

Midlothian Integration Joint Board



6th October 2020 – 2pm

Finance Update – Quarter 1 2020/21

Item number: 5.9

Executive summary

Both the IJB's partners (Midlothian Council and NHS Lothian) have undertaken quarter one financial reviews – that is they look at the financial information available (as at the end of June) and use that to project a forecast outturn position. Midlothian Council presented their review at the Council meeting of 25th August 2020. NHS Lothian recently presented their review to their Finance & Resources Committee on the 23rd September 2020 this has not been formally provided to the IJB but NHS Lothian have provided an indicative position.

Board members are asked to:

- 1. Note the quarter one financial reviews undertaken by partners*
- 2. Note the impact COVID has had on the IJB financial position.*

Finance Update – Quarter 1 2020/21

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 this impacts on the projected financial position for the IJB for 2020/21.

2 Recommendations

- 2.1 As a result of this report Members are being asked to:-
- Note the position as laid out below
 - Note the impact COVID has had on the IJB financial position.

3 Background and main report

- 3.1 At the IJB meetings during March and April 2020, the IJB accepted the budget offers from Partners NHS Lothian and Midlothian Council. These budget offers were made under business as usual and therefore did not recognise that extraordinary costs would be incurred as a result of the COVID pandemic.
- 3.2 The financial position for the IJB is therefore not straightforward to report. Understanding the results and the financial impact of COVID-19, both in terms of the impact of the actual costs incurred to date, as well as the implication for the rest of the financial year. Finance teams in both organisations will determine the extent to which the £2m projected overspend relates to: the 'core' (i.e. underlying operational) position; the impact of COVID-19 on costs incurred to date; and any (future) financial consequences of mobilisation/remobilisation. The picture is further complicated by the extent to which costs can be recovered from the Scottish Government (SG) through the mobilisation/remobilisation planning processes.
- 3.3 At the IJB meeting in March the 2020/21 financial projections presented an overspend of 1% against the IJBs budget and therefore the requirement for the IJB to have financial recovery plans bringing the budget back into balance. These plans were developed within the HSCP and although paused due to the HSCP officers responding to the COVID pandemic, are now starting to be reviewed again for area where performance can be maintained or partial delivery.
- 3.4 Both partner organisations have now completed their quarter one financial reviews which provide an updated forecast financial outturn for 2020/21. The Midlothian Council and NHS Lothian quarter one financial reviews are based on information to the end of June 2020. This position should be read in the context of the unknown factors mentioned above and the high risk that this position will deteriorate further.

- 3.5 At the time of writing there has been no confirmation that additional funding will be available in Health for the additional costs incurred. NHS Lothian continues to engage with Scottish Government with regards to their governance and reporting requirements for mobilisation and remobilisation plans.
- 3.6 The quarter one financial review position for the IJB is a projected overspend of (£2m) at the year end and is shown below in table 1:

Midlothian Forecast after Month 3

	Annual Budget	Forecast at Q1	Q1 Forecast Outturn
	£k	£k	£k
Core	65,132	66,030	(898)
Hosted	13,380	13,507	(127)
Set Aside	17,026	17,791	(765)
Health	95,538	97,328	(1,790)
Social Care	44,984	45,177	(194)
	140,522	142,505	(1,984)

Fig 1: IJB Quarter 1 review forecast

As noted above, within both positions the forecast overspend reflects additional costs due to COVID-19. These financial pressures include:

- Health - additional costs relate to extra beds open in Midlothian Community Hospital, additional costs in community nursing, GMS and Prescribing all due to the pandemic. Within Hosted and Set Aside there are additional costs due to COVID relating to staffing, higher supplies costs alongside the ongoing pressures within General Medicine, Mental Health and Junior Doctors.
 - Council - additional Care Home support, additional staffing costs in relation to cover for front-line staff sickness, for front-line staff self-isolating and shielding and a loss of service user income.
- 3.7 The outturn projections will continue to be refined throughout the year and an updated position will be brought to the next IJB, by which time we hope that clarity regarding any additional funding will be known, remobilisation plans will be further developed and the financial consequences will become clearer.
- 3.8 Midlothian IJB has received (£1.2m) for additional social care costs which will be used to cover sustainability payments to external providers. This funding has not been factored into this Quarter 1 position until the extent of the overall pressure is understood. This will be allocated in further forecasts and shared with the IJB at this time.
- 3.9 At the beginning of the financial year, as part of the budget setting process and in order to deliver a break even position there was a requirement to deliver savings to support this. Original plans are difficult to achieve due to COVID with elements being unachievable due to unavoidable slippage in project time-lines. As mentioned earlier, work has recommenced to review financial recovery actions, although these remain extremely challenging given the additional pressures the IJB faces. The table below highlights the original assumption and the revised value assumed to be delivered at this stage. This will continue to be monitored closely and there is a real risk these will slip further in light of the COVID pandemic.

Midlothian Saving/Efficiency Initiatives Update at Q1

	Original Plan	Lead	Updated Value
	£k		£k
Prescribing	457	DB	418
Hospital Service Redesign	200	LP	TBC
Homecare aim to bring budget back into a break even position	146	AF	0
Mental Health Redesign of Pathway	50	AW	TBC
Learning Disabilities Service Review	150	AW	TBC
Intensive Housing Management	264	AW	TBC
Transport Review	100	AW	TBC
Increase in charges - Telecare	20	AF	20
Increased use of TEC in homecare	50	AF/MC	TBC
Equipment Store Review	20	FH/DC	20
Community Nursing Review	50	GC	50
Reduction in agency usage at Newbyres	50	AF	0
Opening of Recovery HUB (No11)	95	AW	TBC
	1,652		508

Fig 2: Savings Plans 2020/21

- 3.10 As in previous years, the IJB produces a longer term financial outlook and updates the IJB members on this throughout the financial year. With the uncertainty attached to these extraordinary times the timetable for refining the 5 year rolling financial plan has been delayed. This will be brought to a later IJB meeting when some of the unknown issues around funding and recurrency of remobilisation plans are known and the impact these will have for the IJB.

4 Policy Implications

- 4.1 There are no policy implications from this report.

5 Directions

- 5.1 There are no implications on directions from this report.

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 “business as usual” risks raised by this report are already included within the IJB risk register.
- 8.2 Of particular note additional risks due to COVID-19 are:

- forecasts will vary as service driven mobilisation and remobilisation plans are developed and financial impacts crystallised;
- the extent to which COVID-19 costs will be met by the Scottish Government through the mobilisation planning process;
- delivery of the savings and recovery programme in line with projections; and
- That there will be no further waves of COVID-19.

9 Involving people

9.1 The IJB papers are publically available.

10 Background Papers

None

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