



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 26 October 2017

BY: Chief Finance Officer

SUBJECT: Financial Position – Update

1 PURPOSE

- 1.1 This paper considers the current (at month 5) financial position of the IJB as far as the information is available.

2 RECOMMENDATIONS

The IJB is asked to:

- 2.1 Note the financial position accepting the indicative nature of the information.
- 2.2 Require the Chief Officer to ensure that the steps laid out in the integration scheme to manage overspends are delivered.

3. BACKGROUND

- 3.1 At its June 2017 meeting the IJB received a report updating the financial assurance for its 2017/18 budget. This report noted that the IJB is required to break-even in year and that it was unlikely that either NHS Lothian or East Lothian Council would be able to make any further non-recurrent funding available to support any in-year pressures.
- 3.2 At its August 2017 meeting the IJB received an update on the year to date position at June 2015. This showed an overspend of c. £0.5m to month 3 in the health element of the IJB's budget and a break-even position in the social care element of the IJB's budget.
- 3.3 NHS Lothian have now provided the IJB with an projected out-turn forecast for the health element of the IJB based on the month 5 position and this shows the following :-

	Variance £m
Core	48
Hosted	154
Set Aside	(652)
Total (net)	(497)

All figures variances
(unfavourable)/favourable

The key drivers behind this position are as follows (all within Set Aside):-

- Gastroenterology is forecast to overspend by £114k. This due to a recurring medicines pressure being driven by an increasing numbers of patients.
- General Medicine is forecast to overspend by £111k The overall pressure comprises an element of legacy efficiency schemes and higher than planned nursing spend driven by recruitment problems, high sickness absence and increased acuity of a small number of patients
- Junior Medical is forecast to overspend by £357k This primarily relates to A&E at the RIE and St John's and Acute Medicine and Medicine of The Elderly on all sites. The gap is driven by the requirement for additional staff to deliver 7 day working, non compliant rotas and the use of locum staff for trainee gaps.
- The forecast reflects recovery actions totalling £1m which are planned to take effect from August.

3.4 The Council does not receive monthly finance updates, but is provided with quarterly forecasts of the out-turn position based on the current actuals at each quarter-end. The second quarter's information is not yet available however financial management information is available for the Adult Wellbeing service at the end of month 5. The complete analysis of this information is not yet finished, but the indicative position suggest that there has been an unfavourable movement in the financial position and the Adult Wellbeing service – which was already flagged as a medium risk service at quarter 1– will be asked to provide a recovery plan to deliver a break-even position in year. The IJB will recall that the social care budgets delegated to the IJB are not simply those of the Adult Wellbeing service but the Adult Wellbeing services are the core of the social care budgets of the IJB

3.5 The IJB's integration scheme lays out the process to manage overspends. An overspend having been forecast the steps are:-

- The partners prepare a recovery plan, this failing then

- The IJB prepares a recovery plan, this failing then
- The partners provide additional resources, this failing then
- The partners make 'interim funding' available to the IJB with repayment in future years

3.6.1 It should be noted that not every element of the NHS or Adult Wellbeing budgets are overspent, the value above is a net position – that is that the overspends are netted off against any underspends on individual budget lines. Given that the financial model requires further development – this was also discussed in the August report – and the overall financial management arrangements continue to be developed it is proposed that in 2017/18 the IJB financial management is dealt with on a net basis.

3.6.2 As was discussed above, the IJB has a forecast overspend in 2017/18 in total within its Health budgets and there is an indication of a financial risk within the social care budgets. The Chief Officer and the Chief Finance Officer have been working through the process to manage overspends laid out in the Integration Scheme, the current position being :-

- NHS Lothian – the IJB understands that there are no further proposals at this time to bring the set aside budgets back into balance. This will mean that, the IJB itself should now prepare a recovery plan for the set aside services. In practical terms this is probably unrealistic, however discussions are underway with NHS Lothian to identify any further areas wherein the IJB can support recovery. It should be noted that the IJB's core and hosted services are currently projected to support an element of the set aside overspend, if this position were to improve (that is be further underspent) this would in effect be further support to the set aside position.
- East Lothian Council – the Director of Health and Social Care has been tasked, given the financial risk status of the service, to deliver a break-even position and to deliver any required recovery plans. This position will be reported to the IJB at its December meeting when the quarter two review position will be available from Council colleagues

4 POLICY IMPLICATIONS

4.1 This paper is covered within the policies already agreed by the IJB.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper have yet to be assessed. Such issues will be the cornerstone of longer term planning to be undertaken beyond 2017/18, in partnership with the partners

6 RESOURCE IMPLICATIONS

- 6.1 Financial – discussed above.
- 6.2 Personnel – any implication for personal will be examined as the financial plan is developed.

7 BACKGROUND PAPERS

- 7.1 Previous financial reports to the IJB

AUTHOR'S NAME	David King
DESIGNATION	Chief Finance Officer
CONTACT INFO	David.king@nhslothian.scot.nhs.uk
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