions shown in Appendices 4 and 5 to NHS Grampian and Moray Council respectively.**

3. BACKGROUND

- 3.1. The financial position for the MIJB services at 30 September 2018 is shown at **APPENDIX 1**. The figures reflect the position in that the MIJB core services are currently over spent by £1,931,604. This is summarised in the table below.

	Annual Budget £	Budget to Date £	Expenditure to Date £	Variance to date £
MIJB Core Service	111,721,656	55,228,045	57,159,649	(1,931,604)
MIJB Strategic Funds	3,063,744	780,859	590,686	190,173
Total MIJB Expenditure	114,785,400	56,008,904	57,750,334	(1,741,431)

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

- 3.2. The first provisional forecast outturn to 31 March 2019 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 £3,023,959 by the end of the financial year. 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	111,721,656	114,745,615	(3,023,959)	(3)
MIJB Strategic Funds	3,063,744	2,057,675	2,057,675	67
Total MIJB Expenditure	114,785,400	116,803,290	(1,437,779)	(1)

4. KEY MATTERS RELEVANT TO RECOMMENDATION

4.1. Community Hospitals & Services

- 4.1.1 There are overspends within community hospitals and services for the four localities Elgin, Buckie, Forres, Keith/Speyside totalling £64,875 to 30 September.
- 4.1.2 Over spends continue to be realised for these services. The main overspends relates to community hospitals in Buckie (£65,000), Keith (£58,000) community admin (£21,000) relating to Glassgreen Centre and the Joint Store which are being reduced in part by under spends in Forres (£36,000) Dufftown (£41,000) and Aberlour (£6,000) Within community hospitals the task of maintaining staffing cover alongside cumulative prior efficiency targets, continues to present a challenge, however progress is underway through implementation of protocols, implementation of the workforce and professional judgement tools and addressing staff utilisation with the aim of reducing bank costs. Non-financial objectives, including meeting waiting times, patient safety and delayed discharge targets (which are on the increase) still require to be maintained.
- 4.1.3 This budget is forecasted to be £31,385 over spent by the end of the financial year, this is an improved position primarily due to the monitoring of the use of bank staff and rotation of Community hospital staffing, improved vacancy control and utilisation of skill mix (not replacing like for like) and the interim closure of Leancoil hospital which has resulted in the relocation of nursing staff back to Speyside.

4.2. Learning Disabilities

- 4.2.1 The Learning Disability service is currently over spent by £84,950. The overspend is primarily due to the purchase of care for people with complex needs (£101,000), including high cost care packages, start up (one off) costs for Individual service fund (ISF) packages. Other overspends include (£89,000) for day services and other minor overspend variances of £2,980, which is being reduced by £33,000 more income received than expected. This is being further reduced by an underspends relating to staffing vacancies including Allied Health Professionals £33,000, Other Psychology staff £17,000 and physiotherapy £19,000
- 4.2.2 This budget is forecasted to be £240,477 over spent by the end of the financial year. Based on the current activity the day care is forecast to be overspent by £193,000, with an underspend within the Residential and Nursing element of £129,000. Domiciliary Care continues to be a pressure as there are complex and high cost care packages and this will result in a forecast overspend of £352,000. Moray Council has a provision of £200,000 for clients transitioning from children's services to adult services, business case for the individual clients have been made and funding will be released up to this value once approved.
- 4.2.3 However, even with this money transferred, the learning disabilities budget will show an overspend. 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

4.3. Mental Health

- 4.3.1 Mental Health services are overspent by £285,452. This includes medical staff including locum staff costs £256,000, Allied Health Professionals £25,000 other staff including Psychology £45,000 and other overspends £45,000 relating mainly to unmet prior efficiency offset in part by underspend on nursing £64,000 and Assessment and Care £22,000. The overspends on these budgets continue to be monitored by senior managers. All staffing vacancies are being scrutinised and an administrative review has been undertaken. Medical sickness absence will reduce in November and medical locum agency spend will reduce in December.
- 4.3.2 This budget is forecasted to be £614,624 over spent by the end of the financial year. This is a worsening position because in the second half of this year there has been care packages commissioned under Community Treatment Orders which are high costs and are compulsory under the Mental Health Act.

4.4. Addictions

- 4.4.1 The Addictions service is currently £14,310 under spent to date. The Moray Alcohol & Drugs Partnership is under spent by £52,258 which is being reduced by an over spend in the substance misuse service of £37,508.

- 4.4.2 This budget is forecasted to be £223,437 under spent by the end of the financial year. This is made up of an under spend in the Moray ADP service of £296,378 and an over spend of £74,361 in the substance misuse service.
- 4.4.3 The Moray ADP has received from the Scottish Government additional funding of £202,000 to meet the expectations of the national alcohol and drugs strategy and delivery plan. An Investment plan was submitted back to the Scottish Government in October for the utilisation of this additional funding. The expectation is that the funding made available will not be able to be fully committed before the end of this financial year and the forecast reflects a potential underspend in this resource. Further reporting is expected to Scottish Government on the outcomes being delivered against this funding.

4.5. Care Services Provided in-house

- 4.5.1 Care services provided in-house are underspent by £319,851. There are numerous variances within this budget heading, the most significant are primarily due to the Care at Home service, which are underspent by £189,000 partly due to the implementation of the change management plan and recruitment. There is an underspend of £174,000 for Woodview due to start-up of new clients whom have moved in part way through the year. (£50,000) relating to prior year savings target that has not yet been achieved. £7,000 relates to other minor overspends.
- 4.5.2 This budget is forecasted to be £692,106 under spent by the end of the financial year. The Care at Home services are forecast to underspend by £368,000 primarily due to staffing. Woodview is forecast to underspend by £345,000 due to staffing budget for a full year and the clients moving in part of the way through the year. This underspend is not expected to continue into 2019/20 where the full year effect of all the tenancies will be in place. Prior year savings against Day Care £50,000 are not expected to be achieved this financial year.

4.6. Older People and Physical Sensory Disability (Assessment & Care)

- 4.6.1 This budget is over spent by £938,920. This primarily relates to expenditure relating to Hanover for the new sheltered housing complexes at Forres and Elgin. 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 and for the new models of care piloted by Hanover. This is also representative of the true cost of care.
- 4.6.2 This budget is forecasted to be £1,820,054 over spent by the end of the financial year. The forecast overspend is primarily in domiciliary care and relates to the Hanover complexes, along with an increase in high cost care packages and the true cost care packages. There is also significant growth within the Shared Lives services and this is forecast to overspend by £86,000. The Residential and Nursing budget will be forecasting an underspend of £241,000 which is a reduction in client numbers and a high level of deferred income being received in the year.
- 4.6.3 A review of the service is underway using user intelligence to generate efficiencies by offering the opportunity to work more efficiently geographically

with external providers. The Care at Home strategy is also being reviewed, looking for efficiencies through the focus on internal and external work being split in to the tiers

4.7. Intermediate Care & Occupational Therapy

- 4.7.1 Intermediate Care and Occupational therapy service is currently over spent by £90,537. This is primarily due to the Aids and Adaptions including Community Alarm and telecare equipment budget overspent (£66,000). The other overspend relates to the landlord costs attributable to Jubilee cottages, The Bungalow and Woodview (£25,000). Weekly monitoring of high end equipment expenditure is in place due to the existing pressure on the budget. Service users are being supported to live more independently at home and therefore require equipment and adaptations to support this. This is in line with the demographic growth along with the complexities of conditions that service users require to be supported with at home.
- 4.7.2 This budget is forecasted to be £94,079 over spent by the end of the financial year. The forecast overspend is primarily due to the commitment spend against aids, adaptation, community alarm and telecare equipment £78,000. There will also be an overspend due to landlord expenditure on Jubilee Cottages, The Bungalow and Woodview £35,000. With the weekly budget monitoring on high end equipment costs it is anticipated that the budget will be brought under control. The process by which equipment is procured through the Joint Equipment store has always historically made it difficult to forecast year end spend. This is because it is not a set order every quarter but a fluid procurement process that changes depending in the volume of service users being assessed and then requiring equipment or adaptations. This changes month to month and therefore the not a static spend each quarter.

4.8. Care Services provided by External Contractors

- 4.8.1 This budget is overspent by £287,113. This is primarily due to savings targets, £140,000 relates to prior year savings for Older People contracts and £23,000 for 2018/19 savings target that have not yet been achieved. A further overspend relates to the historical Moray Training budget of £111,000. This function, in line with the legislation will be transferred back to Moray Council within the current financial year. The service managers and Commissioning team are currently working with the providers in order to put these savings in place.
- 4.8.2 This budget is forecasted to be £404,801 over spent by the end of the financial year. Prior year savings of £140,000 and £23,000 savings for this financial year will not be achieved. Moray Training, whilst an expected overspend is forecast of £226,000 will not remain as part of the MIJB budget

4.9. Other Community Services

- 4.9.1 This combined budget is overspent by £19,461. This is due to overspends in dental services (£13,972) in part arising from efficiency applied, allied health professionals (£16,425) including a reduction in income and staff costs , specialist nurses (£2,246) and pharmacy service (£20,251) arising from staff costs, which is being offset in part by an underspend in public health of £33,433.

4.9.2 This budget is forecasted to be £63,001 over spent by the end of the financial year. This is due to overspends in dental services (£13,944) relating to the phased allocation of budget in later part of year, allied health professionals (£32,849), specialist nurses (£4,493) and pharmacy service (£40,503), which is being offset in part by an underspend in public health of £28,788 where spending is expected to increase during the latter part of the year.

4.10. Admin & Management

4.10.1 Admin and Management is currently under spent by £26,389, this is primarily due to NHS Grampian admin and management underspends in Medical and Management pays

4.10.2 This budget is forecasted to be £449,504 under spent by the end of the financial year. This is primarily due to the vacancy factor target which is expected to be exceeded by £402,229 and under spend of £46,692 due to NHS Grampian Admin and Management as detailed above.

4.11. Primary Care Prescribing

4.11.1 The primary care prescribing budget is reporting an over spend of £448,867 to date. The budget to September includes the full year roll forward budget and a further £100,000 saving approved for 2018/19. This follows the Health & Social Care Prescribing Budget Supporting Information and Data paper which was presented to NHS Grampian, Grampian Medicines Management group on 10 January 2018 and to MIJB on 29 March 2018 (para 10 of the Minute refers), in which an uplift to budget was recommended (£1,200,000) but was not implemented by the MIJB. The current overspend reflects the movement in prices and volume since April. During this period senior management have undertaken a number of cost management activities to reduce the overspend and achieve the additional saving. There remains a significant cost pressure due to the national price increases for a small number of frequently prescribed items.

4.11.2 This budget is forecasted to be £1,019,000 over spent by the end of the financial year reflecting continuance of prescribing volumes and spend in line with current levels.

4.12. Primary Care Moray

4.12.1 The Primary Care Moray service is currently over spent by £27,642 due to continuing overspends in Enhanced Services offset by underspends in Board Administered Funds.

4.12.2 This budget is forecast to be over spent by £92,682 by the end of the financial year as the impact of continuing overspends in Enhanced Services are offset to a lesser degree due to reducing underspends in Boards Administered Funds.

4.13. Hosted Services

4.13.1 This budget is currently overspent by £91,341. This is mainly due to GMED (£75,000), Police Forensic Medical Examiner service (£31,000) Marie Curie

Nurses (£12,000) and other services (£11,341) where there are continuing overspends offset by underspends in other hosted services, including the Prison service (£38,000).

4.13.2 This budget is forecasted to be over spent by £180,927 by the end of the financial year. The service managers are currently reviewing the GMED service and have presented options to reduce the overspend in this service; these options will need to be agreed with all 3 IJB's in Grampian (Moray, Aberdeen City and Aberdeenshire).

4.14. Improvement Grants

4.14.1 This budget is currently underspent by £55,659, this is due to the Improvement grants and the timing of works as the budget is fully committed for 2018/19.

4.14.2 This budget is forecasted to be under spent by £103,666 by the end of the financial year. The Adaptation Governance Board is currently reviewing the processes and related deficiencies in completion of adaptations in a timely manner. The current pathway involves many stages and interlinks across various departments. Streamlining will allow completion of adaptations quicker.

4.15. STRATEGIC FUNDS

4.15.1 Strategic Funds is additional Scottish Government funding for the MIJB, they include:

- Integrated Care Fund (ICF);
- Delayed Discharge (DD) Funds;
- Additional funding received from NHS Grampian during the year which may not been fully utilised during 2018/19, some of which may be needed to be funded in future years; and
- Provisions for earmarked reserves, identified budget pressures, new burdens and savings that were expected at the start of the year.

4.15.2 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, this can be seen on the forecast figures. When the budget for 2018/19 was set there was a shortfall to be addressed of £4,596,000. On 28 June 2018 a revised Revenue Budget 2018/19 paper was presented to this Board (paragraph 6 of the minute refers). The 2017/18 out-turn position had resulted in remaining reserves of £846,726 to be utilised as part of the 2018/19 budget and further efficiencies had been identified reducing the budget shortfall to £3,293,000. The forecast position gives an overspend of £1,437,779 to the end of the financial year.

4.15.3 On the basis of the current position and the provisional forecast position to the financial year end the MIJB remain in a deficit position, but the projected deficit has reduced to £1,437,779 based on agreed funding levels between the partners, Moray Council's share would be 37% of the deficit: £531,978 and NHS Grampian's share would be 63%, £905,801. Given the remaining estimated shortfall, services are required to consider options for bringing the budget into line and to develop a recovery plan.

4.16. CHANGES TO STAFFING ARRANGEMENTS

4.16.1 At the meeting of the Board on 25 January 2018, the Financial Regulations were approved (para 6 of the minute refers). All changes to staffing arrangements with financial implications and effects on establishment are to be advised to the Board.

4.16.2 Changes to staffing arrangements dealt with under delegated powers through appropriate Council and NHS Grampian procedures for the period 1 July to 30 September 2018, and are detailed in **APPENDIX 3**.

4.17. PROGRESS IN IMPLEMENTING APPROVED SAVINGS

4.17.1 The indicative unbalanced revenue budget for 2018/19 was accepted as a working document at the meeting of this Board on 29 March 2018 (para 8 of the Minute refers). As part of the budget setting process, savings were identified of £1,060,000, and these were implemented during quarter 1. In the budget report approved at the meeting of this Board on 28 June 2018 (para 6 of the Minute refers) further savings were identified of £456,000, and these have been implemented in quarter 2. Progress against implementing all the approved savings is detailed in the table below

4.17.2

Service Area	Description of Saving	£'000	RAG	Comments
Community Hospitals	Process Change and Management	100		Saving posted and achieved in part as the service is expected to overspend by £31,000
Community Nursing	Re-alignment of Responsibilities	125		Saving posted and achieved in the main but the service is forecast to be overspent by £18,000
Mental Health	Purchasing Budget Efficiency	52		Saving posted and achieved in part as the service is expected to overspend by £27,000
Health Improvement	Re-alignment of Post	46		Saving posted and achieved
Care Provided In-House	Re-provision of Respite Services	86		Saving posted, and service now closed
External Commissioning	De-commissioning of Accommodated Respite, Service Review & commissioning cycle	816		The De-commissioning of Accommodated respite has been achieved and exceeded by £69,000. £23,000 saving although posted will not be achieved in 2018/19
Community Services - Dental	Relocation of Staff and Activity	110		Saving posted and achieved in part as the service is expected to overspend by £14,000
Administration & Management	Increase Vacancy Target	50		Vacancy target budget increased £50k and achieved
Prescribing	Medicines Management	100		Saving posted and achieved in part as the service is expected to overspend £1,019,000
Public Health	Uncommitted Budget	31		Saving posted and achieved
Total Approved Savings		1,516		
Additional Efficiencies Identified	Savings above the target	148		Efficiency savings identified during the year and additional to those previously approved by the MIJB

Savings will continue to be monitored throughout the financial year and reported back to this Board with the next budget monitoring report.

4.18. UPDATED BUDGET POSITION

4.18.1 During the financial year, budget adjustments will 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.

	£'s
Approved Funding 29.3.18	112,268,000
Balance of IJB reserves c/fwd. to 18/19	846,726
Adjustments in Qtr. 1	2,370,879
Revised funding at start of Qtr. 2	115,485,605
Budget adjustments M4-M6	
Prescribing reverse allocation to Scottish Government	(396,843)
Social Care funding veterans allocation	80,461
Additional pay allocation from NHSG	165,802
Plasma M3-M6	20,044
General Dental Service allocation reduction	(31,000)
Forres running costs M4-M6	53,162
ADP additional funding for 18/19	202,703
Winter Pressures funding 18/19	92,802
Other adjustments net	(149,725)
Improvement grants correction (HRA)	(57,500)
Carers Act provisional allocation to Council	(100,000)
Revised Funding to Quarter 3	115,365,511

4.18.1 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.

5. 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 Moray 2026 and includes 2018/19 budget information for services included in IJB in 2018/19.

(b) Policy and Legal

There are no policy or legal implications in this report.

(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 September 2018, an overspend is reported to the Board of £1,931,604.

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

The movement in the 2018/19 budget as detailed in paragraph 14.8.1 have already been incorporated in the figures reported.

(d) Risk Implications and Mitigation

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 is also a risk that the disaggregated NHS Grampian budget figures will not have adequate remedial actions in time to prevent overspends. This in turn will increase the reliance on additional monies provided by Scottish Government for specific purposes being utilised to balance these budgets.

The current overspend is not unexpected but gives cause for concern going forward. The reserves of £846,726 have been utilised to reduce the budget shortfall for the 2018/19 budget. Further savings and recovery plans will be required to be identified in order for the MIJB to be able to balance the budget for 2018/19 and cover the budget pressures from 2018/19 onwards.

(e) Staffing Implications

There are no direct implications in this report but **APPENDIX 3** summarises staffing decisions that have been implemented through delegated authority.

(f) Property

There are no direct implications in this report.

(g) Equalities/Socio Economic Impact

There are no equality implications in this report

(h) Consultations

The Chief Officer, the Senior Management Team and the Finance Officers from the Community Health Partnership and Moray Council have been consulted and their comments have been incorporated in this report.

6. CONCLUSION

- 6.1. The MIJB Budget to 30 September 2018 has an over spend of £1,931,604 and the first provisional forecast position of £3,023,959 overspend. Senior managers will continue to monitor the financial position closely and to develop recovery plans.**
- 6.2. The finance position to 30 September 2018 includes the changes to staffing under delegated authority, as detailed in APPENDIX 3.**
- 6.3. The financial position to 30 September 2018 reflects the updated budget position and a revised Direction has been prepared accordingly, as detailed in APPENDIX 4 and APPENDIX 5.**

Author of Report: D O'Shea Principal Accountant Moray Council & B Sivewright
Finance Manager (NHSG)
Background Papers: Papers held by respective Accountancy teams
Ref: DOS/LJC/