



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 28 February 2019

BY: Chief Finance Officer

SUBJECT: Financial Position 2018/19

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 three financial reviews and updates on the indicative budget proposals by Partners East Lothian Council and NHS Lothian to East Lothian IJB for 2019/20.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to
- Note the current financial position
 - Note the quarter three financial reviews of 2018/19
 - Discuss the indicative proposed budget offers for 2019/20

3 BACKGROUND

- 3.1 At its meeting in December 2018, the IJB received an update on its quarter two financial 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.

Year to date financial position as at December 2018 and quarter three financial reviews

- 3.2 The IJBs financial position as at the end of December 2018 is £764k overspent.

East Lothian IJB Financial Performance – December 2018

	Year to Date Outturn		Q2 Forecast Outturn
	£k		£k
Social Care	-1,198		-1,198
Health			
Core	696		1,154
Hosted	87		151
Set Aside	-349		-471
	-764		-363

- 3.3 As shown above the underspend on the health budget of the IJB and overspend in the social care budget of the IJB continues. The quarter three forecast position is also included above and highlights an overall projected overspend for the IJB.
- 3.4 Finance Papers to the IJB previously shared that there is 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 improved, 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.

2018/19 financial position

- 3.8 As reported previously in line with the integration scheme; where 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, this requires the support of the underspent partner.

- 3.9 The Chief Officer and Chief Finance Officer have had continued dialogue with partner NHS Lothian regarding the IJBs financial position in 2018/19. Discussing the current projected underspend in the health services delegated to the IJB and the potential for this resource to be made available to the IJB to help underpin its overall financial position.
- 3.10 NHS Lothian at their Finance & Resources committee on 23rd January 2019 laid out principles for management of year end for each of their four IJB who's positions all differ. These principles have been tested and will be reported back to Financial & Resources in March for final agreement.
- 3.11 The year end projected position for 2018/19 now looks unlikely to break even, and a small surplus may remain, as the social care delegated functions overspend is larger than any underspend likely to be achieved from our health delegated functions. We will continue to work with finance colleagues to monitor the financial position and aim to balance with position within the overall delegated budget of the IJB. However we have raised this risk with partner East Lothian Council and have looked for further support to balance off any remaining overspend.

Indicative Proposed Budget Offers from East Lothian Council and NHS Lothian

- 3.12 Moving forward to 2019/20 there are number of factors which need to be considered. The Scottish Budget stage one was agreed on Thursday 31st January 2019 by Scottish Parliament, stage two and three taking place during February 2019. As part of the Scottish Budget the funding to support integration, which is £160m nationally, will flow into Councils and allocated to the IJB, excluding the £12m for school counselling which will go to Education.
- 3.13 East Lothian Council agreed their 2019/20 budget on the 12th February 2019. Although no formal correspondence as yet to the IJB the indicative position is as follows

Proposed Allocation to East Lothian Integration Joint Board for 2019/20	2019/20	
	£000's	£000's
Previous Years Allocation	50,772	
<u>Uplifts:</u>		
Share of £160 million new monies	2,220	
investment in integration		2,032
carers act		188
franks law		to follow
	52,992	
<u>Less:</u>		
share of savings	-488	
	52,504	

3.14 NHS Lothian will not formally communicate the budget offer to the IJB until agreed at their Board meeting on the 3rd of April. We have received indicative budget correspondence back in October 2018 and recently last week. NHS Lothian provided an update of their financial plan to their Finance & Resources Committee on the 23rd January 2019 with a further update of this plan being produced for the March 2019 meeting. As part of the plan NHS Lothian has indicative budgets for IJBs. This indicative position for East Lothian IJB is as follow

Indicative Allocation to East Lothian Integration Joint Board (based on NHS Lothian Financial Plan January 2019 to Finance & Resources)	2019/20
	£000's
Recurring Budget	100,410
Base Uplift	1,656
	102,066

3.15 We will continue the ongoing work with partners to allow having formal agreed budget offers for the IJB which in turn will allow the development of the longer term financial planning which will then let partners to build up financial recovery actions for the financial challenges and savings to be delivered in future years.

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 – December 2018 IJB meeting.

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