



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 5 December 2019

BY: Chief Finance Officer

SUBJECT: Financial Position 2019/20 and Financial Forecast for 2020/21

1 PURPOSE

- 1.1 This report further updates the IJB on its current financial position in 2019/20, reports the projected year end outturn from the quarter two financial reviews and provides an early indication of the financial forecast for 2020/21.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the current financial position
 - ii. Note the quarter two financial reviews of 2019/20
 - iii. Note the initial financial forecast for 2020/21

3 BACKGROUND

- 3.1 At its meeting in October 2019, the IJB received an update on its Month 5 forecast which projected a year end position of £645k overspend for 2019/20. A formal quarter 2 review has now taken place and an updated outturn of £34k overspend is expected across the whole of the IJB. The quarter 2 reviews highlighted a projected underspend within the health budget and a small overspend within the social care budget of the IJB.

East Lothian IJB Financial Performance Updated Forecast

	Year to Date Outturn at September 2019		August Forecast Outturn	Q2 Forecast Outturn	Movement
	£k		£k	£k	£k
Social Care	-166		-540	-241	-299
Health	21		-105	207	-312
	-145		-645	-34	-611

- 3.2 The social care movement in 2019/20 forecast is partially due to funding moving through the Partnership to support care home beds. A review process identified there are currently 14 additional care home beds in use in 2019/20 at an average cost of £25k per bed per annum. This increase in care home beds supports the low numbers of delayed discharges along with retaining care packages during short term hospital stays and on this basis funding was moved to cover the costs incurred by social care for this.
- 3.3 Another favourable movement in the forecast is the sustained reduction to care at home hours. These benefits are offset by increasing weekly costs of residential placements within learning disabilities. .
- 3.4 As reported previously within the health budgets these are split into core, hosted and set aside. Of the £312k improvements in the health forecast,
- £279k relates to core. This improvement is mainly due an improvement in hospital services as good internal controls have seen a drop in expenditure, also as the timing and staffing requirements for the new hospital are finalised.
 - Within set aside, budget pressures relating to staffing costs for nursing and medical staff continue. This is driven partly by activity and also by high levels of sickness; vacancies; acuity and difficulty in recruiting. Higher activity also leads to increased pressures on medical supplies. General Medicine and A&E are seeing the biggest activity pressures.
 - Hosted services forecast has not changed and is projecting a £209k underspend. This is mainly from the out of area placements budget hosted within the REAS business unit of NHS Lothian. This budget can be unpredictable so we will continue to monitor this.

Financial Recovery Actions

- 3.5 As previously reported, part of the budget setting process, included a savings target of £702k. The HSCP developed a suite of recovery actions to meet this target. Savings targets and recovery actions remain challenging as timelines to implement new models are taking longer than originally anticipated. We also continue to monitor the projected costs associated with the new monies allocated this financial year for Franks law and Carers, with any slippage in these monies offsetting timing delays in savings non recurrently. These actions should allow an improved social care position to support bringing the overall financial position for the IJB in 2019/20 back into balance. Further detail of the savings and recovery actions are included in Appendix 1

2020/21 Financial Position

- 3.6 Moving forward to 2020/21 the IJB and its delegated functions will have significant underlying financial pressures with the challenging financial environment both Partners face. Both Partners are preparing financial budget modelling for approval and the current position is noted below:

	2020/21 Forecast Outturn
	£k
Core	-734
Hosted	-103
Set Aside	-737
Total Health	-1,574
Social Care (based on June 2019 financial plan)	-3,195
Total	-4,769

- 3.7 It is clear and in line with the rolling financial plan for the IJB developed in June 2019 that there is financial pressures in the IJB's 2020/21 budgets and as the financial outturn assumptions are refined that the IJB consider how to address this. This iteration of the 2020/21 financial outlook has improved from the predicted £7,570k in the rolling financial plan.
- 3.8 On 29th October 2019 East Lothian Council reported on the financial prospects for the next 5 years. It highlighted the continued uncertainty around future public sector funding alongside increased demand, requiring the Council to find new ways of delivering sustainable services to the public for fewer resources. The report outlined the budget process and expected a Scottish Government draft budget announcement and the consequential financial settlements to be known by January 2020. The budget announcement will be later than expected due to the General Election on the 12th December 2019 and a revised budget approval timeline will be agreed.

- 3.9 Included in the report are different financial planning scenarios and the impact each has on future budget plans. The modelling demonstrates the high likelihood of further savings being required. This is in addition to the already required recurring savings of £11.3m over 2019/20 to 2021/22.
- 3.10 Next steps for the IJB is to understand the consequences of these pressures in the context of the Health & Social Care Partnership when accepting or not the budget for 2020/21. Work has begun on modelling budget requirements based on the activity levels in 2019/20.
- 3.11 For NHS Lothian the latest iteration of the Financial Plan for 2020/21 will be shared with Finance and Resources Committee on 27th November, further updates due to the January Committee and a final version to be approved by the Board in March. The latest plan highlights a gap of £39m for next year (East Lothian's share is £1.5m).
- Within Core £734k pressures relate to General Medical Services, Prescribing and Health Visiting. Efficiency plans and spending controls will be developed to mitigate these overspends.
 - The £737k pressures in Set Aside are the same as previously reported; increased activity in General Medicine and A&E and staffing pressures within nursing and medical staffing.
 - Hosted services are showing financial pressures of £103k which is spread across a number of areas with Learning Disabilities and Mental Health inpatient services facing large financial challenges for next year.
- 3.12 Within the scheme of integration, when agreeing the 2020/21 budget the IJB must apply two tests to any budget proposition – that of fairness (a fair share of the resources available to the partner) and adequacy (which is measured on the ability of the partner to manage the projected financial pressure as laid out in their own financial plan). In the context of the circumstances both partners are facing, budget forecasting and approval for the IJB will be brought to future IJB meetings for discussion.

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 October 2019 - East Lothian Council Financial Review 2019/20 and Financial Prospects.
- 8.2 November - NHS Lothian Financial & Resources Committee - Financial Plan for 2020/21 and beyond.

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	claire.flanagan@nhslothian.scot.nhs.uk
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Service	Description	Original Target Efficiency 2019-20 £k	Revised Target Efficiency 2019-20 £k	Projected Efficiency 2019-20 £k
Budget Control & Efficiencies				
Adults	Potential income generated from Intensive Housing Management service change by ensuring all tenants eligible claiming housing benefit.	£200	£200	£200
Older People	Historical Homecare vacancies	£150	£87	£87
Adults	Review the financial component of the individual service offer to cover transport costs.	£50	£0	£0
Older People - Hospital service	With the appointment of the speciality doctor, two sessions per week currently being provided by a GP on the bank can be ceased.	£26	£13	£13
Older People - Hospital service	Review secretarial services with a view to skill mix and save a post.	£24	£12	£12
Adults	Look to review Financial Support Service and potentially bring in house	£20	£0	£20
Equalising of Charges across service groups				
Adults	Equalise thresholds for charging for under and over 65s to ensure equality across service users.	£106	£18	£18
Adults	Introduction of contributions to attend external day opportunities for reasons of equity.	£31	£20	£20
Efficiencies in Partnership Working				
Adults	Review of partnership working and funding to include public protection and substance misuse.	£50	£0	£0
Community / Hospital Interface				
Older People	Review the provision of service within Edington Hospital and review the minor injuries facility overnight.	£46	£12	£12
Efficiencies Identified		£703	£362	£382
Slippage in new funding				
	Franks Law Year 1 slippage		£468	£468
	Carers Act slippage		£100	£100
Overall Savings		£703	£930	£950

* £87k achieved and an additional £63k rated as Amber

RAG Status
Achieved
Achievable
TBC

