



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

**MEETING DATE:** 27 October 2022

**BY:** Chief Finance Officer

**SUBJECT:** 2022/23 Financial Update – end of August 2022

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## **1 PURPOSE**

- 1.1 This report lays out the most recent financial forecasts from Partners and the projected financial position of the IJB for 2022/23. Plus updates the Board on the recent correspondence from Scottish Government regarding IJB COVID reserves.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- i. Note the end of August 2022 financial reviews undertaken by Partners; and
  - ii. Note the correspondence from Scottish Government regarding IJB COVID reserves.

## **3 BACKGROUND**

- 3.1 At the IJB meeting during September 2022, the IJB received the outputs from the Quarter 1 review exercise undertaken by its Partners East Lothian Council and NHS Lothian which projected the financial position for the IJB for the year 2022/23.
- 3.2 The output of the Quarter 1 review was a projected overspend of £1,106k. These financial forecast projections are now routinely monitored and updated as new information is made available. Both Partners have reviewed the forecasts during the end of August 2022 reporting cycle which has result in a small movement within social care. The forecast is now a projected overspend of £1,193k.

	<b>Annual Budget as at end of August 2022</b>	<b>Forecast Expenditure</b>	<b>August 2022 Forecast Under/(Over) Spend</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
Core	80,079	79,896	183
Hosted	14,502	14,543	-41
Set Aside	21,919	23,100	-1,181
<b>Health</b>	<b>116,499</b>	<b>117,539</b>	<b>-1,040</b>
Social Care	67,788	67,941	-153
<b>Total</b>	<b>184,287</b>	<b>185,480</b>	<b>-1,193</b>

(Fig 1: IJB Financial Forecasts 2022/23)

- 3.3 A Quarter 2 review which is a fuller forecasting exercise will be undertaken after end of September 2022 financial positions are closed. This will take the first 6 months of financial information and make updated financial projections for 2022/23.
- 3.4 The Core services within Health although reporting a very small underspend do have some areas with financial challenges these are our Prescribing and General Medical Services budgets plus overall use of high cost agency and locum staff to fill workforce gaps.
- 3.5 Within Set Aside services the forecast continues to highlight the financial pressures driven by staffing costs being higher due to the use of agency and locum staff to fill gaps and the increased cost within acute drugs driven by both increased demand and price. This area is the major overspend of the IJB and we are working with acute colleagues to determine if there are any recovery action to mitigate this pressure.
- 3.6 The Social Care projection is an overall overspend of £153k 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.
- 3.7 At the IJB in September 2022 the finance report also reported on the COVID exit work within the HSCP and the national shortfall in funding. The HSCP COVID costs for 2022/23 being reported are
- an additional ward within East Lothian Community Hospital,
  - additional costs in Primary Care (GMS and Prescribing),
  - costs relating to the ongoing sustainability payments to our external providers
  - and the loss of income from core services.

- 3.8 During September 2022 a letter from Scottish Government titled Update on COVID reserves was sent to HSCP Chief Officers, HSCP Chief Finance Officers, NHS Directors of Finance, LG Directors of Finance. This letter references the reclaiming of IJB COVID reserves

*“There have been a number of significant changes to Public Health policies in relation to Covid over the summer, resulting in the profile of Covid spend reducing significantly compared to when funding was provided to IJBs for Covid purposes. In response to this, the Scottish Government will reclaim surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. The detail of this will follow at an IJB level and the process and timetable will follow through further communications.”*

- 3.9 This letter has been shared with members and at this stage we await further correspondence on the detail of this.
- 3.10 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 projections 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.

#### **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 There are no implications for Directions in this report.

## **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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