

# REPORT

2020/21 finance plan update

Edinburgh Integration Joint Board

4 February 2020

## Executive Summary

The purpose of this report is to provide the board with an update on the financial plan for 20/21 and to outline the process for finalising this.

## Recommendations

1. It is recommended that the Integration Joint Board note the position.

## Directions

Direction to City of Edinburgh Council, NHS Lothian or both organisations	No direction required	✓
	Issue a direction to City of Edinburgh Council	
	Issue a direction to NHS Lothian	
	Issue a direction to City of Edinburgh Council and NHS Lothian	

## Report Circulation

1. This report has not been considered elsewhere.

## Main Report

2. In October 2019, the Financial Framework 2020-2023 was presented to the Board. This presented an initial financial outlook, providing an insight into the scale of the financial gap over the 3 year period. This report gives an update on that work and advises the Board of the next steps in the planning process.
3. The projected gap between income (i.e. the level of budgets assumed to be delegated to the IJB from our partners) and expenditure (i.e. the level of budget required to deliver current levels of service) was originally estimated at £35m. This was based on the financial planning assumptions agreed at the time with our 2 partners, the City of Edinburgh Council (Council) and NHS Lothian. In the following months all 3

organisations have been refining their plans and, based on information currently available, this gap is now estimated at £36m, as summarised in table 1 below:

	CEC £m	NHSL £m	IJB £m	Total £m
Projected budget	222	453		675
Projected net expenditure	251	463	(3)	711
<b>Estimated savings target 20/21</b>	<b>(29)</b>	<b>(10)</b>	<b>3</b>	<b>(36)</b>

*Table 1: projected IJB savings target 20/21*

4. As this initial financial plan has been developed in advance of both the UK and Scottish Government budgets it remains subject to change. Neither of our partner organisations yet know the financial implications of these major announcements and therefore all 3 organisations are planning on the basis of assumptions. Nonetheless, recognising the ongoing and well rehearsed financial challenges facing the public sector work began in August to identify a savings and recovery programme to bridge this financial deficit. The Chief Officer led a series of workshops with senior officers to develop schemes to present to the Board for consideration. Running in parallel, the Board itself ran workshops which updated members on the:
- financial planning timetable;
  - financial planning assumptions embedded in the 2020/21 budget;
  - specific themes as requested by members;
  - proposed measures to bridge the gap in the plan (i.e. the emerging savings and recovery programme); and
  - ongoing dialogue with our partners.
5. It is the intention to present the 2020/21 financial plan, which incorporates the savings and recovery programme, to a special meeting of the IJB in March. It is only at

this stage that the savings will be agreed. However there are a number of themes which have emerged from the work undertaken to date, including:

- ensuring best use of the **purchasing budget** to maximise the benefit to eligible people in the most fair and equitable manner possible, within available resources;
- reviewing our **bed based resources** and how these can best be aligned to our “home first” model and configured in support of our strategic aims:
- bringing the social care **charging policy** in line with that of other Local Authorities; and
- continuing the work of the multidisciplinary team (comprising pharmacists, technicians, GPs, community and practice nurses and allied health professionals) to deliver a range of **prescribing** efficiencies.

6. This is not an exhaustive list of the schemes currently being worked but is intended to give a flavour of the areas under consideration.

7. The Board has consistently reiterated its desire to have a savings and recovery programme which aligns, as far as possible, with our strategic aims. As such there is an intent to continually strive to improve outcomes for people, to maintain and improve performance and maintain the scope and quality of services. We have an ambitious transformation programme set out and over the past few months have been developing our organisational capacity to deliver this. The aim of the overall programme is to develop a fit for purpose organisation, with an optimised operating model and focus on prevention and enablement within a sustainably sized estate. While we are confident the models set out in the strategic plan will deliver efficiencies and reduce costs, we also know that this scale of change takes time and requires a degree of double running.

8. In this context, it is important to recognise the challenges we face in identifying and agreeing a £36m cost reduction programme and the impact on services and service

performance that we believe will arise from this level savings. Our savings targets and funding gap will require schemes of a magnitude that have a direct impact on service delivery and services and there is a significant risk that this impacts performance across social care and health services.

9. It is recognised that budgets have not yet been set and that we are working to assumptions. Further, given the December UK General Election and the impact this has had on budget announcements in both the UK and Scottish Parliaments we still do not fully know the position. However, on the basis that debate on budget setting assumptions is quite advanced in both organisations, it is important that the impact on the IJB's budget is now played in fully to these discussions. Therefore, the IJB Chair has written on behalf of the Board to the Chief Executives of both City of Edinburgh Council and NHS Lothian, and to the convenor of Finance and Resources within CEC highlighting these concerns and the potential impact of the quantum of the financial gap facing the IJB.
10. We will continue to work closely with our partners over the coming weeks as further clarity emerges.

## **Implications for Edinburgh Integration Joint Board**

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### **Financial**

11. Outlined elsewhere in this report.

### **Legal/risk implications**

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

### **Equality and integrated impact assessment**

13. There is no direct additional impact of the report's contents. Savings proposals will be subject to integrated impact assessments in advance of being presented to the board.

### **Environment and sustainability impacts**

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

### Quality of care

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

### Consultation

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

### Report Author

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### Appendices

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