

Midlothian Integration Joint Board



Thursday 15th September, 14.00 – 15.00

Finance Update – Quarter 1 2022/23

Item number: 4.3

Executive summary

Both the IJB's partners (Midlothian Council and NHS Lothian) have undertaken quarter one financial reviews. This process requires the available financial information to be analysed and subsequently used to project a forecast outturn position.

Board members are asked to:

- 1. Note the quarter one financial review undertaken by partners.*
- 2. Note the COVID exit planning.*

Finance Update – Quarter 1 2022/23

1 Purpose

- 1.1 This report lays out the results of the partner's (Midlothian Council and NHS Lothian) quarter one financial reviews and considers how these impact on the projected financial position of the IJB for 2022/23. Plus reports on the work to support sustainable financial solutions as part of the COVID exit planning.

2 Recommendations

- 2.1 As a result of this report Members are being asked to:-
- Note the quarter one financial review undertaken by partners.
 - Note the COVID exit planning.

3 Background and main report

- 3.1 At the IJB meetings during March 2022, the IJB accepted the budget offers from Partners NHS Lothian and Midlothian Council.
- 3.2 The Budget Offers made by Partners at the start of the financial year are shown below

IJB Opening Budget 2022/23	£k	£k
Midlothian Council		56,686
Baseline Budget	47,752	
New Scottish Government Monies	8,934	
NHS Lothian		92,847
Core	48,691	
Hosted	12,507	
Set Aside	16,817	
GMS	12,789	
Uplift & Other	2,043	
Total		149,533

(Fig 1: IJB Opening Budget 2022/23)

- 3.3 Both partner organisations have now completed their quarter one financial review which provides a forecast financial outturn for 2022/23. The Midlothian Council and NHS Lothian quarter one financial reviews are based on information to the end of June 2022.

- 3.4 The quarter one financial review position for the IJB is a projected overspend of £902k and a breakdown is shown below

	Annual Budget as at end of June 2022 £k	Forecast Expenditure £k	Q1 Forecast Under/(Over) Spend £k
Core	64,856	64,729	127
Hosted	13,000	12,992	8
Set Aside	18,860	19,898	(1,038)
Health	96,716	97,619	(902)
Social Care	56,780	56,780	0
Total	153,496	154,399	(902)

(Fig 2 : IJB Quarter 1 review forecast)

- 3.5 The budget movements from the partners budgets offers at the start of the financial year to the budget position at Q1 are a combination of minor technical adjustments, additional funding allocations from Scottish Government and some COVID funding being drawn down from the reserve to support the remaining COVID costs in 2022/23. Further draw downs of COVID funding are anticipated throughout the year.
- 3.6 The forecast position reflects the projections for both partners. NHS Lothian have presented their overall Q1 financial projections to their Finance & Resources Committee on the 17th August 2022. Midlothian Council presented their Q1 financial projections to their Council meeting on the 23rd August 2022.
- 3.7 The forecast highlights an almost break even position for the majority of the IJBs delegated budgets with the only area projecting an overspend being our set aside budgets. This is made up of Gastroenterology drugs, the drugs pressure across acute is significant and has been growing due mainly to new medicines. Within Medicine of the Elderly there are overspends in medical pays predominantly at the RIE. Similarly General Medicine facing increased costs in medical staffing. Further work is required by these set aside services to identify and develop mitigating actions.
- 3.8 The Core services within Health although reporting a very small underspend do have some areas projecting small overspends and these are the Community Hospital and Health Visiting.
- 3.9 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, specifically there are financial challenges within Newbyres Care Home where the high use of agency staff has increased expenditure significantly. Similar underlying financial pressures sit in our Home Care services with additional staff required to support increasing care packages.
- 3.10 There has been work undertaken nationally to assess the level of anticipated COVID expenditure in the 2022/23 financial year. The outcome of the review was that there

is a national shortfall of funding and as such HSCPs were advised to align their winter funding allocations, where possible, to support COVID exit.

	2022/23
	£k
Care at Home Capacity	1,868
MDT	604
Additional investment in social care of £200 million nationally*	3,041

* please note first priority for this funding is to ensure paying the real living wage.

(Fig 3 : Funding allocations - recurring)

3.11 Within Midlothian HSCP, we have looked to undertake a prioritisation exercise whereby assessing the priorities of all current COVID expenditure and winter spend plans against the funding for winter. This allowed the HSCP to realign funding and spend plans to fund on a recurring basis critical services set up or enhanced during COVID. This exercise has supported COVID exit but overall, there remain COVID costs unable to be funded by alternative sources. These will be reported as our COVID costs during this financial year to Scottish Government. The areas are shown below:

- **NHS** - costs relating to the Glenlee ward within Midlothian 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.

	2021/22 Year End Spend	Q1 2022/23 Return via NHS Lothian
	£k	£k
COVID Reserve as at March 2022		9,703
COVID costs / cost projections	5,488	2,857

(Fig 4 : COVID Cost Projections)

The COVID Earmarked reserve will be utilised to offset the expenditure for the current financial year, but a recurring solution has not been identified. Therefore, exit plans will be required for the 2023/24 financial year.

- 3.12 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.
- 3.13 Currently under development is the IJBs longer-term financial outlook this longer-term financial outlook had been paused due to the uncertainty of COVID however

given we have undertaken COVID exit planning then this work has recommenced and will be reported back to the IJB in due course.

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

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