

# Report

## Financial Position to February 2017

### Edinburgh Integration Joint Board

24<sup>th</sup> March 2017



#### Executive Summary

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1. The purpose of this report is to provide the Integration Joint Board (IJB) with an overview of the financial position for the 11 months to February 2017 and the forecast year end position. The resultant impact on the in year financial position on the financial plan for 2017/18 is discussed in a separate report to the board.

#### Recommendations

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2. It is recommended that the board notes:
  - that a break even position will be delivered through a combination of: social care fund monies identified by the IJB; provisions made by the City of Edinburgh Council; and the underwriting by NHSL Lothian of the projected overspend in the health element of the IJB's budgets. These factors amount to £6.2m to enable full closure of the 2016/17 budget.

#### Background

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3. In line with the approved integration scheme, when resources have been delegated via directions by the IJB, NHSL and CEC apply their established systems of financial governance to the delegated functions and resources. Accordingly, budget monitoring of IJB delegated functions is undertaken by finance teams within the City of Edinburgh Council (CEC) and NHS Lothian (NHSL), reflecting the IJB's role as a strategic planning body which does not directly deliver services, employ staff or hold cash resources.
4. In terms of in year operational budget performance, the Council and NHSL are primarily responsible for managing within budget resources available as set out in the directions issued to both bodies. However, it is important that the IJB has oversight of the in year budget position as this influences the strategic planning role of the board and highlights any issues that need to be taken account of in planning the future delivery of health and social care services within available resources.

#### Main report

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## Overview

5. For the first 11 months of the financial year the IJB overspent by £6.2m against the budgets delegated by the City of Edinburgh Council (CEC) and NHS Lothian (NHSL). The equivalent year end forecast position is an overspend of £9.2m. This is an improvement of £3.1m on the November projection (reported to the board in January 2017) reflecting the continued refinement of forecasts as the year end approaches. The numbers are summarised in table 1 with further detail included in appendices 1 (NHSL) and 2 (CEC).

	Position to end February 2016			Year end forecast variance
	Budget	Actual	Variance	£k
	£k	£k	£k	£k
NHS services				
Core services	221,068	223,256	(2,188)	(2,267)
Hosted services	74,315	74,066	250	370
Set aside services	91,003	91,166	(164)	(2,765)
<b>Sub total NHS services</b>	<b>386,386</b>	<b>388,488</b>	<b>(2,102)</b>	<b>(4,661)</b>
<b>CEC services</b>	<b>172,182</b>	<b>176,307</b>	<b>(4,125)</b>	<b>(4,544)</b>
<b>Gross position</b>	<b>558,568</b>	<b>564,795</b>	<b>(6,227)</b>	<b>(9,205)</b>

Table 1: summary IJB financial position to February 2017 and year end forecast

## NHS services

6. Services delivered by the NHS account for £2.1m of the year to date overspend and £4.7m of the year end forecast. Further detail is given in appendix 1. The key drivers of this position continue to be pressure on prescribing and nursing budgets in community hospitals.
7. With an estimated year end position of £2.1m, the prescribing position continues to be a major financial concern for the IJB. Edinburgh's cumulative primary care prescribing position is currently £2m overspent, driven by 2.2% growth in volumes and 3.2% growth in price. The forecast outturn is estimated at £2.2m and the implications for the 2017/18 IJB financial plan are discussed in a separate paper to the committee.
8. Although still below the last year's level, use of supplementary staffing remains high. Factors impacting this include high levels of: vacancies; patient acuity requiring 1:1 close observations; sickness; and the use of bank nurses to achieve safe minimum staffing levels. The Chief Nurse has developed an action plan to address these issues and the ongoing implementation, which has already seen a reduction in bank usage across the majority of services, will be monitored through the newly established finance board.

9. Hosted and set aside services combined are in balance to November but this position is forecast to deteriorate by the year end. NHSL are progressing further work to determine the drivers.
10. As reported in previous months, NHSL is forecasting an overall breakeven position for 2016/17 through the use of non recurring resources. Taking account of this, the overspend on IJB functions delivered by NHSL will be managed and a breakeven position will effectively be achieved for 16/17.

### **Council services**

11. At February the outturn forecast for Council services shows a projected overspend of £4.5m. Of this, £1.6m relates to purchasing budgets and is primarily attributable to delays in the implementation of transformation linked savings proposals. The balance of £2.9m relates to the phasing of the implementation of the new structure and increasing agency costs. Details are included in appendix 2.
12. Non recurring funding contributions of £4.5m have been identified to offset the projected overspend with £3.4m earmarked by the IJB through the social care fund and £1.1m by the Council through the overall revenue budget monitoring position. The combined impact of these two measures will deliver a break even position by year end.
13. The ongoing impact of key financial pressures, agency spend and purchasing, are addressed in the financial plan paper.

### **Key risks**

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14. With only one month to the end of the financial year, an unanticipated deterioration in the financial position is the key risk to achieving a break even position for 2017/18.

### **Financial implications**

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15. Outlined elsewhere in this report.

### **Involving people**

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16. The successful implementation of these recommendations will require the support and co-operation of both CEC and NHSL personnel.

## Impact on plans of other parties

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17. As above.

## Background reading/references

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18. None.

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## Links to priorities in strategic plan

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**Managing our resources  
effectively**

## NHS Lothian Element of IJB Financial Position 2016/17

	Position to end February 2016			Year end forecast variance £k
	Budget	Actual	Variance	
	£k	£k	£k	
<b>Core services</b>				
Community AHPs	5,409	5,419	(10)	137
Community Hospitals	9,198	10,045	(847)	(1,256)
District Nursing	9,703	9,445	259	665
GMS	64,873	64,641	231	45
Mental Health	8,659	8,439	221	34
Prescribing	71,184	73,216	(2,032)	(2,106)
Resource Transfer	40,017	40,016	1	0
Other	12,024	12,035	(11)	214
<b>Sub total core</b>	<b>221,068</b>	<b>223,256</b>	<b>(2,188)</b>	<b>(2,267)</b>
<b>Hosted services</b>				
AHPs	6,211	5,854	357	378
Complex care	1,649	2,043	(394)	(181)
GMS	3,907	3,822	86	(262)
Learning disabilities	8,215	8,202	13	359
Lothian unscheduled care service	5,302	5,324	(22)	243
Mental health	25,693	25,346	347	463
Oral health services	8,543	8,298	245	250
Rehabilitation medicine	3,592	3,392	200	145
Sexual health	2,761	2,692	69	43
Substance misuse	4,098	4,632	(535)	(466)
Out of area placements	3,405	3,176	229	(238)
Other	940	1,286	(346)	(363)
<b>Sub total hosted</b>	<b>74,315</b>	<b>74,066</b>	<b>250</b>	<b>370</b>
<b>Set aside services</b>				
A & E (outpatients)	5,973	5,874	99	34
Cardiology	15,123	15,005	117	183
Gastroenterology	5,256	5,039	217	372
General Medicine	28,991	29,561	(570)	(2,817)
Geriatric Medicine	17,327	17,155	172	(42)
Infectious Disease	7,586	7,358	229	86
Rehabilitation Medicine	1,851	1,978	(126)	(206)
Therapies	5,495	5,613	(117)	(193)
Other	3,400	3,584	(184)	(180)
<b>Sub total set aside</b>	<b>91,003</b>	<b>91,166</b>	<b>(164)</b>	<b>(2,765)</b>
<b>Grand total</b>	<b>386,386</b>	<b>388,488</b>	<b>(2,102)</b>	<b>(4,661)</b>

CITY OF EDINBURGH COUNCIL ELEMENT OF IJB  
FINANCIAL POSITION 2016/17

	Position to end February 2016			Year end forecast variance £k
	Budget	Actual	Variance	
	£k	£k	£k	
<b>Employee costs</b>				
Council Paid Employees	75,539	78,197	(2,658)	(2,900)
Redundancy costs	3,208	3,208	0	(0)
<b>Sub total</b>	<b>78,747</b>	<b>81,406</b>	<b>(2,658)</b>	<b>(2,900)</b>
<b>Non pay costs</b>				
Premises	1,183	1,183	0	0
Transport	1,589	1,589	0	0
Supplies & Services	5,239	5,239	0	0
Third Party Payments	152,730	154,196	(1,467)	(1,600)
Transfer Payments	710	710	0	0
<b>Sub total</b>	<b>161,450</b>	<b>162,916</b>	<b>(1,467)</b>	<b>(1,600)</b>
<b>Gross expenditure</b>	<b>240,197</b>	<b>244,322</b>	<b>(4,125)</b>	<b>(4,500)</b>
<b>Income</b>	<b>(68,015)</b>	<b>(68,015)</b>	<b>0</b>	<b>0</b>
<b>Net expenditure</b>	<b>172,182</b>	<b>176,307</b>	<b>(4,125)</b>	<b>(4,500)</b>