

Midlothian Integration Joint Board



Thursday 5 October 2017, at 2.00 pm

Financial Update 2017/18 – Quarter 1 out-turn forecast

Item number:	5.1
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Executive summary

The IJB is required to break-even in 2017/18. The IJB's Partners (NHS Lothian and Midlothian Council) have now provided a projected out-turn forecast for 2017/18 for the IJB. This forecasts that the IJB will be overspent by c. £1.4m of which c. £1.2m is within Adult Social Care (Midlothian Council) and c. £0.2m in Set Aside (Acute health budgets delegated to the IJB). The IJB must now take actions to ensure a break-even position.

Board members are asked to:

- 1. Note the IJB's financial position per the current out-turn forecast for 2017/18*
 - 2. Note the financial management arrangements*
 - 3. Note the recovery actions in place*
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Financial Update 2016/17 and 2017/18

1. Purpose

- 1.1 This paper covers lays out the current financial out-turn forecast for 2017/18 as provided to the IJB by its partners – NHS Lothian and Midlothian Council. The paper then lays out the actions being taken to bring the position back to a break-even position.

2. Recommendations

The IJB is asked to :-

- 2.1 Note the IJB's financial position per the current out-turn forecast for 2017/18
2.2 Agree the financial management arrangements.
2.2 Note the recovery actions in place

3. Background and main report

- 3.1 At its August meeting, the IJB received a report on the 2017/18 financial position. This report was based on the financial information available for the first three months of the financial year (for health) and indicative work on a projected out-turn position (for social care). This report indicated that, based on the information then available, there could be an overspend of c. £2.3m.
- 3.2 Both partners have now finalised their quarter one reviews – these being a projected out-turn forecast for the financial year based on the first quarter's financial information. These forecasts show a projected overspend of c. £1.4m for the IJB broken down as follows

	Variance £m
Health	
Core	242
Hosted	107
Set Aside	(548)
Social Care	(1,200)
Total (net)	(1,399)

All figures variances
(unfavourable)/favourable

3.3 The key drivers behind this position are as follows :-

Set Aside

- Gastroenterology is forecast to overspend by £95k. This due to a recurring medicines pressure being driven by an increasing numbers of patients.
- General Medicine is forecast to overspend by £96k The overall pressure comprises an element of legacy efficiency schemes and higher than planned nursing spend driven by recruitment problems, high sickness absence and increased acuity of a small number of patients
- Junior Medical is forecast to overspend by £297k This primarily relates to A&E at the RIE and St John's and Acute Medicine and MoE on all sites. The gap is driven by the requirement for additional staff to deliver 7 day working, non compliant rotas and the use of locum staff for trainee gaps. The forecast reflects recovery actions totalling £1m which are planned to take effect from August.

Adult Social Care

- Overspends within the Care Homes managed by the partnership driven by high levels of sickness and absence and pressures within the care at home sector. – c. £266k
- Overspend in social care services for adults driven by both increased demand and the high costs of individual packages – c. £1.0m
- It should be noted that there are a range of efficiency target assumptions in the social care budgets and these are not, at this time, fully delivered.

3.4 The IJB's integration scheme lays out the process to manage overspends. An overspend having been forecast the steps are :-

- The partners prepare a recovery plan, this failing then
- The IJB prepares a recovery plan, this failing then
- The partners provide additional resources, this failing then
- The partners make 'interim funding' available to the IJB with repayment in future years

3.5 Of course not every element of the budget is overspent, the value above is a net position – that is that the overspends are netted off against any underspends on individual budget lines. Given that the financial model requires further development – this was also discussed in the August report – and the overall financial management arrangements continue to be developed it is proposed that in 2017/18 the financial management is dealt with on a net basis.

3.6 As was discussed above, the IJB has a forecast overspend in 2017/18 and the Chief Officer and the Chief Finance Officer have been working through the process to manage overspends laid out in the Integration Scheme as above.

- NHS Lothian – the IJB understands that there are no further proposals at this time to bring the set aside budgets back into balance. This will mean

that, the IJB itself should now prepare a recovery plan for the set aside services. In practical terms this is probably unrealistic however discussions are underway with NHS Lothian to identify any further areas wherein the IJB can support recovery. It should be noted that the IJB's core and hosted services are currently projected to support an element of the set aside overspend, if this position were to improve (that is be further underspent) this would in effect be further support to the set aside position.

- Midlothian Council –As reported to the Council at its August 2017 meeting, The Council considered it prudent, given that the IJB has no reserves, to reflect in its own forecasts the impact an additional contribution from the Council to meet the projected overspend. Clearly this is very helpful and the IJB welcomes this provision. The IJB and the Council, however, expects the partnership management team to continue to take further actions to improve the social care position.

Risks

- 3.7 As with all forecast there are a range of assumption embedded in the position along with a range of risks. The two key risk being :-
- GP Prescribing – these costs are currently being constrained within the 2017/18 financial plan. However, this is a very large element of spend (the IJB has a budget of c. £21.2m) and even small changes may generate relatively large financial pressures.
 - Demand – both for social care and for health services has tended to increase over the past few years and the assumptions in the forecast are that demand will remain at current levels. A poor winter, for example, could significantly increase demand and this continues to be monitored.

3. Policy Implications

- 4.1 There are no further policy implications arising from any decisions made on this report.

4. Equalities Implications

- 5.1 There are no implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper. However, as services are redesigned as discussed above equalities impacts will require to be undertaken

5. Resource Implications

- 6.1 The resources implications are laid out above

7 Risks

- 7.1 The issue of financial sustainability is already identified in the IJB's risk register

8 Involving People

- 8.1 This report is based on the IJB's Strategic Plan which itself has been consulted on with both the general population and staff. Nevertheless the emerging financial challenges facing the partners, and therefore the budgets likely to be available to the IJB, require a concerted programme of public engagement. Transforming health and care services will only succeed if the people of Midlothian understand the changes being considered; are able to influence these; and are prepared to support them. With this in mind a communications and engagement plan is now being developed.

9 Background Papers

- 9.1 Previous finance reports to the IJB discussed above.

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