



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

**MEETING DATE:** 10 December 2020

**BY:** Chief Finance Officer

**SUBJECT:** Financial Update 2020/21

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## **1 PURPOSE**

- 1.1 This report provides an update to the IJB on its year to date financial position in 2020/21 (Month 6) and the updated projected year end out-turn, undertaken by both the IJB partners East Lothian Council and NHS Lothian.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- i. Note the financial forecasts provided by our partners;
  - ii. Note that additional COVID-19 funding was confirmed during November and although not included in these reported Month 6 positions will start to be allocated to the partners to cover backdated costs;
  - iii. Note ongoing uncertainties of COVID-19 and the remobilisation of services for both partners and the financial impact; and
  - iv. Note the Scottish Government budget timetable for 2021/22 and the consequences for both partners.

## **3 BACKGROUND**

### **Financial Update 2020/21**

- 3.1 The COVID-19 pandemic is still happening and the financial risks to Health & Social Care will continue to change over these uncertain and volatile times. COVID-19 represents an unprecedented challenge for the delivery of health and social care services and there is significant uncertainty and additional costs arising in 2020/21. The financial position for the IJB remains a challenge to report.
- 3.2 Understanding the results and the financial impact of COVID-19, both in terms of the impact of the actual costs incurred to date, as well as

the implication for the rest of the financial year. Finance teams in both organisations continue to monitor the extent to which the projected overspend relates to: the 'core' (i.e. underlying operational) position; the impact of COVID-19 on costs incurred to date; and any (future) financial consequences of mobilisation/remobilisation.

3.3 The IJBs financial position as at the end of September 2020 is £2.2m overspent and projects a £4.7m overspend for 2020/21. This position should be read in the context that the only funding assumed at this stage was £657k for sustainability payments within a £1.8m COVID-19 total cost in Social Care. Table 1 below shows the net underlying year to date position when excluding unfunded COVID-19 costs which highlights that there is a degree of budget cover already in each partner's core budget that can cover some of these COVID costs and work continues to understand how existing budget underspends can be repurposed.

3.4 A further breakdown of the position is shown below :

	Annual Budget	YTD Budget	YTD Actual	YTD Variance @ Month 6	of which unfunded COVID Costs	YTD Variance Excluding COVID Costs
	£k	£k	£k	£k	£k	£k
Core	79,016	35,154	36,651	(1,497)	1,557	59
Hosted	16,899	6,836	6,927	(91)	186	95
Set Aside	19,873	9,514	9,889	(374)	403	28
Health	115,787	51,504	53,467	(1,963)	2,145	182
Social Care	55,251	25,198	25,501	(303)	1,175	872
<b>Total</b>	<b>168,203</b>	<b>62,601</b>	<b>64,385</b>	<b>(2,266)</b>	<b>3,320</b>	<b>1,054</b>

Table 1: East Lothian IJB Year to Date Financial Position

Forecast Outturn for 2020/21 after Month 6	£k
NHS Services :	
Core	(3,018)
Hosted	(90)
Set Aside	(1,010)
Health	(4,118)
Council Services :	
Social Care	(923)
Private Sector Housing Grant	63
HRA TOTAL	305
Council Services	(555)
<b>Overall Total for East Lothian IJB</b>	<b>(4,673)</b>

Table 2: East Lothian IJB Outturn Forecast

- 3.5 COVID-19 cost projections are fed into Scottish Government through NHS Lothian and a summary of projected costs at Quarter 2 is shown below. It is important to note that these plans and cost projections change regularly as we continue to alter our services to deal with the 2nd COVID-19 wave. An illustration of such a change is a recent decision of opening another ward of 20 additional beds at ELCH, increasing that element of projected spend to £1.7m.

<b>Forecast COVID Costs for 2020-21</b>	<b>£k</b>
Additional Bed Capacity @ ELCH	1,006
Sustainability Payments	2,423
Planned care - costs to Protect Services	593
Additional Staffing Costs	308
Community Hubs	176
Delayed Discharge Reduction	666
Digital, IT & Telephony Costs	95
Expansion of Care Home Team	215
Loss of Income	588
Misc	71
Unmet Savings	742
FHS Contractors	431
GP Prescribing	770
<b>COVID Projected Costs</b>	<b>8,085</b>

*Table 3: East Lothian IJB COVID 2020-21 Forecast*

- 3.6 Additional funding of £4.7m has now been allocated to ELHSCP towards the additional costs of COVID-19 across the health and social care system. The allocation was based on the outputs of the mobilisation and remobilisation plans submitted to Scottish Government but does not cover all costs projected to be incurred, although as acknowledged above there is an element of core budget cover within both partners baseline. This funding is made up of tranche 1 funding £947k, tranche 2 funding £473k and more recently the allocation based on the financial return to SG of which ELHSCP share was £3.3m. There is scope for a further allocation in Q4 if this initial allocation doesn't cover our net requirements.
- 3.7 Additional funding above excludes GP Prescribing and FHS contractors. Funding for FHS contractor additional costs has been received by the Health Board during November, the basis of allocation is being reviewed therefore as yet not allocated to a partnership level.
- 3.8 For 2020/21, as additional funding has been received the financial risk has reduced accordingly and although difficult to give assurance the IJB will break even, the risk is lower.
- 3.9 Local planning for 2021/22 is showing that some of these additional costs will continue beyond March 2021 although we have not yet received any indication of how much funding may be available in 2021/22.

- 3.10 The Scottish Government budget for 2021/22 will be published on 28th January 2021 rather than later in 2020. This decision follows the postponement of the UK Autumn Budget to an unspecified date in 2021 and instead the UK Spending Review in November will provide provisional and partial information in terms of the funding position for Scotland. It has been acknowledged that this causes difficulties for the Scottish Budget process and budgetary decisions will be made on partial and provisional information. The evolving situations around COVID-19 and EU Exit deal add to this exceptional set of circumstances and these difficulties have associated difficulties for local government, business and third sector. Developments on the budget setting process for both partners will be brought back to the next IJB meeting.

#### **4 ENGAGEMENT**

- 4.1 The IJB 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 DIRECTIONS**

- 7.1 There are no Directions implications arising from this paper.

#### **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – discussed above  
8.2 Personnel – none  
8.3 Other – none

## 9 RISK

9.1 Like any year end projection, the IJB relies on a number of assumptions and estimates each of which introduces a degree of risk. Of particular note are:

- forecasts will vary as service driven mobilisation and remobilisation plans are developed and financial impacts crystallised;
- the extent to which COVID-19 costs will be met by the Scottish Government through the mobilisation processes;
- that there will be no further waves of COVID-19;
- The impact of Brexit is unknown – and assumed to be cost neutral in estimates to the year end. Any additional Brexit-related costs have no additional funding allocations attached to them at this stage

## 10 BACKGROUND PAPERS

10.1 Financial Update – October 2020 IJB meeting

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