



Dumfries and Galloway  
Integration Joint Board

22<sup>nd</sup> June 2023

This Report relates to  
Item 8 on the Agenda

# Finance Update Year End 2022/23

*Paper presented by Katy Kerr*

*For Discussion and Noting*

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<b>List of Background Papers:</b>	Not required
<b>Appendices:</b>	

<b>Direction Required to Council, Health Board or Both</b>	<b>Direction to:</b>	
	1. No Direction Required	/
	2. Dumfries and Galloway Council	
	3. NHS Dumfries and Galloway	
	4. Dumfries and Galloway Council and NHS Dumfries and Galloway	

## 1. Introduction

- 1.1 This report presents the summary financial performance of the budgets delegated to the Integrated Joint Board (IJB) as at 31 March 2023 for the financial year 2022/23.

## 2. Recommendations

### 2.1 The Integration Joint Board is asked to note:

- **Additional funding of £11.457m was released from the NHS Board to the IJB, part of which was additional financial support the NHS received from Scottish Government (SG) for 2022/23 which is repayable.**
- **All numbers are draft subject to external audit scrutiny of the NHS, Council and IJB accounts.**
- **The level of IJB ringfenced reserves held as at 31 March 2023 are £15.5m (£30.8m at 31 March 2022).**
- **The update on the IJB Financial Plan and note that a further update will be presented to the Performance, Finance and Quality Committee on 5 July 2023.**

## 3. Background and Main Report

### 3.1 Background

- 3.2 This consolidated report brings together the financial reporting of all services delegated to the IJB from the NHS and the Council. It presents the draft final position for the IJB as a whole for the year ending 2022/23.

### 3.3 Main Body of the Report

- 3.4 The final position of the IJB reports a break-even position. This has been delivered as per the Integration Scheme, with the NHS Board funding a range of cost pressures and overspends throughout the year. An additional £11.457m was passed across which included brokerage funding of £9.3m received from SG on a non-recurring basis for 2022/23; this was passed on in full to the IJB and is repayable.

- 3.5 The annual accounts process for the year ended 31 March 2023 is now underway.

#### *Services Delegated to IJB*

- 3.6 Table 1 summarises the break-even position across the delegated budget and it reflects the position as at Month 12 and indicates areas of over and underspend across all of the operational directorates after receipt of additional funding through the NHS Board:

**Table 1 – Summary of delegated budget variances**

AREA	2022/23 Annual Budget	2022/23 Actual Outturn	2022/23 Variance
	£000s	£000s	£000s
<b>IJB DELEGATED SERVICES</b>			
<b>NHS</b>			
Acute and Diagnostics	148,885	148,852	33
Facilities and Clinical Support	20,267	21,792	(1,525)
Mental Health Directorate	29,039	28,989	49
Community Health and Social Care (NHS)	66,841	69,718	(2,877)
Primary Care Services	53,264	53,076	188
Women's and Children's Directorate	26,661	27,745	(1,084)
EHealth	6,814	6,804	10
Strategic IJB Services	19,364	19,168	197
Non Recurring Flexibility delivered	15,557	0	15,557
Recurring Deficit	(22,004)	0	(22,004)
Additional funding allocated from NHS	2,157	0	2,157
Repayable additional SG funding	9,300	0	9,300
<b>COUNCIL</b>			
Children and Families	96	98	(1)
Adult Services	21,777	21,015	762
Older People	32,922	30,711	2,211
People with Learning Disabilities	29,779	31,055	(1,276)
People with Physical Disabilities	6,820	7,725	(906)
People with Mental Health need	2,400	3,471	(1,072)
Adults with addiction/substance misuse	224	224	0
Strategic Commissioning	3,340	3,058	281
<b>IJB SERVICES TOTAL</b>	<b>473,503</b>	<b>473,503</b>	<b>0</b>

- 3.7 Delivery of a balanced position for 2022/23 was achieved after additional non-recurrent funding was made available to off-set the overspends across IJB delegated services and additional resources from SG to support the services, and additional activity still supporting the Covid-19 pandemic.
- 3.8 There were a number of movements in the forecast position including increased medical locum costs, increased vacancies, increased supplies spend, and higher than anticipated energy costs at year end. There were also several year end movements in spend on provisions, recruitment costs and other corporate spend which reduced the deficit forecast including a number of additional allocations at year end which were not anticipated.
- 3.9 The Social Work position was a balanced budget at year end with an underspend on both Care at Home and Care Home budgets as a result of reductions in places available and general capacity. There are pressures in the more specialist budgets including Learning and Physical Disabilities where a number of placements continue to be supported through agency spend. Overall, the position improved in the last quarter and this provides increased flexibility to support the overall financial position for 2023/24 through the increase in the year end reserves.

## Reserves

- 3.10 The IJB carried forward reserves of £30.8m into 2022/23 relating to the balance of the ringfenced allocations received but unspent at the 31 March 2022. The level of reserves has reduced to £15.5m as set out in Table 2 below.

**Table 2 – Summary of IJB Reserves**

	31/03/22 £m	31/03/23 £m
Adults Social Care Winter Planning	2.3	1.2
Alcohol and Drugs Partnership	1.6	1.1
Community Living Change Fund	0.5	0.4
Covid-19 Costs/Local Mobilisation Plan	16.3	0.0
Integrated Care Fund	0.0	0.0
Mental Health Recovery and Renewal	2.3	1.2
Mental Health Strategy	0.5	0.3
Primary Care Improvement Fund	2.3	0.6
Social Care Fund	1.7	6.6
Winter Planning Health and Social Care	3.3	4.1
<b>TOTAL</b>	<b>30.8</b>	<b>15.5</b>

- 3.11 The reserves noted above are ringfenced allocations and are fully committed and remain set aside for the purposes they were originally allocated to. The unspent balance of the Covid-19 reserve of £5.064m was returned to SG during 2022/23 as directed. The IJB has no general reserves.

## Financial Plan 2023/24

- 3.12 The IJB considered the draft Financial Plan for 2023/24 at its meeting on 26 April 2023. There remains a significant in-year financial gap between projected spend as compared to the funding from Partner bodies.
- 3.13 Detailed review of progress on the plan will be presented the Finance, Performance and Quality Committee on the 5 July 2023 and the Quarter One financial forecast will be prepared and presented to the IJB when it meets in September 2023. The performance against the approved Financial Plan and Quarter 1 forecast will continue to be formally re-assessed throughout the year as in previous years.
- 3.14 Whilst there has been no formal reassessment of the position since the April 2023 meeting, progress has been made on a range of actions driven through the Director of Finance, Operational Teams, and the Finance team, as directed by the Financial Recovery Board. This work includes early forecasting to identify any early indicators of further financial risks that the IJB may be exposed to which are outwith the approved Financial Plan. In addition, this piece of work is being used to populate the pipeline of efficiency schemes and the re-assessment of any remaining post Covid-19 costs. Discussion on the financial position by operational directorates including the Day 0 review, savings delivery and an assessment and categorisation of cost pressures, has been initially reported through the Directorate Annual Reviews which are ongoing through May and June, with a formal update to Health and Social Care Leadership Team planned as part of the Quarter 1 assessment.

3.15 As a result of the scale of the NHS deficit, the Director of Finance and Chief Executive met with the SG Director of Health Finance and Governance on 17 April 2023 to discuss the Financial Plan and several follow up meetings have taken place. As a result, SG has confirmed in writing that they will be providing tailored support to NHS Dumfries and Galloway in the year ahead.

3.16 Tailored support is described as a collaborative arrangement between SG and the NHS Board which has an end objective of assisting the NHS Board to develop and implement a robust Financial Recovery Plan. The approach follows four stages (Diagnosis, Planning, Delivery and Implementation) and aims to identify the key areas where there are opportunities to improve the finance position of the NHS Board, and the support required to develop and implement the required actions.

3.17 More detailed updates on the work through this tailored support package will be provided through IJB Committee updates.

#### **4. Conclusions**

4.1. This report provides an update of the 2022/23 position as at 31 March 2023 (subject to external audit). It also confirms that the Annual Accounts process is currently underway and sets out progress on overall financial position for 2023/24.

#### **5. Resource Implications**

5.1. Funding implications are considered as part of the overall Financial Plan and budget setting for the IJB. The IJB strategic risk in relation to resources

#### **6. Impact on Integration Joint Board Outcomes, Priorities and Policy**

6.1. The Financial Plan has a key role in supporting the delivery of the Strategic Plan.

#### **7. Legal and Risk Implications**

7.1. There are no legal or risk implications identified.

#### **8. Consultation**

8.1. Consultation with Senior Finance Team across NHS and Council.

#### **9. Equality and Human Rights Impact Assessment**

9.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.

#### **10. Glossary**

10.1 All acronyms must be set out in full the first time they appear in a paper with the acronym following in brackets.

IJB	Integration Joint Board
SG	Scottish Government



## Dumfries and Galloway Integration Joint Board



### DIRECTION

**(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)**

1.	Title of Direction and Reference Number	
2.	Date Direction Issued by Integration Joint Board	
3.	Date from which Direction takes effect	
4.	Direction to	
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	
6.	Functions covered by Direction	
7.	Full text of Direction	
8.	Budget allocated by Integration Joint Board to carry out Direction	
9.	Desired Outcomes	
10.	Performance Monitoring Arrangements	
11.	Date Direction will be Reviewed	