



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 25 May 2023

BY: Chief Finance Officer

SUBJECT: Budget Offers from Partners – 2023/24

1 PURPOSE

- 1.1 This report presents the IJB with confirmation on the formal budget offer to the IJB from NHS Lothian for 2023/24.
- 1.2 The reports also asks the IJB, following the March meeting, to note the further financial recovery action required to balance the budget.

2 RECOMMENDATIONS

- 2.1 As a result of this report, the IJB is asked to:
 - Agree the recommendation to accept the IJB budget offer from NHS Lothian for 2023/24; and
 - Note the further financial recovery action to mitigate the remaining £0.250m financial gap for the IJB for 2023/24.

3 BACKGROUND

Budget Offers for 2023/24

- 3.1 At the Board meeting in March 2023 the IJB considered the budget offer from East Lothian Council. Given the offer was not in line with the parameters set by Scottish Government, this being there is not the additionality in the overall budget expected by Scottish Government the IJB voted to not accept this budget offer from the Council.
- 3.2 This position has been fed back to East Lothian Council and details of the budget offer are noted in the table below:

| | £m |
|---|---------------|
| Recurring Delegated AWB budget | 66.294 |
| Plus, Other Delegated budgets | |
| Non-HRA Private Sector Housing Grant | 0.256 |
| HRA - Disabled Adaptations (Capital) | 1.000 |
| HRA - Garden Aid | 0.238 |
| | 67.788 |
| New National Investment | |
| RLW National Uplift | 1.951 |
| FPNC Uplift | 0.344 |
| Less Non-recurring funding (interim care) | (0.386) |
| | 1.909 |
| Total | 69.697 |
| Less | (0.250) |
| Total | 69.447 |

Fig 1: East Lothian Council budget offer to the IJB

- 3.3 NHS Lothians Board met on the 5th April 2023 and the IJB now has the formal budget offer to the IJB from NHS Lothian. This letter is attached at Appendix 1 and the table below shows this position. The formal offer is in line with the indicative offer reported in March 2023 and follows the Scottish Governments parameters, including a passed through share of the 2% funding uplift for NHS Lothian to East Lothian IJB.

| | £m |
|-----------------------------------|--------------|
| Health Delegated Recurring Budget | 110.5 |
| Plus | |
| Uplift | 1.8 |
| Other | 0.7 |
| Total | 113.1 |

Fig 2: NHS Lothian indicative budget offer to the IJB

- 3.4 Overall, this would make the IJB total budget for 2023/24 £183m.

| | £m |
|--------------|--------------|
| Social Care | 69.5 |
| Health | 113.1 |
| Total | 182.6 |

Fig 3: Combined IJB budget

Financial Recovery Plans

- 3.5 As reported in March, the IJB currently has financial recovery plans in place for £5.9m, across core, hosted and set aside budgets with a further £0.250m requiring to be identified.
- 3.6 At the March Board meeting, officers were asked to bring back further financial recovery actions to mitigate the reduced offer from East Lothian Council and as there has been no change in the budget offer from East Lothian Council the required mitigating action to balance the budget is shared below.
- 3.7 During January 2023 to ensure providing the best level of long-term care, a decision was taken to decommission Eskgreen as a care home facility and therefore to permanently relocate residents to existing care home facilities and redeploy staff.
- 3.8 This has meant a realignment of financial resources and any surplus was originally due to be reinvested to enhance other services and support service pressures with a small amount (£70k) to support the financial recovery plans. Officers have now assessed this position and the remaining funding of £310k will now be required to support the remaining financial gap to ensure the IJBs budget is in balance for 2023/24.

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 Direction at this stage.

8 RESOURCE IMPLICATIONS

- 8.1 Financial – 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.
- 8.2 Personnel – None
- 8.3 Other – None

9 BACKGROUND PAPERS

- 9.1 Budget Offers from partners – 2023/24 – March 2023

| | |
|----------------------|--|
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| DATE | May 2023 |

Appendix 1 – East Lothian IJB Budget Letter 2023/24 from NHS Lothian

By Email Only
Letter to Chief Officer & Chief Finance
Officer of East Lothian IJB

Date 11 May 2023
Your Ref
Our Ref

Enquiries to Craig Marriott
Extension 35543
Direct Line 0131 465 5543
Email Craig.Marriott@nhslothian.scot.nhs.uk

Dear Colleagues,

EAST LOTHIAN IJB – UPLIFT FOR 2023/24

I write further to my letter of the 28th February and the subsequent approval of the NHS Lothian Financial Plan by the Board of NHS Lothian on the 5th of April. At this stage, NHS Lothian cannot provide assurance on the achievement of a breakeven outturn for the health board next year.

The underlying gap of £52m reported in the Financial Plan assumes that each of the IJBs will agree the application of additional resource against cost pressures which feature across NHS Lothian delegated functions.

This letter sets out the current position relating to uplift to be allocated to East Lothian IJB by NHS Lothian in 2023/24. The figures shared with you are now based on the final Plan that has been agreed, however an outstanding element is the final SG uplift settlement in relation to the recurring pay uplift for 22/23.

Based on the 2% uplift communicated to Boards from the Scottish Government in its letter of December 15th, NHS Lothian's uplift allocation against baseline for 2023/24 equates to £33.9m. As agreed and per previous years, we will pass through the full share of this settlement to each IJB, based on budget shares.

East Lothian IJB recurring budget is £110.5m. The total proportionate share of the uplift to be passed through to East Lothian IJB has been calculated at £1.8m based on 2%.

The Financial Plan for East Lothian IJB shows the following share of resource requirements

| | |
|-------------------|--------------|
| Pay Uplift (@2%) | £1.1m |
| Balance of Uplift | <u>£0.7m</u> |
| Total Uplift | £1.8m |

In addition to the above uplift, there is £0.7m of resources made recurring in 23/24 and £0.1m of non recurring resource bringing the total IJB budget for 23/24 to £113.1m.

We will continue to update you on any further changes to your budget offer, relating to additional funding expected into your base as a result of the 2022/23 pay agreement and the 2023/24 pay offer.

Given that our financial planning indicates that the level of uplift is insufficient to meet all cost pressures in the system, I am keen to understand from East Lothian IJB as early as possible how its Directions will shape the delivery of efficiency savings in 2023/24 and the application of resources in support of financial balance.

I would be happy to have further discussion with your IJB on the application of health resources in 2023/24.

Yours sincerely



CRAIG MARRIOTT
Director of Finance