



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 27 June 2019

BY: Chief Finance Officer

SUBJECT: Medium Term Rolling Five Year Financial Plan

1 PURPOSE

- 1.1 This report presents the Board with a medium term rolling five year financial plan for noting.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the medium term rolling five year financial plan for the IJB; and
 - ii. Note the requirement for significant medium term financial recovery actions to bring the plan back into balance

3 BACKGROUND

- 3.1 The IJB were presented with the outline of the financial strategy on 22 February 2018. The financial strategy underlies the annual plan and sits alongside the strategic plan.
- 3.2 The IJB were presented with the financial outlook for 2019/20 on 28 March 2019 which was based on indicative budget offers from both NHS Lothian and East Lothian Council.
- 3.3 The IJB accepted formal budget offers from NHS Lothian and East Lothian Council on 23 May 2019 on the basis that they were fair and adequate.
- 3.4 Following acceptance of the formal budget offers for 2019/20 from both partners and the indication budget values for future years the IJBs rolling 5 year financial plan for 2019/20 – 2023/24 has been developed.

3.5 The Scottish Government published its medium term financial framework for Health and Social Care in October 2018. The framework was presented to the IJBs Audit and Risk Committee on 10th January 2019 and has supported the development of the rolling 5 year financial plan for the IJB.

3.6 As mentioned above the rolling 5 year financial plan is based on formal budget offers for 2019/20 and indicative budget offers for subsequent years. Table 1 summarises total anticipated delegated budgets over the next 5 years.

	19/20 £k	20/21 £k	21/22 £k	22/23 £k	23/24 £k
NHSL delegated base budget	100,617	102,360	104,233	105,229	106,245
Additional contributions	3,498	1,873	996	1,016	1,037
Total NHS income	104,114	104,233	105,229	106,245	107,282
ELC delegated base budget	51,424	52,932	52,896	52,646	52,646
Additional contributions	2,758	548	548	548	548
ELC savings target	(702)	(36)	(250)	0	0
Total ELC income	53,480	53,444	53,194	53,194	53,194
Total income	157,594	157,677	158,423	159,439	160,476

Table 1: Indicative IJB delegated budget 2019/20-2023/24

3.7 The projected costs of delegated services across the same period are shown below in table 2. The modelling assumptions used to estimate future costs are described in paragraph 3.9.

	19/20 £k	20/21 £k	21/22 £k	22/23 £k	23/24 £k
Base expenditure	154,401	159,748	165,246	169,949	174,849
Price effects	1,672	2,147	1,279	1,299	1,331
Demographic change	658	3,545	3,648	3,792	3,942
Non demographic growth	4,581	384	324	357	390
Total expenditure	161,312	165,824	170,497	175,397	180,511

Table 2: Projected cost of delegated services 2019/20-2023/24

3.8 The overall position for the IJB is summarised in table 3.

	19/20	20/21	21/22	22/23	23/24
	£k	£k	£k	£k	£k
Total income	157,594	157,677	158,423	159,439	160,476
Total Expenditure	161,312	165,824	170,497	175,397	180,511
Gap before savings plans	(3,718)	(8,148)	(12,074)	(15,958)	(20,035)
Total savings plans	2,192	578	548	548	548
Total gap	(1,526)	(7,570)	(11,526)	(15,410)	(19,487)

% gap	(1%)	(5%)	(7%)	(10%)	(12%)
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Table 3: IJB rolling five year financial plan

3.9 Future NHS Lothian costs within the financial plan are based on the detailed financial planning exercise conducted by NHS Lothian. For East Lothian Council costs the assumption in 2019/20 is that social care services will overspend by circa £500k; in future years 5% growth in social care costs has been applied per the Scottish Government medium term financial framework (2018).

3.10 In their budget offer to the IJB for 2019/20 NHS Lothian have provided the IJB with additional funding to ensure that the base budget is uplifted by 2.6% and that unscheduled care investments made by NHS Lothian are also funded. In the rolling 5 year financial plan this funding is only non recurring. However NHS Lothian is committed to finding a recurring funding source for these commitments. Table 4 shows a restated rolling 5 year financial plan assuming recurring funding is available in 2020/21.

	19/20	20/21	21/22	22/23	23/24
	£k	£k	£k	£k	£k
Total income	157,595	159,432	160,178	161,194	162,231
Total Expenditure	161,312	165,824	170,497	175,397	180,511
Gap before savings plans	(3,717)	(6,393)	(10,319)	(14,203)	(18,280)
Total savings plans	2,192	578	548	548	548
Total gap	(1,525)	(5,815)	(9,771)	(13,655)	(17,732)

% gap	(1%)	(4%)	(6%)	(8%)	(11%)
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Table 4: restated IJB rolling five year financial plan

3.11 At this stage limited assurance can be given around the IJBs ability to break even in 2019/20 however there is a significant financial challenge on the horizon. The IJB should ask officers within the partnership to

develop a medium term recovery plan and update the IJB on progress against this plan at a future meeting.

4 ENGAGEMENT

- 4.1 The IJB holds its meetings in public and makes its papers and reports available on East Lothian Council's website.

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 Outline Financial Strategy – February 2018 IJB meeting.
8.2 2019/20 Financial Outlook – March 2019 IJB meeting.
8.3 Scottish Government medium term health & social care financial framework – January IJB Audit & Risk Committee

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DATE	19 June 2019

Appendix 1 – Medium term rolling five year financial plan
Appendix 2 – Five year variance by service

	19/20			20/21			21/22			22/23			23/24		
	Rec £k	Non rec £k	Total £k	Rec £k	Non rec £k	Total £k	Rec £k	Non rec £k	Total £k	Rec £k	Non rec £k	Total £k	Rec £k	Non rec £k	Total £k
Income															
Recurring budget	150,547	1,494	152,041	153,798	1,494	155,292	155,635	1,494	157,129	156,381	1,494	157,875	157,397	1,494	158,891
Uplifts	1,666	0	1,666	1,873	0	1,873	996	0	996	1,016	0	1,016	1,037	0	1,037
Investments	2,210	2,303	4,513	0	548	548	0	548	548	0	548	548	0	548	548
Other adjustments	(624)	0	(624)	(36)	0	(36)	(250)	0	(250)	0	0	0	0	0	0
Total income	153,798	3,797	157,594	155,635	2,042	157,677	156,381	2,042	158,423	157,397	2,042	159,439	158,434	2,042	160,476
Expenditure															
Baseline expenditure	150,547	1,494	152,041	154,665	1,494	156,159	156,502	1,494	157,996	157,248	1,494	158,742	158,264	1,494	159,758
Full year effect	2,356	4	2,360	3,589	0	3,589	7,251	0	7,251	11,207	0	11,207	15,091	0	15,091
Anticipated cost increases	0	0		0	0		0	0		0	0		0	0	
Pay awards	1,521	0	1,521	1,980	0	1,980	1,108	0	1,108	1,125	0	1,125	1,153	0	1,153
Non pay uplift	151	0	151	167	0	167	171	0	171	174	0	174	177	0	177
Contract inflation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Prescribing	658	0	658	886	0	886	891	0	891	897	0	897	902	0	902
Demographic growth	0	0	0	2,659	0	2,659	2,757	0	2,757	2,895	0	2,895	3,040	0	3,040
Strategic investments	3,669	0	3,669	93	0	93	3	0	3	3	0	3	0	0	0
Hospital medicines	866	0	866	291	0	291	321	0	321	353	0	353	390	0	390
Other	46	0	46	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	159,814	1,498	161,312	164,330	1,494	165,824	169,003	1,494	170,497	173,903	1,494	175,397	179,017	1,494	180,511
Net position before savings	(6,016)	2,298	(3,718)	(8,696)	548	(8,148)	(12,622)	548	(12,074)	(16,506)	548	(15,958)	(20,583)	548	(20,035)
Savings and recovery plans															
2019/20 plans	(1,560)	(632)	(2,192)	(578)	0	(578)	(548)	0	(548)	(548)	0	(548)	(548)	0	(548)
Total recovery actions	(1,560)	(632)	(2,192)	(578)	0	(578)	(548)	0	(548)	(548)	0	(548)	(548)	0	(548)
Net position after savings	(4,456)	2,930	(1,526)	(8,118)	548	(7,570)	(12,074)	548	(11,526)	(15,958)	548	(15,410)	(20,035)	548	(19,487)

	19/20	20/21	21/22	22/23	23/24
	£k	£k	£k	£k	£k
A&E and General Medicine	(722)	(1,652)	(1,920)	(2,211)	(2,530)
Older People	(945)	(1,513)	(1,653)	(1,792)	(1,940)
District Nursing & Primary Care	(314)	(919)	(1,353)	(1,796)	(2,250)
Mental Health and Wellbeing	(145)	(319)	(418)	(514)	(620)
Physical Disabilities	(289)	(1,299)	(2,509)	(3,674)	(4,898)
Learning Disabilities	(270)	(1,573)	(3,083)	(4,538)	(6,065)
Planning and Performance	10	(128)	(248)	(364)	(364)
Other	1,150	(166)	(342)	(519)	(820)
Total surplus/(gap)	(1,526)	(7,570)	(11,526)	(15,410)	(19,487)

