



REPORT TO: East Lothian Integration Joint Board
MEETING DATE: 28 June 2018
BY: Chief Finance Officer
SUBJECT: Finance update – 2018/19

1 PURPOSE

- 1.1 This report provides an initial review of the financial position for 2018/19 and reflects on further development of the IJB's financial plan.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to
- i. Note the update on the 2018/19 projected financial position
 - ii. Support the further development of the IJB's financial plan.

3 BACKGROUND

- 3.1 Although the IJB broke even at the end of 2017/18, this was after considerable non- recurrent support from the IJB's partners, especially East Lothian Council. A further update of the financial assurance for the 18/19 budget setting was presented to the IJB at its May 2018 meeting and this indicated a financial pressure in year of c. £3.0m broken down as follows :-

	£000's
Adult Social Care	-1.20
Health – Core	-0.61
Health – Hosted	-0.51
Health - Set Aside	-0.67
	-2.99

- 3.2 The position in social care reflects the gross out-turn position at the end of 2017/18 – that is the underlying pressure prior to any year-end adjustments. This position does not reflect the efficiency schemes required in 18/19 for which detailed plans are available and the presumption is that these schemes will be fully delivered. The indicative pressures in the health budgets reflect NHS Lothian’s current financial plan. For those health services managed by the partnership (Core and an element of hosted) plans are already in train to provide a break-even position and, in the reply to the NHS Lothian budget proposition, the IJB has asked for further details as to the plans to deliver break-even within Set Aside and Hosted services not managed by the partnership.
- 3.3 Neither partner has completed their quarter 1 review – the Q1 review being a forecast of the current year’s financial out-turn based on the financial information available in the first three months of the financial year – because financial information for April, May and June 2018 is not yet available. However, both partners continue to provide detailed finance updates and briefing to the IJB.
- 3.4 NHS Lothian provide two sets of information to the IJB, a year-to date financial position and, after the first quarter a year-end forecast for the IJB. A year-to date position for month two has been provided and this shows the following:-

	£000's
Health – Core	-72
Health – Hosted	-52
Health - Set Aside	-61
	-185

That is an overspend of £185,000.

This is an in year position and not, as discussed above, a proper out-turn forecast. However, even having excluded the core element (on the basis that the partnership will deliver a break-even position) there remain pressures in hosted and set aside and the IJB will continue to discuss actions to resolve this with NHSiL.

- 3.5 At this time, East Lothian Council does not have a month 2 position available (it does not provide a month 1 position, the finance team’s resources being largely concentrated on producing the annual accounts) however work is underway with the partnership’s management team to examine the underlying issues behind the 17/18 overspend and the delivery of the efficiency plans that were embedded in that position. This work indicates that the 17/18 efficiency plan has not been fully delivered and the expected full year effect of this plan in 18/19 will not deliver the projected benefit.

- 3.6 As part of the detailed development of the IJB's financial plan, a meeting took place between the IJB (the Chief Officer and the Chief Finance Officer), the Council (the Deputy Chief Executive and the S95 Officer) and NHS Lothian (the Director of Finance and the Deputy Director of Finance). This discussion resulted in an agreement to work more closely together to develop the IJB's financial plan. This is, of course, in line with the IJB directions for 18/19.
- 3.7 The key to the financial planning process is a detailed examination of current capacity in each service and a consideration of current and future demand. Although much financial information and activity information is available further work is required to join these two elements together. Having thus established a baseline position this will allow a consideration of the impact on the baseline arising from changes in demand and an understanding of the impact in the change in the current service delivery model. Changes to the current service models will reflect the IJB's financial strategy (fully integrated, multi-disciplinary, community based services) and thus drive the change in the balance of clear that remains the IJB's overall objective.
- 3.8 In order to drive this process forward it has been agreed that a Joint Workshop (IJB, Health and Council) will be held which will agree an appropriate mechanism to examine activity (and how that activity has changed in the past few years and what future indications are) and costs in :-
- Community services (both health and social care)
 - Care Home usage
 - Hospital bed usage (both acute and community)

And to examine the impacts of the development that have taken place in the last few years from developments like hospital at home, hospital to home, the Musselburgh Hub, the use of telecare and the changes arising from the operational integration of health and social care teams in the delivery of care for Older People, Mental Health Services, Substance Misuse Services and Learning Disabilities.

- 3.9 This work will start with a detailed analysis of the 2017/18 position and will allow a review of the 2018/19 position and will also inform the next iteration of the IJB's Financial Plan.
- 3.10 A further, more detailed report will be brought back to the IJB at its August meeting reflecting on the output from the Partner's quarter one financial reviews and a further revision of the IJB's financial plan will be brought to the IJB's October 2018 meeting.

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.

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