

Report

Update on 2017/18 Financial Position Edinburgh Integration Joint Board

14 July 2017



Executive Summary

1. The purpose of this report is to provide the Integration Joint Board (IJB) with a high level overview of the financial position for the first two months of 2017/18.

Recommendations

2. The EIJB is asked to note that:
 - a) delegated services provided by NHS Lothian are reporting an overspend of £2.1m for the first 2 months of 2017/18, a variation of £1.0m from the financial plan trajectory;
 - b) detailed financial information in respect of delegated services operated by the City of Edinburgh Council is not yet available; and
 - c) the emerging financial position for both NHS and council services is of concern.

Background

3. When resources have been delegated via directions by the IJB, the City of Edinburgh Council (CEC) and NHS Lothian (NHSL) 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 CEC and NHSL. This arrangement reflects the IJB's role as a strategic planning body which does not directly deliver services, employ staff or hold cash resources. However, it is important that the IJB has oversight of the in year budget position as this highlights any issues that need to be accounted for when planning the future delivery of health and social care services.

Overview

4. As has been previously reported, CEC and NHSL have different arrangements for financial performance management. Specifically, in the early months of the financial year CEC undertake high level monitoring of areas of high financial risk but do not produce detailed reporting information. As such it is therefore not possible to produce a consolidated IJB financial position at this point. This paper therefore outlines the key issues impacting on partnership services ran by CEC and reports on the financial position of NHS services only.

NHS services

5. The financial plan to the NHSL board in April showed an outstanding £22.4m gap to be closed in order to achieve breakeven by the end of the year. Edinburgh IJB's share of this was £6.5m.
6. Partnership services delivered by the NHS are showing an overspend of £2.1m for the first two months of the year. Comparing this to the expected outturn per the financial plan, this is £1m in excess of anticipated (based on a pro rata share of the financial plan overspend). Both the overspend and the variance from trajectory give cause for concern. Table 1 gives a summary of the position at month 2, with more detail provided in the appendix.
7. Work is ongoing to understand the variation from trajectory and the quarter 1 review will present the first key opportunity to review the detail of the financial position across NHS Lothian and what options might be available to meet the statutory target of breakeven. Meetings are now scheduled and a formal update on the revised forecast and any other supporting actions for cost reduction will be presented to the NHSL Finance and Resources Committee at its meeting of 20 September.

	Budget	Actual	Variance	FP trajectory	Variance from trajectory
	£k	£k	£k	£k	£k
NHS services					
Core services	36,861	38,194	(1,333)	(686)	(647)
Hosted services	13,686	13,643	43	27	16
Set aside services	15,946	16,747	(801)	(346)	(455)
Total NHS services	66,493	68,584	(2,091)	(1,006)	(1,085)

Table 1: summary financial position for NHS services to May 2017

8. As in 2016/17, the key drivers continue to be pressure on prescribing; nursing budgets in community hospitals; and junior medical staffing in acute (set aside) services. It is recognised that this position is a cause for concern and the partnership management team is working with colleagues in NHSL to develop and implement a recovery plan.
9. The overall position for NHSL includes a release of reserves of £1.7m, none of which is reflected in the reported results for the IJB.

Council services

10. As discussed above, CEC do not produce detailed financial performance information until after the first quarter. However high level monitoring has been ongoing which has identified 2 key areas where further scrutiny is required.
 - a) The purchasing budget continues to be under pressure in a number of areas, including: an ongoing increase in **direct payments** which impacts on the funding available for CEC arranged services; the increase in care at home capacity required as delays are addressed; and the requirement to deliver efficiencies. Whilst the IJB made provision in the financial plan, it is unlikely to be sufficient to deal with the combined impact of these factors. The partnership management team is working with Locality Managers to develop detailed implementation plans for delivery of approved purchasing efficiencies. Discussions with senior CEC management are also taking place to identify potential options; and
 - b) Agency costs remain high, particularly within care homes and learning disability services. The Interim Chief Nurse is leading an exercise to review establishments and rostering arrangements in care homes. It is anticipated that this will lead to a reduction in the use of agency staff and this will be monitored closely as the project rolls out. It is anticipated that agency expenditure in the learning disability services will reduce as the structure is fully implemented.

Key risks

11. Non delivery of recovery actions to the value required identified in the financial plan is one of the main risks continuing to face the IJB.

Financial implications

12. Outlined elsewhere in this report.

Involving people

13. 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

14. As above.

Background reading/references

15. None.

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Links to priorities in strategic plan

**Managing our
resources
effectively**

NHS Lothian Element of IJB Financial Position 2017/18

	Position to end May 2017		
	Budget £k	Actual £k	Variance £k
Core services			
Community AHPs	855	1,046	(191)
Community Hospitals	1,626	1,813	(186)
District Nursing	1,749	1,790	(41)
GMS	10,594	10,645	(51)
Mental Health	1,501	1,496	5
Other	1,806	2,235	(429)
Prescribing	13,345	13,784	(438)
Resource Transfer	5,385	5,385	0
Sub total core	36,861	38,194	(1,333)
Hosted services			
AHPs	1,090	1,075	15
Complex Care	102	188	(86)
GMS	775	731	45
Learning Disabilities	1,471	1,503	(32)
Lothian Unsched. Care Serv.	989	1,030	(40)
Mental Health	4,126	4,003	123
Oral Health Services	1,537	1,452	86
Other	(42)	(108)	66
Palliative Care	389	388	0
Psychology Service	724	716	8
Rehabilitation Medicine	659	631	28
Sexual Health	519	515	4
Substance Misuse	737	943	(206)
UNPAC	608	575	33
Sub total hosted	13,686	13,643	43
Set aside services			
A & E (outpatients)	1,035	1,041	(6)
Cardiology	2,652	2,614	38
Diabetes	198	216	(18)
Gastroenterology	840	962	(122)
General Medicine	5,068	5,682	(614)
Geriatric Medicine	2,946	2,966	(20)
Infectious Disease	1,137	1,181	(44)
Management	246	274	(28)
Other	459	405	54
Rehabilitation Medicine	342	362	(20)
Therapies	1,023	1,043	(20)
Sub total set aside	15,946	16,747	(801)
Grand total	66,493	68,584	(2,091)

