



**REPORT TO:** East Lothian Integration Joint Board

**MEETING DATE:** 22 March 2018

**BY:** Chief Finance Officer

**SUBJECT:** Financial Position - Update

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## 1 PURPOSE

- 1.1 This report provides an update on the IJB's financial position for 2017/18 based on the information currently available to the IJB.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to note the current position.

## 3 BACKGROUND

- 3.1 At its March 2017 meeting, the IJB agreed its opening budget position for 2017/18. The IJB had undertaken a detailed financial assurance process and, using the financial information provided by the partners, this established the following financial risk:-

Partner	Estimated Pressures £m	Plans Available £m	Plans to be developed £m
East Lothian Council	2	1.8	0.2
NHS Lothian	1.8	1.5	0.3
	<b>3.8</b>	<b>3.3</b>	<b>0.5</b>

- 3.2 It was accepted that this level of risk was, in principle manageable and the IJB accepted that assurance of the operational management teams that they would endeavour to deliver break-even in year.
- 3.3 At its meetings in July '18, August '18, October '18 and December '18 the IJB received an update on the in-year (2017/18) financial position. The early papers (July and August) reported issues within the health budget but noted that the social care budget was expected to break-

even. However as the year progressed the health position improved but financial pressures in social care were reported along with an indication that the IJB may therefore not break even. The October and December papers laid out the actions described in the Integration Scheme in the event of an overspend forecast and reported the actions taken by the Chief Officer and the Chief Finance officer to address these.

- 3.4 A key element of these actions is the preparation of a recovery plan and an outline health recovery plan was reported in the October paper with the social care recovery plan reported in the December report.
- 3.5 NHS Lothian produces a forecast out-turn position for the health element of the IJB on a monthly basis. The most recent report available (based on the month 10 position) shows a projected out-turn overspend of c. £84,000, broken down as follows:-

	£000's
Core	462
Hosted	72
Set Aside	-618
Total	-84

Variance over/(under)

- 3.6 East Lothian Council have now completed their quarter three position, which reports an overspend for Adult Wellbeing of £802,000. The Council also have undertaken a year-end out-turn forecast and adult wellbeing will not break-even. The 17/18 out-turn projection is an estimate of c. £850,000 of an overspend. It should be noted that this is the position for Adult Wellbeing and not for the IJB – the two budgets not being the same – but for the purposes of this exercise the out-turn position are not likely to be materially different.
- 3.7 On this basis, for 2017/18 the IJB will be overspent by c. £1.0m.
- 3.8. Although the steps laid out in the Integration Scheme in the event of an overspend being forecast were laid out in the December report, it is worthwhile reiterating these and describing the current position:-
1. **That the partners prepare a recovery plan.** This has happened and although the Health Position has recovered (albeit not yet broken even) the social care position has not recovered
  2. **That the IJB prepares a recovery plan.** This was not considered practical but the recovery plans were reported to the IJB and the IJB has supported the work of the partnership. That said, East Lothian Council has carried into 17/18 a reserve for the drug and alcohol services (MELDAP) which are allocated to the IJB. There remains a significant balance in this reserve in 17/18 and these

funds could be used (on a non-recurrent basis) to support the IJB's overall 2017/18 financial position.

3. **That the IJB uses any underspend in 'one arm' of its budget to underpin overspends in the other.** Given the position above this is not an option at this time.
4. **That the partners make additional funds available to the IJB.** In 2016/17, both partners provided additional resources to cover 'their' element of the overspend. Informal discussions have taken place with NHS Lothian and it is understood that the Health Board will be recommended to provide additional support to the IJB, although this decision has not yet been made. Discussions are currently underway with the Council
5. **That the IJB is provided with brokerage (a loan) by the partners.** This is not a recommended position for the IJB. The IJB has no realistic way of repaying such a loan and if, as an example, the loan was to be repaid through the 18/19 budgetary allocation then it is doubtful whether the IJB could accept a budget that was clearly 'insufficient'?

- 3.9 Even if non-recurrent support is provided from the partners, given this position and that reported in 2016/17, there appears to be a recurrent underlying pressure within the social care budgets. This was recognised in the IJB's initial financial outlook for 2018/19 which was presented to the IJB as part of the overall financial planning paper at its last meeting. The IJB will have to assure itself that the partnership has the appropriate plans in place to balance the social care budgets that have been delegated to it by the IJB.

## **4 ENGAGEMENT**

- 4.1 The IJB's meetings are held in public and its papers are available on line.

## **5 POLICY IMPLICATIONS**

- 5.1 There are no further policy implications arising from this paper.

## **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 RESOURCE IMPLICATIONS**

- 7.1 Financial – none
- 7.2 Personnel – none
- 7.3 Other – none

## **8 BACKGROUND PAPERS**

- 8.1 Reports to the IJB as discussed above.

<b>AUTHOR'S NAME</b>	David King
<b>DESIGNATION</b>	Chief Finance Officer
<b>CONTACT INFO</b>	david.king@nhslothian.scot.nhs.uk
<b>DATE</b>	16 March 2018