

West Lothian Integration Joint Board

Date: 10 March 2020

Agenda Item: 13

IJB FINANCE UPDATE AND QUARTER 3 FORECAST

REPORT BY CHIEF FINANCE OFFICER

A PURPOSE OF REPORT

The purpose of this report is to provide an update on the 2019/20 budget forecast position for the IJB delegated health and social care functions based on the outcome of the Quarter 3 monitoring.

B RECOMMENDATION

It is recommended the IJB:

1. Notes the forecast outturn for 2019/20 in respect of IJB Delegated functions taking account of saving assumptions
2. Notes the current position in terms of year end management of partner overspends and underspends, consistent with the approved Integration Scheme, to allow the IJB to achieve a breakeven position in 2019/20

C SUMMARY OF IMPLICATIONS

Equality/Health	The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, equality impact assessment has not been conducted. The relevance assessment can be viewed via the background references to this report.
National Health and Wellbeing Outcomes	The 2019/20 budget resources delegated to the IJB will be used to support the delivery of outcomes.
Strategic Plan Outcomes	The 2019/20 budget resources delegated to the IJB will be used to support the delivery of the Strategic Plan.
Single Outcome Agreement	The 2019/20 budget resources delegated to the IJB will be used to support the delivery of the Single Outcome Agreement.

Impact on other Lothian IJBs	None.
Resource/Finance	The 2019/20 budget resources relevant to functions that will be delegated to the IJB from 1 April 2019 have been quantified at £240.1 million.
Policy/Legal	None.
Risk	There are a number of risks associated with health and social care budgets, which will require to be closely managed.

D TERMS OF REPORT

D1 Background

This report sets out the overall financial performance of the 2019/20 IJB delegated resources and provides a year end forecast which takes account of relevant issues identified across health and social care services.

Reporting on the performance of delegated resources is undertaken in line with the IJB's approved financial regulations and Integration Scheme. Increasing demands coupled with constrained funding means that a partnership working approach through the IJB, NHS Lothian and council will be vital in ensuring health and social care functions are managed within available budget resources.

This will require ongoing changes to current models of care delivery over the coming years as it is widely acknowledged that continuing with all existing models of care provision will not be sustainable going forward. The IJB as a strategic planning body for delegated health and social care functions is responsible for working with the council and NHS Lothian to deliver services taking account of its Strategic Plan and funding resources available for health and social care functions.

D2 Responsibility for In Year Budget Monitoring

Budget monitoring of IJB delegated functions is undertaken by Finance teams within the council and NHS Lothian who have responsibility for working with budget holders to prepare information on financial performance. This is in line with the approved West Lothian Integration Scheme which notes that when resources have been delegated via Directions by the IJB, NHS Lothian and West Lothian Council apply their established systems of financial governance to the delegated functions and resources. This reflects the IJB's role as a strategic planning body who does not directly deliver services, employ staff or hold cash resources.

Both NHS Lothian and West Lothian Council then provide the required information on operational budget performance from their respective financial systems, under the co-ordination of the IJB Section 95 officer, to provide reports to the Board on delegated health and social care functions.

In terms of in year operational budget performance, the approved West Lothian Integration Scheme notes that the council and NHS Lothian are ultimately responsible for managing within budget resources available. However, it is important that the IJB

has oversight of the in year budget position as this influences the strategic planning role of the Board and highlights any issues that need to be taken account of in planning the future delivery of health and social care services. As a result, the Board has agreed that regular reports should be provided on financial performance of health and social care functions.

D3 2019/20 Summary Budget Outturn Forecast for IJB Delegated Functions

The table below reflects the 2019/20 forecast position based on the quarter 3 forecast.

	2019/20	2019/20	2019/20
	Budget £'000	Forecast £'000	Variance £'000
Core West Lothian Health Services	110,645	111,150	505
Share of Pan Lothian Hosted Services	21,897	21,571	(326)
Adult Social Care	75,144	75,144	0
Payment to IJB - Total	207,686	207,865	179
Share of Acute Set Aside	32,375	33,650	1,275
Total Contribution	240,061	241,515	1,454

The table shows that at this stage of the financial year an overspend of £1.454 million is forecast against IJB delegated functions. As detailed above, an overspend of £179,000 is forecast on the payment to the IJB and an overspend of £1.275 million is forecast against the share of acute set aside resources attributed to West Lothian IJB.

Appendix 1 provides further detail on the forecast position shown.

The currently forecast overspend of £1.454 million relates to Health functions This represents an increase of £483,000 from the position reported at the end of the last quarter. This is due to increasing cost trends within Prescribing, where the forecast underspend for the year which was offsetting pressures elsewhere, has significantly reduced.

In terms of council delivered IJB functions, there is an anticipated breakeven position at this stage. This will continue to be closely monitored and any variance from this forecast position will be notified to the Board.

A summary of key risks and service pressures have been identified and these are noted in the narrative against the relevant components of the delegated budget below.

D.4 Summary of Key Issues in Respect of Ongoing Risks and Emerging Pressures

Core West Lothian Health Services

These functions and resources relate fully to service areas directly under the operational management of the West Lothian Health and Social Care Partnership.

Community Hospitals – The position in Community Hospitals remains unchanged, an overspend of £222,000 is forecast for 2019/20 mainly relating to nursing staff costs. This is driven by high levels of bank staff usage to cover patient acuity, vacancies and sickness levels.

Other areas to note include Mental Health where a pressure of £459,000 is forecast due to increased medical locum and nursing bank costs particularly within Older Adult services and budget pressures within Addictions. This is an increase of £78,000 on the previously reported position.

Prescribing continues to be a risk that is being closely monitored. At this stage an underspend of £150,000 is forecast for 2019/20, but as noted this is a significantly reduced position from the previously reported underspend of £779,000. Increases to unit costs and volumes have led to the increased spend forecast in this area.

Hosted Services

These functions and resources represent a share of Lothian Hosted services delegated to the IJB, the majority of which are operationally managed outwith West Lothian Health and Social Care Partnership.

Within hosted services, the main pressure relates to Learning Disabilities which is forecast to overspend by £116,000. This is due to pressures across the service, particular within specialist and inpatient services. This is a slightly improved position on the previous quarter and it is anticipated that the redesign of Learning Disability services will further assist in alleviating pressures in this area.

Adult Social Care

These functions and resources relate fully to service areas directly under the operational management of the West Lothian Health and Social Care Partnership.

Internal Care Homes - There is a forecast overspend of £290,000, which is due to use of agency staffing and costs for both core vacancies and sickness absence. Work has commenced focussing on further core recruitment to help alleviate this issue.

Support and Other Services – There is a forecast overspend of £139,000 which is associated with additional staff cover costs.

There is also an underspend in expenditure within care at home provision. This is due to capacity issues with external providers. This is however being fully reinvested in purchasing additional care from agencies and one off investment in internal care staff resources to cover the shortfall and support service delivery.

Acute Set Aside Services

These functions and resources represent a share of acute hospital services which although delegated to the IJB, are operationally managed outwith the West Lothian Health and Social Care Partnership. The forecast overspend for the West Lothian share of acute services is £1.275 million and the key pressures are noted below.

Emergency Department and Minor Injuries – An overspend of £824,000 is forecast, which is largely due to ongoing nursing pressures experienced at St. Johns Hospital. Sickness / absence levels as well as bank and agency staff usage are contributing to this pressure. The position reflects an increase of £85,000 from the previous quarter reported to the Board.

General Medicine - An overspend of £142,000 is forecast This is mainly due to higher than planned nursing spend regarding recruitment problems, high sickness absence and increased acuity of a small number of patients.

Junior Medical staff – An overspend of £103,000 is forecast. The ongoing use of locum and agency staff to provide full rota cover is largely responsible for the pressure in this area. This is an increase of £23,000 on the previously reported position.

Appendix 2 sets out the key 2019/20 budget risk areas that have been identified as a result of the budget monitoring undertaken to date and the current budget position in each. A number of strategic financial risks are also included which will continue to be updated in 2020/21.

D5 Approved Savings Relating to IJB Delegated Functions

As part of the 2019/20 budget contribution to the IJB from the council and NHS Lothian there is £5.592 million of budget savings identified. At this stage, the monitoring undertaken estimates that this will be substantially achieved (94% of savings forecast to be achieved). The overall forecast position for the IJB takes account of the position on savings noted.

The summary split of these savings is shown in the table below along with the actual level of savings considered to be achievable at this stage.

2019/20 Budget Savings	2019/20 Budgeted Savings £'000	2019/20 Forecast Achievable £'000	2019/20 Variance £'000
Core West Lothian Health Services	1,518	1,404	114
Share of Pan Lothian Hosted Services	276	227	49
Adult Social Care	2,859	2,859	0
Share of Acute Set Aside	939	780	159
Total Savings	5,592	5,270	322

Appendix 3 provides further detail on the areas in which these savings are being delivered.

This represents good progress on the delivery of 2019/20 savings. NHS Lothian and the council have established processes in place for monitoring and reporting on the delivery of savings and regular updates will be provided to the Board on progress with delivery of savings. To ensure a joined up overall health and social care approach to financial planning and the delivery of savings, the Chief Officer, Chief Finance Officer and other key officers will continue to review progress on delivery of overall West Lothian saving proposals.

D6 Summarised Budget Position for 2019/20

The monitoring position for IJB delegated functions delivered by the council and NHS Lothian is an overspend of £1.454 million. This is made up a £179,000 overspend on payment functions and a £1.275 million overspend relating to acute set aside functions.

The West Lothian Integration Scheme agreed with partner bodies and the Scottish

Government sets out the action to be taken in the event of overspends and underspends against resources delegated to the IJB by partners. Taking account of this actions are being progressed against the IJB and partner bodies with the objective of achieving a balanced IJB budget position for 2019/20 and these are set out below.

Health Functions

The recent report to NHS Lothian Finance and Resources Committee on 22 January 2020 set out the key principles underpinning the year end arrangements for IJBs, based on the content of agreed Integration Schemes. The position for each IJB was set out and F & R was asked to discuss the options available to support IJBs at the year end.

An overall underspend is currently forecast for NHS Lothian based on the Quarter 3 forecast and moderate assurance has been provided on achieving a breakeven position for NHS Lothian overall. Taking account of this, and in line with the Integration Scheme, it has been advised that NHS Lothian will make an additional payment to the IJB to meet the final year end overspend, currently £1.454 million, which would mean a breakeven position is achieved.

The next meeting of Finance and Resources Committee on 25 March 2020 will provide a further update on the NHS Lothian budget position for 2019/20.

Social Care Functions

At this stage a breakeven position is forecast against social care resources. This will continue to be reviewed and monitored with any movement in the forecast position being subject to consideration by Council Executive taking account of the agreed Integration Scheme.

Various management actions continue to be progressed within the West Lothian Health Social Care Partnership and at a wider NHS Lothian level to manage spend within available resources, and at this stage it is anticipated that a breakeven position can be achieved in 2019/20.

E CONSULTATION

Relevant officers in NHS Lothian and West Lothian Council.

F REFERENCES/BACKGROUND

West Lothian Integration Scheme

G APPENDICES

Appendix 1 – IJB 2019/20 Budget Update

Appendix 2 – IJB Finance Risk Update

Appendix 3 – Delivery of 2019/20 Budget Savings

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