



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

**MEETING DATE:** 26 October 2023

**BY:** Interim Chief Finance Officer

**SUBJECT:** Financial Update – 2023/24

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## **1 PURPOSE**

1.1 This report discusses the following –

- i) The IJB's financial position as reported by its partners at Month 5 (August 2023).
- ii) An update on the financial planning process and an outline for 2024/25 and beyond.
- iii) An update on the preparation of the 22/23 annual accounts
- iv) The proposed transfer of funds from general to earmarked reserves reflecting the IJB's commitment at its March 2023 meeting to support the purchase of digital alarms.

## **2 RECOMMENDATIONS**

2.1 Members are asked to:

- i) Note the month 5 position and the work being undertaken by the partners to recover the IJB's financial position in 22/23.
- ii) Note the update on the financial planning process.
- iii) Note the update on the preparation of the IJB's 22/23 Annual Accounts
- iv) Agree to the transfer of the funds to support the transfer of analogue to digital alarms from the IJB's general to earmarked reserves.

## **3 BACKGROUND**

3.1 The IJB's Quarter 1 financial forecast was presented to the IJB at its September 2023 meeting. This showed a projected overspend for the financial year 2023/24 of £8.5m. The IJB has since received the financial monitoring reports from its partners for August 2023 (month 5). This shows :-

## East Lothian IJB - Month 5 position

	Budget £m	Actual £m	Under/ (over) spend £m	Revised out-turn £m
Core	34.69	34.861	-0.171	-0.703
Hosted	6.8	6.818	-0.018	0.001
Set Aside	9.8	10.528	-0.728	-2.106
Health	51.29	52.207	-0.917	-2.808
Social Care	24.935	22.682	-2.253	-3.971
Total	76.225	74.889	-3.170	-6.779

The detail of these reports are attached as appendices.

3.2 It can be seen from the above that the year-end forecast (the out-turn position) has improved from an overspend of £8.5m from the Q1 review to a projected overspend of c. £6.8m derived from the month 5 position. Although this is an improvement it still indicates a very serious challenge in the current financial year. The IJB's Integration Scheme lays out the process to manage in-year financial variances which is, in the first instance, to require the partners to prepare and deliver a recovery plan. This work is on-going and both partners are also preparing a quarter 2 review which will be based on the financial position at month 6. Early indications suggest a continuing improvement although not yet break-even position. As was discussed in the September paper, if NHSIL is able to reach a break-even position in 23/24 then this will allow the health element of the IJB to break-even. Within the social care services, as was discussed in the September paper, further clarity is required on the funding for the settlement of the local authority pay award. That said, in the final instance, any final overspend within the IJB will return to the partners.

3.3 At its meeting in December 2022, the IJB was presented with an outline of its medium term financial plan 2022/23 to 2026/27. This showed

Year	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m
Total Income	188.86	180.45	181.55	182.74	183.95
Total Expenditure	188.95	185.20	188.94	193.36	197.92
Gap before savings plans	-0.09	-4.75	-7.39	-10.61	-13.96
% Gap	0.00%	-3.00%	-4.00%	-6.00%	-8.00%

Although this forecast was developed at a relatively high level it can be seen that the current forecast for 2023/24 above (an overspend of c. £6.8m) is significantly worse than the forecast position made in December 2022. The partners are currently developing the budget setting plan and outline financial forecasts for 2024/25 and beyond and the IJB is, in conjunction with this work, developing its own financial plan for future years. It's already clear taking into account financial pressures already in the system - (for example) GP prescribing, a national care uplift estimated at 5.5%, care at home inflation estimated at 3.5%, and pressure from unfunded pay awards that the IJB is now going to have to take significant actions to continue to live within its means in future years. Further work on the financial plan will be reported to the IJB at its next meetings.

- 3.4 The external audit of the IJB's Annual Accounts is now almost complete and a full report will be brought back to IJB's next meeting asking the IJB to approve its 2022/23 annual accounts.
- 3.5 At its meeting in March 2023, the IJB agreed to support the Council in its purchase of new digital alarms reflecting the national change-over from analogue to digital throughout the telephone network. The total sum agreed was £740,000 and this was to be funded from the IJB's general reserves between 203/24 and 2024/25 as was described in the Q1 financial forecast paper presented to the IJB in September 2023. The IJB's general reserve stood at £5,030,000 on 31<sup>st</sup> March 2023 and it is now proposed that £740,000 is transferred from general reserves to earmarked reserves as described above which will reduce the general reserve to £4,290,000. The IJB's reserves policy suggests a balance of at least c. 2% of turnover which is around £4,000,000 – this means that the general reserve is now at its minimum level.

#### **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 is no implication 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 EL IJB Medium Term Financial Plan 2022/23-2026/27, presented to the December 2022 IJB

9.2 Quarter 1 Financial Forecast for 2023/24, presented to the September 2023 IJB

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<b>DATE</b>	October 2023

**Appendix 1 – NHS Lothian IJB Month 5 Position**

**Appendix 2 – East Lothian Council IJB Month 5 position**

## Appendix 1

East Lothian IJB - M05 YTD 23/24 - Financial Statement					
	East Lothian IJB Annual Budget '000	East Lothian IJB YTD Budget £'000	East Lothian IJB YTD Actual £'000	East Lothian IJB YTD Variance £'000	East Lothian IJB - M05 23/24 Forecast Variance £'000
<b>NHS Services</b>					
Core	92,606	33,957	34,127	(170)	(703)
Corporate	733	733	734	(1)	(1)
Hosted	14,089	6,816	6,818	(2)	3
Acute	24,571	9,751	10,528	(777)	(2,106)
<b>Grand Total:</b>	<b>131,999</b>	<b>51,257</b>	<b>52,207</b>	<b>(950)</b>	<b>(2,808)</b>

East Lothian IJB - M05 YTD 23/24 - Financial Statement							
Status	Allocation	Service	East Lothian IJB Annual Budget '000	East Lothian IJB YTD Budget £'000	East Lothian IJB YTD Actual £'000	East Lothian IJB YTD Variance £'000	East Lothian IJB - M05 23/24 Forecast Variance £'000
Delegated	Core	Community Equipment	656	(327)	(327)	0	9
		Community Hospitals	13,313	6,059	5,658	401	1,033
		Complex Care	178	89	89	0	0
		District Nursing	3,335	1,341	1,242	99	210
		General Surgery	1,091	455	428	27	67
		Geriatric Medicine	1,139	434	402	32	51
		GMS	18,862	7,523	7,705	(182)	(386)
		Health Visiting	2,220	991	1,006	(15)	(102)
		Hospital Services	0	3	5	(2)	(9)
		Learning Disabilities	590	216	234	(18)	(11)
		Mental Health	6,533	2,601	2,358	243	149
		Other	171	69	83	(14)	(34)
		PC Management	4,399	(1,800)	(1,883)	83	112
		PC Services	5,802	2,163	2,177	(15)	(308)
		Pharmacy	160	1	15	(14)	23
		Prescribing	21,420	8,791	9,701	(910)	(1,833)
		Reserves	0	0	0	0	0
		Resource Transfer	4,969	2,879	2,874	5	0
		Substance Misuse	245	102	92	10	(46)
		Therapy Services	7,523	2,367	2,266	100	372
		<b>Core Total</b>	<b>92,606</b>	<b>33,957</b>	<b>34,127</b>	<b>(170)</b>	<b>(703)</b>
	Corporate	Non Consolidated Payment for AfC	733	733	734	(1)	(1)
		<b>Corporate Total</b>	<b>733</b>	<b>733</b>	<b>734</b>	<b>(1)</b>	<b>(1)</b>
	Hosted	Community Hospitals	132	88	85	3	(0)
		Complex Care	209	83	75	7	16
		Diabetes & Endocrinology	4	2	1	1	1
		Geriatric Medicine	0	0	0	(0)	(0)
		GMS	(2,024)	457	482	(25)	(88)
		Hospices & Palliative Care	625	261	262	(1)	(2)
		Learning Disabilities	1,708	663	681	(18)	(7)
		LUCS	1,564	578	580	(2)	(5)
		Mental Health	2,968	1,337	1,375	(38)	(26)
		Oral Health Services	1,121	297	287	11	23
		Outpatients	15	15	18	(3)	(28)
		PC Services	844	358	379	(21)	(112)
		Pharmacy	70	5	5	(0)	0
		Prescribing	(439)	(93)	10	(103)	(113)
		Psychology Services	1,378	474	484	(10)	(29)
		Public Health	247	70	64	6	4
		Rehabilitation Medicine	1,194	480	413	67	130
		Sexual Health	1,015	393	394	(1)	(2)
		Strategic Services	0	0	0	0	0
		Substance Misuse	680	264	244	21	18
		Therapy Services	1,984	842	813	28	76
		UNPAC	795	242	167	75	150
		<b>Hosted Total</b>	<b>14,089</b>	<b>6,816</b>	<b>6,818</b>	<b>(2)</b>	<b>3</b>
		<b>Delegated Total</b>	<b>107,428</b>	<b>41,506</b>	<b>41,680</b>	<b>(173)</b>	<b>(701)</b>
Set Aside	Acute	Acute Management	787	331	349	(18)	10
		Cardiology	930	387	385	2	7
		Children Therapies	24	12	10	1	(1)
		Diabetes & Endocrinology	629	205	252	(47)	(212)
		ED & Minor Injuries	3,012	1,231	1,394	(163)	(534)
		Gastroenterology	2,083	858	990	(132)	(407)
		General Medicine	7,374	3,058	3,229	(171)	(429)
		Geriatric Medicine	3,880	1,632	1,715	(82)	(194)
		Infectious Disease	748	(174)	(204)	30	42
		Junior Medical	590	249	291	(42)	(13)
		Outpatients	155	61	53	8	2
		Rehabilitation Medicine	423	172	188	(17)	(43)
		Respiratory Medicine	1,653	712	779	(68)	(171)
		Therapy Services	2,285	1,017	1,096	(79)	(162)
		<b>Acute Total</b>	<b>24,571</b>	<b>9,751</b>	<b>10,528</b>	<b>(777)</b>	<b>(2,106)</b>
		<b>Set Aside Total</b>	<b>24,571</b>	<b>9,751</b>	<b>10,528</b>	<b>(777)</b>	<b>(2,106)</b>
		<b>Grand Total</b>	<b>131,999</b>	<b>51,257</b>	<b>52,207</b>	<b>(950)</b>	<b>(2,808)</b>

East Lothian Council  
 Budget Monitoring 2023/24 - Period 5  
 IJB - Fiona Wilson

Appendix 2

Service	Business Unit	2023/24 Budget (per Letter)	2022/23 Budget (Amended)
		£'000	£'000
Health & Social Care	Adult Social Work	28,033	28,044
Health & Social Care	Acute & Ongoing Care	11,619	11,618
Health & Social Care	Rehabilitation	2,211	2,211
Health & Social Care	Learning Disability & MH Community services	17,803	17,809
Health & Social Care	Head of Operations	3,302	3,302
Health & Social Care	Business & Performance	4,985	4,969
<b>HEALTH &amp; SOCIAL CARE TOTAL</b>		<b>67,953</b>	<b>67,953</b>
Development	Private Sector Housing Grants (PSHG)	256	256
<b>DEVELOPMENT TOTAL</b>		<b>256</b>	<b>256</b>
HRA Capital	Disabled Adaptations	1,000	1,000
<b>HRA CAPITAL TOTAL</b>		<b>1,000</b>	<b>1,000</b>
HRA	Garden Aid - HRA Community Housing (East)	68	68
HRA	Garden Aid - HRA Community Housing (Musselburgh)	67	67
HRA	Garden Aid - HRA Community Housing (Prestonpans)	49	49
HRA	Garden Aid - HRA Community Housing (Tranent)	54	54
<b>HRA TOTAL</b>		<b>238</b>	<b>238</b>
		<b>69,447</b>	<b>69,447</b>

Year to Date			Adjusted Forecast
2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date	2023/24 Full Year Forecast Variance After Adjustments
£'000	£'000	£'000	£'000
10,533	9,291	1,242	1,377
3,636	4,223	-587	-528
911	869	42	9
5,959	5,201	758	1,418
1,383	675	708	1,837
1,980	2,070	-90	-142
<b>24,402</b>	<b>22,329</b>	<b>2,073</b>	<b>3,971</b>
-139	-148	9	0
<b>-139</b>	<b>-148</b>	<b>9</b>	<b>0</b>
520	400	120	0
<b>520</b>	<b>400</b>	<b>120</b>	<b>0</b>
43	29	14	0
41	31	10	0
38	22	16	0
30	19	11	0
<b>152</b>	<b>101</b>	<b>51</b>	<b>0</b>
<b>24,935</b>	<b>22,682</b>	<b>2,253</b>	<b>3,971</b>

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