

Midlothian Integration Joint Board



Thursday 13th October 2022, 14.00-16.00

Finance Update – end of August 2022

Item number: 5.11

Executive summary

This report informs the Board on the IJB's partners financial forecast for the financial year 2022/23 as at the end of August 2022. The report also updates the Board on the recent correspondence from Scottish Government regarding IJB COVID reserves.

Board members are asked to:

- 1. Note the end of August 2022 financial forecast position for the IJB.*
- 2. Note the COVID correspondence from Scottish Government.*

Finance Update – end of August 2022

1 Purpose

- 1.1 This report lays out the most recent financial forecasts from Partners and the projected financial position of the IJB for 2022/23. Plus updates the Board on the recent correspondence from Scottish Government regarding IJB COVID reserves.

2 Recommendations

- 2.1 As a result of this report Members are being asked to:-
- Note the end of August 2022 financial forecast position for the IJB.
 - Note the COVID correspondence from Scottish Government.

3 Background and main report

- 3.1 At the IJB meeting during September 2022, the IJB received the outputs from the Quarter 1 review exercise undertaken by its Partners Midlothian Council and NHS Lothian which projected the financial position for the IJB for the year 2022/23.
- 3.2 The output of the Quarter 1 review was a projected overspend of £902k. These financial forecast projections are now routinely monitored and updated as new information is made available. Both Partners have reviewed the forecasts during the end of August 2022 reporting cycle which has result in no change in the financial forecast of the IJB shown below

	Annual Budget as at end of August 2022 £k	Forecast Expenditure £k	August 2022 Forecast Under/(Over) Spend £k
Core	65,775	65,648	127
Hosted	12,655	12,647	8
Set Aside	19,087	20,125	-1,038
Health	97,517	98,419	-902
Social Care	56,710	56,710	0
Total	154,227	155,129	-902

(Fig 1: IJB Financial Forecasts 2022/23)

- 3.3 The end of August 2022 projections are still in line with the Quarter 1 review. A Quarter 2 review which is a fuller forecasting exercise will be undertaken after end of September 2022 financial positions are closed. This will take the first 6 months of financial information and make updated financial projections for 2022/23.
- 3.4 The Core services within Health although reporting a very small underspend do have some areas with financial challenges these are the Community Hospital and Health Visiting.
- 3.5 Within Set Aside services the forecast continues to highlight the financial pressures driven by staffing costs being higher due to the use of agency and locum staff to fill gaps and the increased cost within acute drugs driven by both increased demand and price. This area is the major overspend of the IJB and we are working with acute colleagues to determine if there are any recovery action to mitigate this pressure.
- 3.6 The Social Care overall forecast is break even, but it should be noted that there are underlying pressures that need to be addressed to ensure this position can be achieved. There are financial challenges within Newbyres Care Home where the high use of agency staff has increased expenditure significantly. This is a major financial pressure currently being offset by areas of projected underspend. The projection for Newbyres is circa £1.3m to £1.5m of a projected overspend against its delegated budget. A short term recovery plan for this financial year and longer term plan has been requested within the HSCP.
- 3.7 At the IJB in September 2022 the finance report also reported on the COVID exit work within the HSCP and the national shortfall in funding. The HSCP COVID costs for 2022/23 are now only
- an additional ward within Midlothian Community Hospital,
 - additional costs in Primary Care (GMS and Prescribing),
 - costs relating to the ongoing sustainability payments to our external providers
 - and the loss of income from core services.
- 3.8 During September 2022 a letter from Scottish Government titled Update on COVID reserves was sent to HSCP Chief Officers, HSCP Chief Finance Officers, NHS Directors of Finance, LG Directors of Finance. This letter references the reclaiming of IJB COVID reserves
- “There have been a number of significant changes to Public Health policies in relation to Covid over the summer, resulting in the profile of Covid spend reducing significantly compared to when funding was provided to IJBs for Covid purposes. In response to this, the Scottish Government will reclaim surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. The detail of this will follow at an IJB level and the process and timetable will follow through further communications.”*
- 3.9 This letter has been shared with members and at this stage we await further correspondence on the detail of this.

- 3.10 The outturn projections will continue to be refined throughout the year, and regular updates will be brought back to the IJB. The main outstanding risk not included in the above projections is the settlement of the pay awards. We await clarity to assess the impact of this with our Partners both in terms of cost projections and any additional funding.

4 Policy Implications

- 4.1 There are no policy implications from this report.

5 Directions

- 5.1 The utilising of our COVID funding is in line with our direction to Partners, Direction 25 Financial Instruction.

6 Equalities Implications

- 6.1 There are no equalities implications from this report.

7 Resource Implications

- 7.1 The resource implications are laid out above.

8 Risk

- 8.1 The risk of ongoing COVID related expenditure with no COVID funding from Government in future years is highlighted above.
- 8.2 The risk regarding the pay awards settlement is raised above in report
- 8.3 The “business as usual” risks raised by this report are already included within the IJB risk register.

9 Involving people

- 9.1 The IJB papers are publically available.

10 Background Papers

- 10.1 None

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