

# Finance and Resources Committee

10.00am, Tuesday 25 April 2023

## Edinburgh Integration Joint Board (EIJB) – financial update

Executive/routine Wards Council Commitments	City Wide
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### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
  - 1.1.1 note that the 2023/24 financial plan for the Edinburgh Integration Joint Board (EIJB) continues to show a significant estimated deficit of £35.5m;
  - 1.1.2 note that the Chief Officer of the EIJB has therefore been requested to develop further measures as part of an in-year savings and recovery programme;
  - 1.1.3 note, in that context and as a funding partner, the potential additional in-year financial call upon the Council should these measures not be sufficient to secure financial balance; and
  - 1.1.4 note that a further update will therefore be provided to the Committee's next meeting on 20 June and in the interim as required.

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# Report

## Edinburgh Integration Joint Board (EIJB) – financial update

### 2. Executive Summary

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- 2.1 The report updates members of the Committee on development of the EIJB budget for 2023/24, with this continuing to show a significant shortfall currently estimated at £35.5m. While the Chief Officer of the EIJB has been asked to develop further measures as part of an in-year savings and recovery programme, such is the extent of this deficit, there is a risk that these measures are insufficient to secure balance by the year-end, with a consequent additional financial call on the Council.

### 3. Background

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- 3.1 On 21 March 2023, the Chief Finance Officer of the Edinburgh Integration Joint Board (EIJB) presented an update on the development of its 2023/24 Financial Plan to the Board. Although the EIJB and officers have spent the past year working to identify savings plans and review options to mitigate the impact on Edinburgh's citizens, this update showed a gross budget gap, prior to mitigations, of £47.0m.
- 3.2 While entering the year in an unbalanced position is not new for the EIJB, with actions then taken in-year to achieve a balanced position by the year end, the extent of this core deficit is unprecedented.

### 4. Main report

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#### Savings and Recovery programme

- 4.1 The report to the EIJB of 21 March 2023 presented savings and recovery measures totalling £11.5m, all of which were agreed by the Board, thereby reducing the estimated residual gap to £35.5m.
- 4.2 The Medium-Term Financial Strategy (MTFS) offers an opportunity to redesign services over a three-year period in a way which maximises alignment with the strategic plan. Whilst officers' efforts will now be focussed on progressing this, it must be recognised that complex change at this scale takes time and needs to be properly resourced. Initial priority will therefore be given to further developing the "grip and control" proposals i.e. operational and efficiency-based measures and these will be presented to future meetings of the EIJB. These workstreams will be

reinforced with discrete plans and clearly defined and measurable efficiency outcomes and savings targets, underpinned by robust communication, training and learning and development initiatives.

### **Edinburgh Integration Scheme – funding contributions**

- 4.3 The Edinburgh Integration Scheme states that the EIJB is required to deliver its financial outturn for a given financial year within the budget applicable to that year. Where financial monitoring reports (or, by extension, budget projections) indicate that an overspend is forecast, the EIJB Chief Officer should take immediate and appropriate remedial action to endeavour to prevent the overspend.
- 4.4 In the event that such action will not prevent the overspend, the EIJB Chief Finance Officer requires, together with the relevant partner, to develop a proposed recovery plan to address the financial overspend, with this plan presented to the EIJB as soon as practically possible. The contents of this plan will be subject to the Board's consideration and approval.

### **Further meetings of the EIJB to consider savings options**

- 4.5 Given the size of the residual budget gap and, in contrast to some previous years, the limited availability of reserves and other means of achieving financial balance, it is intended to convene a Budget Working Group session in place of the planned April meeting of the EIJB, with a further session then held in early May. Each of these meetings will focus on the identification of additional savings options, as well as delivering further savings from existing grip and control initiatives. Thereafter, an updated budget report summarising these opportunities will be presented to the EIJB meeting on 13 June.
- 4.6 The intention of the above actions would be to identify potential means of achieving financial balance by the end of the year. Achieving financial balance will impact on some or all of: the level of service provided, activity levels, performance and service quality. The Integration Scheme states that where such a recovery plan is projected to be unsuccessful and an overspend occurs at the financial year end, however, and where there are insufficient available reserves held by the IJB to meet the overspend, the parties (i.e. NHS Lothian and the Council) may make additional payments to the EIJB. Recurring overspends will be considered as part of the following year's budget process.
- 4.7 The Scheme further states that the parties acknowledge that the delivery of delegated functions in accordance with the Strategic Plan depends on their co-operation between each other and with the EIJB and that all three parties must approach such discussions in good faith, recognising the pressures and constraints on their respective budgets and services. NHS Lothian and CEC will consider making interim funding available on a basis to be agreed between the Parties, with repayment in future years on the basis of the revised recovery plan by the IJB. If the revised plan cannot be agreed by NHS Lothian and CEC or is not approved by the IJB, the dispute resolution arrangements provided for in the Scheme will apply.

## **5. Next Steps**

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- 5.1 It is intended to convene a Budget Working Group session in place of the planned April meeting of the EIJB, with a further session then held in early May. Each of these meetings will focus on the identification of additional savings options, as well as delivering further savings from existing grip and control initiatives. Thereafter, an updated budget report summarising these opportunities will be presented to the EIJB meeting on 13 June.
- 5.2 A further update will be reported to the Finance and Resources Committee on 20 June 2023.

## **6. Financial impact**

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- 6.1 Following the meeting of the EIJB on 21 March 2023, an estimated residual funding gap of £35.5m remains.
- 6.2 While the Chief Officer of the EIJB has been asked to develop further measures as part of an in-year savings and recovery programme, such is the extent of this deficit, there is a risk that these measures are insufficient to secure balance by the year-end, with a consequent additional financial call on the Council.
- 6.3 Any use of the Council's reserves to fund the EIJB expenditure gap will require to be reimbursed in future years.

## **7. Stakeholder/Community Impact**

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- 7.1 Identification and development of savings proposals which are aligned with the EIJB's strategic intent and do not have significant detrimental impacts on service delivery is increasingly difficult to achieve. There are few savings opportunities which can be delivered during the course of 2023/24 which will not impact to some degree on services and outcomes for individuals. It is recognised, however, that in order to achieve financial balance, further proposals must be implemented both in-year and beyond and that these are likely to have more significant negative impacts.
- 7.2 The EIJB's Innovation and Sustainability programme has developed an alternative approach to evolve how partners work with their staff and the people of Edinburgh to shape and reimagine the delivery of services within communities, within the funding available to them. The Innovation and Sustainability programme has been working to redesign systems to facilitate earlier interventions at lower costs with sustained outcomes supporting health and wellbeing.

## **8. Background reading/external references**

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- 8.1 [2023-24 Financial Plan](#), Edinburgh Integration Joint Board, 21 March 2023
- 8.2 [Savings and Recovery Programme 2023-24](#), Edinburgh Integration Joint Board, 21 March 2023
- 8.3 [Edinburgh Integration Joint Board – Updated Scheme of Integration](#), City of Edinburgh Council, 30 June 2022

## **9. Appendices**

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- 9.1 None