



**REPORT TO:** East Lothian Integration Joint Board  
**MEETING DATE:** 23 August 2018  
**BY:** Chief Finance Officer  
**SUBJECT:** Financial Update – August 2018

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## 1 PURPOSE

- 1.1 This paper updates the IJB on the outline financial projections for 2018/19 based on the financial information currently available.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to
- Note the outline projected position
  - Support the actions laid out below.

## 3 BACKGROUND

- 3.1 The IJB agreed its 2018/19 budget at its meeting in May 2018 having received an indicative financial assurance report at its February 2018 meeting.
- 3.2 A further report was presented to the IJB at its June 2018 meeting. This report reflected on the NHSiL IJB finance information for May 2018 (an overspend of c. £185,000) and noted that 18/19 council financial information was not available at that time. The report reiterated the initial review of the financial pressures that had been identified as part of the financial assurance process, being:-

	£000's
Adult Social Care	-1.20
Health – Core	-0.61
Health – Hosted	-0.51
Health – Set Aside	-0.67
<b>Total</b>	<b>-2.99</b>

- 3.3 The partners have now provided further 2018/19 financial information to the IJB.

### **NHS Lothian**

- 3.4 A year-to-date position for month 4 (July 2018) is now available, this shows:-

	Variance £000's
Core	306
Hosted	-50
Set Aside	-160
<b>Total</b>	<b>96</b>

Favourable/(unfavourable)

That is an underspend of £96,000. The key to the improvement between the month 2 position and the month 4 position is a significant improvement within the GP prescribing budget. The 2018/19 NHSiL financial plan projected a prescribing pressure of c. £800,000 for the IJB, however information is now available for 2018/19 and this shows a greatly reduced projected pressure. That said, the prescribing budget has proven to be difficult to forecast (price changes being outwith the control of the partnership) and this remains a financial risk. There have been other improvements in operational services as management actions to resolve potential overspend have taken effect. NHS Lothian has not completed its quarter 1 review and this position is simply the reflection of the current month.

### **3.5 East Lothian Council – Adult Wellbeing**

East Lothian Council has undertaken its quarter 1 review (that is utilising the financial information for the first three months of the year to project an out-turn position for 2018/19) and, although it has not prepared an IJB position it has prepared a position for its adult wellbeing services. The month 4 position for AWB is reported as an overspend of £344,000 and the forecast suggest that this gap will continue to grow with the key drivers being commissioned care costs in both Care Homes and Care at Home, and continuing pressures and demand relating to clients with Physical and Learning Disabilities.

- 3.6 The Integration Scheme lays out a mechanism for managing projected overspends, the first step being requiring the partners to provide recovery plans. ELC have clearly required the partnership to deliver a recovery plan for the AWB services but the IJB will have to wait until NHSiL has completed its Q1 review to understand the health element of the IJB's 18/19 forecast financial out-turn.
- 3.7 The second element of the mechanism is for the IJB to prepare a recovery plan – this on the basis that the partner's recovery is likely not to produce a balanced position. A part of such a plan could be, as

happened at the end of 2017/18, a movement of resources from one 'arm' of the IJB to the other. Clearly this can only happen if these resources are available to the IJB and the IJB would have to be able to lay out a clear mechanism and rationale for the transfer of resources.

- 3.8 In the longer terms, the IJB's goal is to transfer care from an institutional base (hospital and care home beds) into a community setting. Initially this means a reduction in the use of acute beds (that is beds in the Royal Infirmary of Edinburgh and the Western General Hospital) and the IJB and the partnership have been developing this work over the past few years. Investments in step down beds, hospital to home, hospital at home and the care home team have improved the community infrastructure and created capacity in the community system to both keep people out of the acute hospitals and to reduce their length of stay if they are admitted.
- 3.9 The IJB has commissioned detailed work to establish how the use of hospital beds (especially acute beds) has changed over the past few years. This exercise will show the impact of the IJB's investments on the acute system although this analysis will be made more challenging by demographic pressures and increased demand.
- 3.10 Its worth noting that the IJB has a notional 'share' of the hosted and acute beds. This share is based on the NRAC model and means, for example, that the IJB has 12% of the delegated acute beds at the RIE, WGH and St. John's. However, work is currently underway to identify the total number of beds that the IJB uses at these hospitals and its the number of beds used compared to the share that is a critical element – if the IJB is using a greater number of beds that its share then that is, in itself, a financial challenge.
- 3.11 NHSiL is revised the IJB health budget setting and charging model and this has two broad elements – to establish a fair budget for the IJB which will include a fair share of acute resources(as above) and to establish a charging mechanism which will ensure that the IJB is only charged for the ends that it uses. This will create a mechanism to allow the transfer of resources if the IJB uses fewer beds than its share and will also then reflect on any further reduction in acute bed usage. This model is not yet completed and would require to be completed before any longer term transfer of acute resources can take place. That said, a further update to the model is currently being developed.
- 3.12 Changes in community based activity

The IJB is also establishing the changes in community activity over the past few years. Data is available for Home Care hours (purchased and provided), Care Home places (purchased and provided), hospital at home, hospital to home and the care home team. However, there are other community interventions – support to a range of community organisations - the older people's day centres and the use of the SDS model where the activity is not yet fully captured and this data is required to allow a complete analysis. At this time there is not a clear picture of the changes in community based activity and it may be more

challenging to analyse the output from teams (e.g. the Care Home Team) whose activity is preventing admission but where such activity is difficult to 'count'. There have been further investments which are difficult to count in traditional activity terms. For example in 'retention' (keeping care packages open when individuals have been admitted to hospitals for short period) which has a benefit for the individual (reduction in delayed discharge) which incur costs but do not generate 'activity'.

### 3.13 Financial Impact of changes

Having analysed the activity, the financial model will allow the IJB to understand the impact that this has had on its resources usage and to then understand how these resources could be redeployed as necessary. In terms of re-utilisation of acute resources this will depend on the completion of the revised NHSil IJB budget setting model described above.

### 3.14 Short term issue – 2018/19

However, there is clearly a financial pressure for the IJB indicated in 2018/19 arising from the social care services. The IJB should now prepare a recovery plan for the current year taking into account the recovery plan of the partners, considering what activity changes the IJB might direct and what non-recurrent resources could be made available to support the position. Work on this has already commenced.

### 3.15 Financial Plan 2018/19 – 2020/21

The IJB continues to develop its three year financial plan and it is this plan that will provide a recurrent financial solution to the issues discussed above. The establishment of baselines (the IJB's capacity in terms of beds and care home hours (for example)) which is part of the work described above along with a review of how activity has changed over the past few years (and therefore an indication of how demand might change in the future) will inform the transformation process. The IJB's underlying financial principle is to deliver its outcomes within its (financial) means and if this is successful then this will mean that (in principle) the partners will not have financial pressures being able to provide the service models to deliver the outcomes within the agreed resources.

### 3.16 There are a range of actions currently underway the results of which will provide intelligence for a further report on the 2018/19 position along with an outline of the IJB's recovery plan which will be brought to the September 2018 meeting.

These actions are:-

- Analysis of NHS bed movements
- Analysis of social care activity
  - Care Home
  - Care at Home
  - Community Interventions

- Day Centres (an investment of c. £200,000 being made in 2017/18)
- SDS activity
- Analysis of community health activity
- Review of NHSiL IJB budget setting and charging model

#### **4 ENGAGEMENT**

- 4.1 The IJB published its papers on the internet and holds its meeting in public.

#### **5 POLICY IMPLICATIONS**

- 5.1 There are no new policy implications in 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 – discussed above
- 7.2 Personnel – none
- 7.3 Other – none

#### **8 BACKGROUND PAPERS**

- 8.1 IJB financial plan – IJB meeting in February 2018.

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