

# REPORT

Finance update

Edinburgh Integration Joint Board

24<sup>th</sup> August 2020

## Executive Summary

The purpose of this report is to provide the Integration Joint Board (IJB) with an update on projected in year financial performance.

## Recommendations

It is recommended that the Integration Joint Board note:

- a. the current year end forecasts provided by our partners;
- b. the work ongoing to refine and further understand these; and
- c. that, given the inherent uncertainties, limited assurance on a break even position can be given at this stage.

## 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

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1. A version of this report was considered by the Performance and Delivery Committee on 20<sup>th</sup> August 2020. A verbal update on this discussion will be given to the IJB.

## Main Report

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### Background

2. At its meeting in July the IJB agreed the 2020/21 financial plan. Whilst the plan set out how financial balance could be achieved in year, this was heavily reliant on one off measures. The board also noted that both partners (the City of Edinburgh Council – the Council and NHS Lothian) had commissioned work to further understand the financial impact of COVID-19.
3. An update on financial performance is provided to each meeting of the IJB and, since its establishment, to the Performance and Delivery Committee. This paper summarises the initial output from the quarter 1 review carried out by NHS Lothian and the first set of monitoring information, based on the end of June position, produced by the Council. Both organisations recognise further work is required before the Chief Finance Officer can improve on the limited assurance provided in this report.

### Forecast financial outturn - overview

4. As members are aware, the IJB “directs” budgets back to our partner organisations, the Council and NHS Lothian, who in turn provide the associated services. The majority of these services are delivered through the Partnership, with the balance being managed by NHS Lothian under the strategic direction of the IJB.
5. Previous finance reports to the board have highlighted the challenges of consolidating financial information provided by our partners. This is amplified as a result of the pandemic, with the Council and NHS Lothian taking different approaches to capturing and reporting costs attributable to COVID-19.

6. Table 1 below summarises the projected year end operational position for delegated services. Further detail is included in appendices 1 (the Council) and 2 (NHS Lothian).

	Annual budget	Forecast actual	Forecast variance
	£k	£k	£k
NHS services			
Core	298,006	299,126	(1,242)
Hosted	87,899	89,509	(1,488)
Set aside	88,637	92,952	(4,315)
<b>Sub total NHS services</b>	<b>474,542</b>	<b>481,586</b>	<b>(7,044)</b>
<b>CEC services</b>	<b>228,510</b>	<b>232,343</b>	<b>(3,833)</b>
<b>Total</b>	<b>703,052</b>	<b>713,929</b>	<b>(10,877)</b>

Table 1: IJB year end forecast 20/21

7. Interpreting these results at this time of particular uncertainty is not straightforward. Both partner organisations have commissioned further work to fully understand the underlying drivers. In particular, the financial impact of COVID-19, both in terms of the impact of the actual costs incurred to date, as well as the implication for the rest of the financial year. Finance teams in both organisations will determine the extent to which the £10.9m projected overspend relates to: the 'core' (i.e. underlying operational) position; the impact of COVID-19 on costs incurred to date; and any (future) financial consequences of mobilisation/remobilisation. The picture is further complicated by the extent to which costs can be recovered from the Scottish Government (SG) through the mobilisation/remobilisation planning processes. NHS Lothian will be making the next submission shortly, covering all non delegated NHS and delegated health and social care services. This will be based on the output from the quarter 1 reviews.
8. Finally, it should be recognised that forecasts will continue to be updated as remobilisation plans are developed and refined and the financial consequences become clearer.
9. Outputs from these concurrent pieces of work will be developed over the coming weeks and a more comprehensive update will be available for the IJB

meeting in October. This report sets out the high level highlights as they are currently understood.

10. The Council has just completed its period 3 monitoring report, the first of the financial year. This shows a projected overspend for the year of £3.8m, due mainly to care at home and reduced income. The forecast is predicated on the recovery of COVID-19 costs through the mobilisation planning process and current levels of spend across all cost headings.
11. NHS Lothian has now published the financial results to the end of July and is finalising their quarter 1 review. They have taken a different approach from the Council to additional COVID-19 funding and have not, at this stage assumed any additional monies. As discussed above the finance team are finalising an exercise to estimate the extent to which the pandemic has impacted on the forecast position.

### **Savings and recovery programme**

12. In July 2020 the IJB agreed a phased Savings and Recovery Programme that will deliver in year savings of £15.9m, recognising that this was both achievable and challenging. Delivery is overseen by the Savings Governance Board, chaired by the Chief Officer. This group meets monthly with all project leads submitting progress reports which inform the overall dashboard prepared by the Programme Manager. This approach is part of the Savings Governance Framework which has been put in place following the recent internal audit review of the governance of the programme.
13. These strengthened arrangements brings a focus to the schemes which have been identified as needing support to progress, allowing us to concentrate on the actions required to deliver the agreed intent of the IJB. We recognise that via an iterative process, it is necessary to build on the Savings Governance Framework to support financial sustainability in future years and that this approach must ensure strategic alignment and links with the transformation programme are strengthened.

14. The current programme is attached at appendix 3 and forecast delivery will be reported to future meetings of the Performance and Delivery Committee as well as the board itself. It should be noted that the current target does not reflect the impact of the proposed contractual uplifts which are the subject of a separate paper to this board.

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

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### **Financial**

15. Outlined elsewhere in this report

### **Legal/risk implications**

16. Like any year end projection, the IJB relies on a number of assumptions and estimates each of which introduces a degree of risk. Of particular note are:
- a) forecasts will vary as service driven mobilisation and remobilisation plans are developed and financial impacts crystallised;
  - b) the extent to which COVID-19 costs will be met by the Scottish Government through the mobilisation planning process;
  - c) delivery of the savings and recovery programme in line with projections; and
  - d) that there will be no further waves of COVID-19.

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

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

### **Environment and sustainability impacts**

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

### **Quality of care**

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

## Consultation

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

## Report Author

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## Appendices

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| Appendix 1 | Year end forecast for council delegated services |
| Appendix 2 | Year end forecast for NHS delegated services     |
| Appendix 3 | Savings and recovery programme 2020/21           |
| Appendix 4 | Glossary of terms                                |

## YEAR END FORECAST FOR COUNCIL DELEGATED SERVICES

	Annual budget £k	Forecast actual £k	Forecast variance £k
<b>External services</b>			
Assessment & care management	519	519	0
Care at home	30,564	32,792	(2,228)
Care and support	55,844	56,086	(242)
Day services	13,805	14,073	(268)
Direct payments & individual service fund	35,997	36,273	(276)
Residential services	10,771	10,760	11
Other services	65,822	65,031	791
<b>Sub total external services</b>	<b>213,322</b>	<b>215,534</b>	<b>(2,212)</b>
Internal services	114,027	113,183	844
Income	(43,000)	(40,535)	(2,465)
Funding	(55,839)	(55,839)	0
<b>Total</b>	<b>228,510</b>	<b>232,343</b>	<b>(3,833)</b>

## YEAR END FORECAST FOR NHS DELEGATED SERVICES

	Annual budget £k	Forecast actual £k	Forecast variance £k
<b>Core services</b>			
Community Hospitals	12,989	12,706	283
District Nursing	12,084	11,789	295
Geriatric Medicine	2,883	2,789	94
GMS	84,507	86,705	(2,199)
Learning Disabilities	1,177	1,147	30
Mental Health	11,028	9,980	1,048
PC Management	48,214	47,999	215
PC Services	8,833	9,047	(214)
Prescribing	74,887	75,620	(733)
Resource Transfer	25,536	25,536	0
Substance Misuse	3,920	4,033	(113)
Therapy Services	10,261	10,231	30
Other	1,686	1,542	145
<b>Sub total core</b>	<b>298,006</b>	<b>299,126</b>	<b>(1,120)</b>
<b>Hosted services</b>	<b>87,899</b>	<b>89,509</b>	<b>(1,610)</b>
<b>Set aside services</b>	<b>88,637</b>	<b>92,952</b>	<b>(4,315)</b>
<b>Total</b>	<b>474,542</b>	<b>481,586</b>	<b>(7,044)</b>

## EDINBURGH IJB SAVINGS AND RECOVERY PROGRAMME 2020/21

Proposal		Phase	Saving (£m)
1	Adult Sensory Impairment Services	0	£0.03
2	Learning Disability Services (A)	0	£0.52
3	External Housing Support	0	£0.25
4	Day Centres & Be Able	0	£0.04
5	Vacancy Control	0	£0.20
6	Hosted (by NHSL/other 3HSCPs)	0	£0.74
7	Set Aside	0	£1.18
<b>Phase 0 Sub Total</b>			<b>£2.96</b>
8	Home First	1	£1.00
9	Purchasing	1	£4.10
10	Learning Disability Services (B)	1	£0.06
11	Review Rehabilitation Services	1	£0.08
12	Review Sexual Health Services	1	£0.05
13	Prescribing	1	£1.96
14	Community Equipment	1	£0.25
15	Carers investment	1	£1.45
<b>Phase 1 Sub Total</b>			<b>£8.95</b>
16.	Bed Based Review (Phase 1)	2	£0.50
17	Additional purchasing target	2	£3.09
18	Thrive - Mental Health & Wellbeing	2	£0.30
19	Medical Day Hospitals	2	£0
20	EADP	2	£0.10
<b>Phase 2 Sub Total</b>			<b>£3.99</b>
<b>TOTAL 2020/21 SAVINGS</b>			<b>£15.90</b>

## GLOSSARY OF TERMS

<b>TERM</b>	<b>EXPLANATION</b>
<b>ASSESSMENT AND CARE MANAGEMENT</b>	Predominantly social work, mental health and substance misuse teams
<b>CARE AT HOME</b>	Services provided to over 65s in their homes.
<b>CARE AND SUPPORT DAY SERVICES</b>	Services provided to under 65s in their homes.
<b>DIRECT PAYMENTS</b>	Option 1 of self directed support where the client has chosen to be responsible for organising their care.
<b>HOSTED SERVICES</b>	Services which are operationally managed on a pan Lothian basis either through one of the 4 Health and Social Care Partnerships or Royal Edinburgh and Associated Services (REAS).
<b>INDIVIDUAL SERVICE FUNDS</b>	Option 2 of self directed support where the client has chosen for a 3rd party (not the Council) to organise their care.
<b>OTHER SERVICES</b>	Mainly grants and block contract payments to organisations that provide more than one type of service. The internal element includes sheltered housing and supported accommodation.
<b>RESIDENTIAL SERVICES</b>	Services provided to clients in care homes.
<b>SET ASIDE SERVICES</b>	Acute hospital based services managed on a pan Lothian basis by NHS Lothian
<b>THERAPY SERVICES</b>	Mainly occupational therapy teams.
<b>UNPAC</b>	Services provided for Lothian residents out with Lothian.