

East Lothian Integration Joint Board



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 15 September 2022

BY: Chief Finance Officer

SUBJECT: 2022/23 Q1 Financial Update

1 PURPOSE

1.1 This report lays out the results of the partner's (East Lothian Council and NHS Lothian) quarter one financial reviews and considers how these impact on the projected financial position of the IJB for 2022/23. Plus reports on the work to support sustainable financial solutions as part of the COVID exit planning.

2 RECOMMENDATIONS

2.1 The IJB is asked to:

- Note the quarter one financial review undertaken by partners.
- Note the COVID exit planning.

3 BACKGROUND

3.1 At the IJB meetings during March 2022, the IJB accepted the budget offers from Partners NHS Lothian and East Lothian Council.

3.2 The Budget Offers made by Partners at the start of the financial year is shown below

IJB Opening Budget 2022/23	£k	£k
East Lothian Council		67,788
Baseline Budget	59,159	
New Scottish Government Monies	8,629	
NHS Lothian		111,225
Core	62,137	
Hosted	14,337	
Set Aside	19,332	
GMS	12,831	
Uplift & Other	2,588	
Total		179,013

(Fig 1: IJB Opening Budget 2022/23)

- 3.3 Both partner organisations have now completed their quarter one financial review which provides an updated forecast financial outturn for 2022/23. The East Lothian Council and NHS Lothian quarter one financial reviews are based on information to the end of June 2022.
- 3.4 The quarter one financial review position for the IJB is a projected overspend of £1,106k at the end of the financial year and a breakdown is shown below

	Annual Budget as at end of June 2022	Forecast Expenditure	Q1 Forecast Under/(Over) Spend
	£k	£k	£k
Core	79,294	79,112	183
Hosted	14,909	14,950	-41
Set Aside	21,656	22,837	-1,181
Health	115,859	116,898	-1,040
Social Care	67,788	67,854	-66
Total	183,647	184,752	-1,106

(Fig 2 : IJB Quarter 1 review forecast)

- 3.5 The budget movements from the partners budgets offers at the start of the financial year to the IJBs budget position at Q1 are a combination of additional funding allocations from Scottish Government and COVID funding being drawn down from the reserve to support the remaining COVID costs in 2022/23.
- 3.6 The forecast position reflects the projections for both partners. NHS Lothian have presented their overall Q1 position to their Finance & Resources Committee on the 17th August 2022. East Lothian Council will be looking to present their Q1 financial projections to their Cabinet meeting on the 13th September 2022.
- 3.7 The forecast highlights an almost break even forecast for the majority of the IJBs delegated budgets with our set aside budgets being the main area projecting an overspend. This is made up of Gastroenterology drugs, the drugs pressure across acute is significant and has been growing due mainly to new medicines. Within Medicine of the Elderly there are overspends in medical pays predominantly at the RIE. Similarly General Medicine facing increased costs in medical staffing. Further work is required by these set aside services to identify and develop mitigating actions.

- 3.8 The Core services within Health although reporting a very small underspend do have some areas projecting small overspends for example within General Medical Services (GMS) across East Lothian.
- 3.9 The Social Care overall forecast is very close to break even, with only a small projected overspend of £66k. It should be noted that there are underlying pressures that need to be addressed to ensure this position can be achieved, specifically there are financial challenges within commissioned services and in particular Learning Disabilities.
- 3.10 There has been work undertaken nationally to assess the level of anticipated COVID expenditure in the 2022/23 financial year. The outcome of the review was that there is a national shortfall of funding and as such HSCPs were advised to align their winter funding allocations, where possible, to support COVID exit.

	2022/23
	£k
Care at Home Capacity	2,376
MDT	766
Additional investment in social care of £200 million nationally*	3,841

* please note first priority for this funding is to ensure paying the real living wage.
 (Fig 3 : Funding allocations - recurring)

- 3.11 Within East Lothian HSCP, we have looked to undertake a prioritisation exercise whereby assessing the priorities of all current COVID expenditure and winter spend plans against the funding for winter. This allowed the HSCP to realign funding and spend plans to fund on a recurring basis critical services set up or enhanced during COVID. This exercise has supported COVID exit but overall, there remain COVID costs unable to be funded by alternative sources. These will be reported as our COVID costs during this financial year to Scottish Government. The areas are shown below:
- **NHS** - costs relating to the additional wards open within East Lothian Community Hospital, and additional costs in Primary Care (GMS and Prescribing).
 - **Social Care** – costs relating to the ongoing sustainability payments to our external providers and the loss of income from core services.

	2021/22	Q1 2022/23 Return via NHS Lothian
	£k	£k
COVID Reserve as at March 2022		9,182
COVID cost projections	8,141	4,499

(Fig 4 : COVID Cost Projections)

The COVID Earmarked reserve will be utilised to offset the expenditure for the current financial year, but a recurring solution has not been identified. Therefore, exit plans will be required for the 2023/24 financial year.

- 3.12 The outturn projections will continue to be refined throughout the year, and regular updates will be brought back to the IJB. The main outstanding risk not included in the above projection is the settlement of the pay awards. We await clarity to assess the impact of this with our Partners both in terms of cost projections and any additional funding.
- 3.13 Currently under development is the IJBs longer-term financial outlook this longer-term financial outlook had been paused due to the uncertainty of COVID however given we have undertaken COVID exit planning then this work has recommenced and will be reported back to the IJB in due course.

4 ENGAGEMENT

- 4.1 The IJB makes its papers and reports available on the internet.
- 4.2 The issues in this report have been discussed with the IJB's partners but do not require wider engagement

5 POLICY IMPLICATIONS

- 5.1 There are no new policies arising from this paper.
- 5.2 The recommendations in this report implement national legislation and regulations on the establishment of IJBs.

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
- 6.2 The issues in this report do not require an integrated impact assessment.

7 DIRECTIONS

7.1 The IJB may wish to issue directions regarding the use of the reserves (especially these funds carry forward to support the Covid pandemic).

8 RESOURCE IMPLICATIONS

8.1 There are no immediate resource implications from this report. Any resource implications from the outcome of the process will be highlighted in a future report if required.

9 RISK

9.1 None

10 BACKGROUND PAPERS

10.1 None

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