



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

**MEETING DATE:** 13 December 2018

**BY:** Chief Finance Officer

**SUBJECT:** Financial Position 2018/19

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## **1 PURPOSE**

- 1.1 This report further updates the IJB on its current financial position in 2018/19, reports the projected year end outturn from the quarter two financial reviews and updates on the dialogue with our Partners to balance the financial position in year.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- i. Note the current financial position;
  - ii. Note the Quarter two financial reviews of 2018/19; and
  - iii. Support the continued dialogue with partners to balance the IJB financial position in year 2018/19.

## **3 BACKGROUND**

- 3.1 At its meeting in October 2018, the IJB received an update on its Quarter one forecast for 2018/19. This highlighted a projected underspend within the health budget of the IJB and an overspend within the social care budget of the IJB which is not expected to improve.

### **Year to date financial position as at September 2018 and Quarter two financial reviews**

- 3.2 The IJB financial position as at the end of September 2018 is £500k overspent.

## East Lothian IJB Financial Performance – September 2018

	Year to Date Outturn		Q2 Forecast Outturn
	£k		£k
Social Care	-762		-1,300
Health			
Core	442		1,051
Hosted	54		314
Set Aside	-235		-399
	<b>-500</b>		<b>-334</b>

- 3.3 There continues to be an underspend on the health budget of the IJB and an overspend in the social care budget of the IJB as shown in table above. The Quarter two forecast position is also included above and highlights an overall projected overspend for the IJB. It's worth noting the NHS Lothian quarter two financial review was presented to their Finance & Resources Committee on 21 November 2018 and East Lothian Council's will be presented to full Council on 11 December 2018.
- 3.4 Finance Papers to be IJB in both September and October shared that there are clear risks around the GP prescribing budget wherein the current position is underspent which is a considerable improvement on the opening financial plan assumptions. Previous experience regarding this budget has suggested that the GP prescribing position can move significantly in a relatively short period of time.
- 3.5 There are pressures within the Set Aside budget, General Medicine and Junior Doctors; this is Junior Doctors use of bank and agency within A&E/Acute Medicine supporting activity pressures and unfunded locum and clinical fellow medical posts to support services out of hours. Similarly General Medicine bank and agency spend on nursing projected cost pressures.
- 3.6 The previously reported financial pressures within mental health services with REAS have started to improve, activity pressures meant demand was over their inpatient bed numbers and work has been undertaken to support this change which is helping assist an improved position.
- 3.7 The social care position having reported as unlikely to improve still suggests the Council delegated functions will not operate within approved budgets. The main pressure areas being commissioned care costs in Care Homes, Care at Home and Community Support, with increasing demand pressures from clients with Physical and Learning Disabilities.

- 3.8 The paper in October also reminded the IJB the provisions within the Integration Scheme regarding projected overspends. To summarise:-
- The partners prepare a recovery plan – that not being considered to be successful
  - The IJB prepares a recovery plan – that not be considered to be successful
  - In the event that there is an underspend in one ‘arm’ of the IJB’s budget and an overspend in the other, the IJB may move resources from one ‘arm’ to the other. That requires the support of the underspent partner. That not being considered to be successful
  - That additional resources are made available by the partner(s).

### **Financial Recovery Actions**

- 3.9 The above position and financial projections highlights the need to put in place financial recovery actions and as a result the Partnership has developed financial recovery actions for this financial year. The Quarter two reviews along with these actions should allow an improved Social Care position to support bringing the overall financial position for the IJB in 2018/19 back into balance.

### **2018/19 Financial Position**

- 3.9 East Lothian Council has already indicated that there are unlikely to be any additional resources available in the current financial year above those currently allocated to the IJB. That said, it is equally clear that there is a financial pressure in the IJB’s 2018/19 budgets and that the IJB now needs to address this.
- 3.10 The Chief Officer and Chief Finance Officer have continued dialogue with partners NHS Lothian regarding balancing the IJBs financial position in 2018/19. The reported underspend in the health services delegated to the IJB and the potential for this resource to be made available to the IJB to underpin its overall financial position.
- 3.11 Moving forward to 2019/20 the IJB and its delegated functions will have significant underlying financial pressures. The environment of both partners East Lothian Council and NHS Lothian face financial challenges and therefore the IJB and we await the Scottish Government 2019/20 budget announcement on 12 December 2018. There has been early informal dialogue with partners and East Lothian Council are looking with intent to convert the budget delegation process, whereby a budget offer will be made to the IJB which in turn allows the IJB to set and agree the financial recovery actions for the financial year ahead.

## **4 ENGAGEMENT**

- 4.1 The IJB holds its meetings in public and makes its papers and report available on the internet.

## **5 POLICY IMPLICATIONS**

- 5.1 There are no new policies 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 – discussed above.  
7.2 Personnel – none.  
7.3 Other – none.

## **8 BACKGROUND PAPERS**

- 8.1 IJB's financial strategy and out-line financial plan – February 2018 IJB meeting.  
8.2 Financial Update – October 2018 IJB meeting.

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