

Report

Financial Outturn 2017/18

Edinburgh Integration Joint Board

18th May 2018



Executive Summary

1. The purpose of this report is to provide the Integration Joint Board (IJB) with an overview of the financial position for 2017/18 and to summarise the reserves carried into 2018/19.

Recommendations

2. Members are asked to note that:
 - The City of Edinburgh Council (the Council) and NHS Lothian have increased their budgets delegated to the Integration Joint Board by £7.5m and £4.9m respectively;
 - As a result, subject to external audit review, the Integration Joint Board has achieved a breakeven position for 2017/18; and
 - The IJB will carry reserves totalling £8.4m, of which £6.5m are committed into 2018/19

Background

3. At its meeting in March the IJB received limited assurance that a break even position could be delivered for 2017/18. At this point the Council had committed to meet the anticipated shortfall of £7.1m on a non recurring basis. NHS Lothian, whilst forecasting an overall balanced position had not concluded their discussions on the implications for the 4 Lothian IJBs.
4. The draft outturn positions (subject to audit) have now been received from both partner bodies and the resultant financial position for the IJB is discussed in paragraphs 5 to 12 below.

Main report

5. At the end of the financial year the Council and NHS Lothian overspent against the budgets delegated by the IJB by £12.3m. To mitigate this, additional one off contributions have been agreed (£7.4m and £4.9m respectively), allowing the IJB to break even in 2017/18.

6. This position is summarised in table 1 below with further detail included in appendices 1 (NHS Lothian) and 2 (the Council).

	Budget £k	Actual £k	Variance £k
NHS services			
Core	271,360	274,974	(3,615)
Hosted	88,497	87,327	1,170
Set aside	96,975	99,411	(2,436)
Non cash limited	49,623	49,623	0
Sub total NHS services	506,455	511,336	(4,880)
CEC services	185,809	193,273	(7,464)
Gross position	692,264	704,609	(12,344)
Non recurring contributions			
City of Edinburgh Council	7,464		7,464
NHS Lothian	4,881		4,881
Net position	704,609	704,609	0

Table 1: summary IJB financial position for 2017/18

7. Services provided by NHS Lothian overspend by £4.9m against the delegated budget. In the context of an overall breakeven position across the organisation, NHS Lothian has agreed to provide an additional one off contribution to the IJB.
8. The Council had previously agreed an additional contribution of up to £7.1m to the IJB in 2017/18 funded through additional savings in corporate budgets and across other Council services. At £7.5m the final outturn position is slightly worse than anticipated and the Council's Head of Finance has indicated his intention to recommend an additional non recurring contribution of £0.4m to address this.
9. These non recurring contributions, totalling £12.3m, will allow the IJB to break even in 2017/18.
10. The key financial issues underpinning the position to the end of March are consistent with those reported throughout the financial year, namely:
- As reflected in the third party payments overspend of £7m, **care at home** continues to be the single most significant financial challenge facing the IJB. Demographic factors continue to drive demand for care at home services, as well as direct payments and individual service funds. This level of overspend is in line with financial projections reported throughout the year and has been factored into the baseline position for budget planning for the next financial year. However, as was the case in 17/18, the 18/19 financial plan is predicated on this growth being offset, at least to some extent, by delivery of savings. Whilst the savings programme is continuing to build momentum, achievement in 17/18 fell well short of target and, as such, a focus on delivery forms a key cornerstone of the financial strategy for 18/19;

- **Prescribing** continues to be an ongoing pressure across all 4 IJBs in Lothian, with short supply and high value drugs continuing to offset lower than anticipated growth in volumes. The overspend of £2.1m for the year is in line with the year end projection. For 18/19 NHS Lothian has targeted additional investment through the financial plan to reset the prescribing baseline to reflect the outturn for 17/18. Any further growth in either prices or volumes in 17/18 will therefore result in an overspend. To mitigate this a £2m pan Lothian fund has been established to support efficient prescribing, the IJB's share of which is c£1.1m;
 - Delivery of **savings and recovery plans**, as referenced above, only a marginal contribution was made towards the Council's transformational savings in 2017/18. Equally, NHS service budgets include elements of unachieved savings carried forward from previous years and not delivered in year. Further information on the impact on the 2018/19 financial plan is given in the separate paper to this meeting; and
 - NHS Lothian **set aside** budgets overspent by £2.4m in the year. Junior doctors is the most significant contributory factor where non compliant rotas are driving costs upwards. Overall set aside now equates to approximately 50% of the overall NHS position and is clearly an issue which requires to be addressed in partnership with NHS Lothian in 2018/19.
11. As well as the financial position outlined above, the IJB will carry reserves of £8.4m into 2018/19. The majority of these reserves, £6.5m are "ringfenced" (ie set aside for specific purposes), including supporting the short term improvement measures agreed by the IJB in November 2017 and set out in the "Plan for Immediate Pressures and Longer-Term Sustainability" included elsewhere on this agenda.

	£k
Ringfenced	6,522
Unallocated	1,830
Total	8,352

Table 2: IJB reserves carried into 2018/19

12. Again, this position is subject to audit and further details of these balances are included as appendix 3.

Key risks

13. The key financial risks facing the IJB in 2018/19 are set out in the financial plan paper presented separately to this meeting.

Financial implications

14. Outlined elsewhere in this report.

Implications for directions

15. None.

Equalities implications

16. While there is no direct additional impact of the report's contents, budget proposals will be assessed through the existing Council and NHS Lothian arrangements.

Sustainability implications

17. There is no direct additional impact of the report's contents.

Involving people

18. As above.

Impact on plans of other parties

19. As above.

Background reading/references

20. None.

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Links to priorities in strategic plan

**Managing our
resources
effectively**

Appendices

Appendix 1	Financial position of delegated services provided by NHS Lothian 2017/18
Appendix 2	Financial position of delegated services provided by City of Edinburgh Council 2017/18
Appendix 3	Edinburgh Integration Joint Board reserves carried into 2018/19

FINANCIAL POSITION OF DELEGATED SERVICES PROVIDED BY NHS Lothian 2017/18

	Budget £k	Actual £k	Variance £k
Core services			
Community AHPs	7,831	7,492	339
Community Hospitals	11,259	11,303	(45)
District Nursing	10,617	10,666	(49)
GMS	74,579	75,269	(689)
Mental Health	10,248	10,020	229
Other	52,645	53,948	(1,303)
Prescribing	80,072	82,172	(2,100)
Resource Transfer	24,109	24,105	4
Sub total core	271,360	274,974	(3,615)
Hosted services			
AHPs	6,574	6,438	136
Complex Care	2,379	2,419	(40)
GMS	5,588	5,780	(192)
Learning Disabilities	8,569	9,161	(592)
Lothian Unscheduled Care	5,765	5,765	0
Mental Health	25,793	25,362	432
Oral Health Services	9,218	8,898	320
Other	798	509	289
Palliative Care	2,330	2,337	(7)
Psychology Service	4,280	4,194	86
Rehabilitation Medicine	3,336	3,005	331
Sexual Health	3,147	3,140	7
Substance Misuse	7,079	7,212	(133)
UNPAC	3,640	3,107	532
Sub total hosted	88,497	87,327	1,170
Set aside services			
A & E	6,341	6,509	(169)
Cardiology	11,214	11,163	51
Diabetes	1,204	1,262	(58)
Gastroenterology	3,288	4,041	(753)
General medicine	24,559	24,972	(413)
Geriatric medicine	13,286	13,100	186
Infectious disease	7,135	6,792	342
Junior medical	12,543	13,757	(1,215)
Management	1,743	1,938	(196)
Other	7,100	7,248	(148)
Rehabilitation medicine	2,040	2,180	(141)
Therapies	6,523	6,447	76
Sub total set aside	96,975	99,411	(2,436)

	Budget £k	Actual £k	Variance £k
Non cash limited			
Dental	26,684	26,684	0
Ophthalmology	9,253	9,253	0
Pharmacy	13,685	13,685	0
Sub total non cash limited	49,623	49,623	0
Total	506,455	511,336	(4,880)
Non recurring NHS contribution	4,881		4,881
Net position	511,336	511,336	0

**FINANCIAL POSITION OF DELEGATED SERVICES PROVIDED BY
CITY OF EDINBURGH COUNCIL 2017/18**

Employee costs
Council Paid Employees
Non pay costs
Premises
Third Party Payments
Supplies & Services
Transfer Payments
Transport
Sub total
Gross expenditure
Income
Balance
Non recurring CEC contribution
Net position

Budget £k	Actual £k	Variance £k
86,963	85,796	1,167
1,173	1,290	(117)
176,446	183,484	(7,038)
6,403	7,129	(726)
930	993	(63)
1,989	2,455	(466)
186,941	195,351	(8,410)
273,904	281,147	(7,243)
(88,095)	(87,874)	(221)
185,809	193,273	(7,464)
7,464		7,464
193,273	193,273	0

**EDINBURGH INTEGRATION JOINT BOARD
RESERVES CARRIED INTO 2018/19**

	Ringfenced £k	Unallocated £k	Total £k
<i>Integrated care fund</i>			
Grants programme	449	0	449
Engagement	114	0	114
Assessment and backlog review	1,851	0	1,851
Other	49	55	104
	2,464	55	2,519
<i>Social care fund</i>			
Assessment and backlog review	2,517	0	2,517
Disabilities	0	481	481
Telecare	588	172	760
Capacity and unmet demand	0	190	190
Carers Act	163	0	163
District nursing	200	0	200
Other	87	90	177
	3,555	933	4,488
<i>Brought forward on Council balance sheet</i>			
Integrated care fund	0	615	615
Integration of H&SC	260	226	486
Sensory impairment	114	0	114
Other	130	0	130
	504	842	1,345
Grand total	6,522	1,830	8,352