



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

**MEETING DATE:** 23 May 2024

**BY:** Interim Chief Finance Officer

**SUBJECT:** Financial Out-turn 2023/24

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## **1 PURPOSE**

1.1 This paper lays out the current financial out-turn position for 2023/24.

## **2 RECOMMENDATIONS**

2.1 The IJB is asked to:

- i. Note the current position; and
- ii. Note the use c. £1.1m of the IJB's general reserve to allow the IJB to break-even in 2023/24 on the assumption that the Council will take the analogue to digital costs.

## **3 BACKGROUND**

3.1 At its March 2024 meeting the IJB was presented with a forecast out-turn position for 2023/24. This projected an overspend for 2023/24 of £3.8m made up as follows:

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

3.2 The March paper also noted that the IJB's Integration Scheme offered two broad options to the IJB to achieve financial balance. These were:

- a) That the Partners provided additional funding to the IJB
- b) That the IJB used its general reserves to underpin the overspend.

The IJB could not agree to either position and required that the Chief Officer and the Chair discuss support to the year-end position further with the partners.

- 3.3 The partners have now finalised the IJB’s financial position for 2023/24. This shows a total overspend of £2.7m broken down as follows –

<b>Budgets</b>	<b>£000's</b>
Health	
Core	578
Hosted	400
Set Aside	<u>(1,718)</u>
Total Health	(740)
Social Care	<u>(1,933)</u>
<b>Total IJB</b>	<b>(2,673)</b>

Values are variances  
(overspend)/underspend

- 3.4 The IJB has been in further dialogue with the partners and has asked them if the partners can provide further, non-recurrent, support for the 2023/24 financial year.
- 3.5 NHS Lothian wrote to the IJB on 16<sup>th</sup> April 2024 indicating that it would provide the IJB with an additional £740,000 (non-recurrently) to underpin the health element of the overspend in 2023/24. Therefore, the health element of the IJB’s budget is now broken even in 2023/24. At this point, the IJB’s overspend is c. £1.9m which lies within its social care budget. It should be noted that the social care overspend is net of uncommitted earmarked reserves.
- 3.6 Further dialogue has taken place with East Lothian Council who have indicated that they will consider taking the costs of the analogue to digital transfer onto their capital programme. The IJB had agreed to cover these costs (c. £750,000) from within its reserves and if these costs were to be covered by East Lothian Council, then these funds could be used to support the 2023/24 financial position. This would reduce the overspend to c. £1.1m. This needs to be approved by the Council at their June meeting. This was laid out in an email from the Council’s Chief Finance Officer who also noted that the Council were unable to provide any further additional funds.

- 3.7 At this point, for 2023/24 the IJB has an overspend of c £1.1m.
- 3.8 At 1<sup>st</sup> April 2023, the IJB had general reserves of £5,030,000. The IJB agreed to fund the analogue to digital conversion (c. £750,000) from these reserves. At that time these funds should more properly be shown as earmarked reserves. This leaves a balance in the general reserves of c. £4.2m. Given the financial challenges in delivering the IJB's recovery programmes in 2024/25 (as described in the IJB's budget setting paper presented to the IJB at its March 2024 meeting) then it would be helpful to carry as much of these general reserves into 2024/25 as possible. This position already having been supported by NHS Lothian who providing non-recurrent support in 2023/24 for the IJB's overspend health budgets as laid out above.
- 3.9 The IJB has sought further guidance from colleagues at the Scottish Government around the use of its general reserves. That advice is very clear, if the IJB is overspent and has sufficient available reserves then those reserves must be used to offset the overspend.
- 3.10 The Chief Officer requested that the partners' Chief Executives meet to ensure that the partners are fully sighted on the resolution of the 2023/24 year end. The Chief Executives have met.
- 3.11 The IJB will therefore have to use £1.1m of its general reserve to underpin the 2023/24 overspend and move to a break-even position for 2023/24. This on the basis that the Council will agree to take the Analogue to Digital conversion costs as discussed above.
- 3.12 This will reduce the IJB's general reserve to c. £3.1m. The IJB's 24/25 budget was set on the basis that no general reserve was available however, the 24/25 financial plan did not have a resolution to the financial pressures in the IJB's Set Aside budget. For the purposes of 24/25 financial planning it may be that any Set Aside financial pressure is offset by an element of the IJB's remaining general reserve. This will be considered at a later meeting as part of the on-going review of the IJB's 2024/25 financial position.

## **4 ENGAGEMENT**

- 4.1 The IJB makes its papers and reports available to the public and are posted on its website. IJB meetings are held in public.

## **5 POLICY IMPLICATIONS**

- 5.1 There are no new policies arising from this report.

## **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.

## **7 DIRECTIONS**

- 7.1 This report does not require amendments to or any new directions to be made.

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – described above.

- 8.2 Personnel – none

- 8.3 Other – none

## **9 BACKGROUND PAPERS**

- 9.1 Review of 2023-2024 financial out-turn – presented to the IJB at its March 2024 meeting.

**Appendices: None**

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