



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 28 March 2024

BY: Interim Chief Finance Officer

SUBJECT: Review of 2023-2024 Financial Out-turn.

1 PURPOSE

1.1 This report presents to the IJB;

- i. An update on the projected financial out-turn for 2023/24.
- ii. A review of the IJB reserves.

2 RECOMMENDATIONS

2.1 Members are asked to:

- i. Note the current 23-24 out-turn forecast.
- ii. Note the projected position for the IJB's Reserves
- iii. Agree a position for the utilisation of the IJB's General Reserve either
 - a) Utilisation of the general reserve to support the 2023-2024 year-end position.or
 - b) Request additional funding from the Partners to meet the in year gap of 2023/24.

3 BACKGROUND

3.1 Revised 2023-2024 Out-turn Forecast

Both partners have updated their financial forecast for 2023-2024 out-turn position. The output is as follows – Values are variances, favourable/(unfavourable):

	£000's
Health Core	771
Hosted	284
Set Aside	<u>(1,883)</u>
Total Health	(828)
Social Care	(2,950)
Total	(3,778)

3.2 This is an improvement on the forecast out-turn reported to the IJB at its February 2024 meeting which was an overspend of £4,119,000. The improvement being in the social care budgets.

3.3 Health Position

It can be seen from the table above that the core and hosted health budget are now forecast to be underspent. The core budget being the operational budget for the HSCP. The hosted services being those services delegated to the IJB but operationally managed by NHS Lothian for example, the IJB's share of the Mental Health services which are provided at the Royal Edinburgh Hospital.

This underspend is underpinning an element of the IJB's Set Aside budget which remains overspent.

Set Aside health services are those functions delegated to the IJB but managed by the Acute Hospital Teams at Royal Infirmary of Edinburgh and Western General Hospital. The major overspends being within Diabetes & Endocrinology, ED & minor injuries, Gastroenterology and General Medicine.

In previous years, NHS Lothian had been able to support the IJB's health budgets non-recurrently in year and to allow them to break-even. NHS Lothian have indicated that this may not be possible in the current financial year and discussions around the management of the financial year end are continuing.

Social Care Position

As has been described in previous finance reports to the IJB (most recently in February 2024) forecasting the social care out-turn is volatile, given that the social care services are largely delivered by third parties and the commitments are recorded in a separate, non-finance system.

As part of the year-end processes, work continues to examine the projects that are funded from the IJB's earmarked reserves. If, having completed the work that these reserves have been held to support, there is a residual element of funds then these funds will be used to support the 23/24 out-turn position. That said, such funding is non-recurrent and will not support the financial pressures identified recurrently.

It is expected that these actions will improve the social care out-turn but details are not available at this time.

3.4 Review of the Set Aside Budget Model.

The Set Aside budget model was developed in 2015 and was based on a high level review of which elements of the Acute health system (those

services delivered at the Royal Infirmary of Edinburgh, The Western General Hospital and St. Johns at Howden) were delegated to the IJBs. As the IJBs themselves were developed this budget model has evolved to ensure that it represented the acute functions over which the IJB had the appropriate influence. The development of the Set Aside model was paused during the Covid outbreak in 2020. The IJBs have asked NHS Lothian to restart this review and a revised Set Aside budget model has now been agreed.

This new model excludes some services which are not directed by the IJB's, for example Gastro-Intestinal services and Infectious Diseases. This has reduced the Set Aside budget from its previous position. The charges and overspend associated with these budgets are also removed. This new budget model will be used from 2024/25 onwards.

3.5 Actual out-turn position for 2023/24

The actual financial position for 2023/24 will not be known until the end of May 2024. However, it's important that this position is considered now for two reasons –

1. The impact of the 2023/24 position on the 2024/25 financial forecast.
 - a. NHS Lothian financial forecasting model takes into account in-year pressures that are carried forward into future years and this has been fed into the forecast provided for the health element of the IJB's budget.
 - b. The current forecast social care position (an overspend of c. £2.9m) requires a recovery programme and this has now been built into the 2024/25 forecast position.

2. The Utilisation of the IJB Reserves.

The IJB has two 'classes' of reserves. Earmarked Reserves which are held for a specific purpose and elements of which are being used to support the 2023/24 position. It is estimated that the earmarked reserves will be c.£1.1m by 31/3/24. And General reserves which are estimated at c. £4.3m after having provided for the costs of the analogue to digital alarm conversion (c.£750,000) as agreed by the IJB.

The General reserves has two purposes - it allows the IJB to support programmes non-recurrently and it provides support (if required) to underpin the year-end position.

The IJB is governed by its Integration Scheme. This scheme described the agreements between East Lothian Council and NHS Lothian as to how the IJB should manage any year-end overspends. Section 9.14.1 lays out that *'where an overspend occurs at the end of the financial year end, and there are insufficient available reserves to meet the overspend then the Parties may make additional payment to the Board [IJB]'*.

4 ENGAGEMENT

- 4.1 The IJB makes its papers and reports are publicly available.

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 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 None

AUTHOR'S NAME	David King
DESIGNATION	Interim Chief Finance Officer
CONTACT INFO	David.king4@nhslothian.scot.nhs.uk
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