



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 8 December 2022

BY: Chief Finance Officer

SUBJECT: 2022/23 Q2 Financial Update

1 PURPOSE

- 1.1 This report lays out the results of the partner's (East Lothian Council and NHS Lothian) quarter two financial reviews and considers how these impact on the projected financial position of the IJB for 2022/23.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the quarter two financial review undertaken by partners.

3 BACKGROUND

- 3.1 Both partner organisations have now completed their quarter two financial reviews which provides an updated forecast financial outturn for 2022/23. The East Lothian Council and NHS Lothian quarter two financial reviews are based on information to the end of September 2022.
- 3.2 The quarter one financial review position for the IJB was a projected overspend of £1,106k at the end of the financial year and this was reported back in September 2022. There has been improvement in this position and the quarter two (Q2) financial review projects a close to breakeven position for the IJB in 2022/23 with only a small overspend of £92k being the output of the financial reviews.

| | Annual Budget as at end of September 2022 £k | Forecast Expenditure £k | Q2 Forecast Under/(Over) Spend £k |
|---------------|---|------------------------------------|--|
| Core | 81,688 | 80,595 | 1,093 |
| Hosted | 14,631 | 14,489 | 141 |
| Set Aside | 22,127 | 23,119 | (992) |
| Health | 118,445 | 118,202 | 242 |
| Social Care | 67,788 | 68,122 | (334) |
| Total | 186,233 | 186,324 | (92) |

(Fig 1: IJB Quarter 2 review forecast)

- 3.3 The forecast position reflects the projections for both partners. NHS Lothian are due to present their Q2 position to their Finance & Resources Committee on the 21st December 2022. East Lothian Council will be looking to present their Q2 financial projections to their Council meeting on the 13th December 2022.
- 3.4 The forecast highlights our set aside budgets and social care budgets being the main areas projecting overspends. The set aside position continues to have financial pressures around Gastroenterology drugs and increased costs in medical pays to support staffing gaps. Within social care the overspend is predominantly related to the local authority pay settlement and the increase in costs related to this. East Lothian Council have confirmed that the IJB will receive a share of the £140m national funding announced as one of the funding measures to support the pay settlement. Therefore, it is currently only the projected unfunded element generating the overspend.
- 3.5 The Core services within Health although reporting a very small underspend do have some areas projecting small overspends for example within General Medical Services (GMS) across East Lothian.
- 3.6 The forecast will be monitored closely especially as we move into winter and as we still have some risks not included in the forecasts. These being the NHS pay settlement has not yet concluded and there is an ongoing issue with East Lothian Council regarding transport costs within Learning Disabilities budgets.
- 3.7 As reported to the IJB in October 2022 Scottish Government are looking to reclaim surplus IJB COVID reserves and we await further correspondence on the detail of this.
- 3.8 We have through the routine reporting to Scottish Government submitted our Q2 COVID cost projections for East Lothian HSCP this is summarised in the table below.

| | 2021/22 £k | Q1 2022/23 Return via NHS Lothian £k | Q2 2022/23 Return via NHS Lothian £k |
|--------------------------------|---------------|---|---|
| COVID Reserve as at March 2022 | | 9,182 | 9,182 |
| COVID cost projections | 8,141 | 4,499 | 5,249 |
| Balance | | 4,683 | 3,933 |

(Fig 2: COVID Cost Projections)

3.9 The above cost projections are for the 4 remaining areas that we still supporting with COVID funding from the IJB COVID reserve:

- Health
 - costs relating to the additional wards open within East Lothian Community Hospital,
 - and additional costs in Primary Care (GMS and Prescribing).
- Social Care
 - costs relating to the ongoing sustainability payments to our external providers
 - and the loss of income from core services.

We will continue to update the IJB at future meetings on this reclaim of funding.

4 ENGAGEMENT

- 4.1 The IJB makes its papers and reports available on the internet.
- 4.2 The issues in this report have been discussed with the IJB's partners but do not require wider engagement

5 POLICY IMPLICATIONS

- 5.1 There are no new policies arising from this paper.
- 5.2 The recommendations in this report implement national legislation and regulations on the establishment of IJBs.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy
- 6.2 The issues in this report do not require an integrated impact assessment.

7 DIRECTIONS

- 7.1 The IJB may wish to issue directions regarding the use of the reserves (especially these funds carry forward to support the Covid pandemic).

8 RESOURCE IMPLICATIONS

- 8.1 There are no immediate resource implications from this report. Any resource implications from the outcome of the process will be highlighted in a future report if required.

9 RISK

- 9.1 We have been made aware that East Lothian Council finance department continue to be in business continuity and therefore wanted to highlight the risk this may have on the IJBs delegated social care budgets. This risk has also been included on the IJBs risk register.

10 BACKGROUND PAPERS

- 10.1 None

| | |
|----------------------|--|
| AUTHOR'S NAME | Claire Flanagan |
| DESIGNATION | Chief Finance Officer |
| CONTACT INFO | claire.flanagan@nhslothian.scot.nhs.uk |
| DATE | December 2022 |