

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Integration Authorities Financial Performance for 2019-20 after Quarter 2

Item number: 5.6

Executive summary

This report summarises the quarterly publication from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 2.

Committee members are asked to:

1. *Committee members are asked to note the key messages*

Integration Authorities Financial Performance for 2019-20 after Quarter 2

1. Purpose

- 1.1 This report summarises the quarterly report from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 2. Key messages are summarised below, including Midlothian's (ML) position as a comparison.

2. Recommendations

- 2.1 Committee members are asked to:
- 2.1.1 note the key messages

3. Background and main report

- 3.1 This is the second summary report produced which presents an overview of financial performance for all 31 IA's for 2019-20. IAs have different reporting approaches; at this stage of the financial year, 28 IAs report projected outturns for the year-end and 3 IAs report year to date (second quarter) positions. Midlothian reports on a projected outturn basis.

Key Messages:

- 3.2 The total budget for health and social care services across IAs in 2019-20 is currently forecast at £9,349m, an increase of £112m (1%) since Quarter 1 (Q1). (ML budget increased to £140.2m since Q1 (2%) rise).
- 3.3 Total forecast reserves for 2019-20 after Q2 is £110m (£77.3m contingent, £33.2m earmarked), a decrease from Q1 of £3.2m. Of the 31 IA's 8 do not have a reserve, 1 has a negative reserve and 6 do not have a contingency reserve. The contingent reserve equals 0.4% of the £9,349m overall funding envelope.
- 3.4 ML reserve at 1 April 2019 was £3.878m (earmarked £1.493m, contingency £2.385m). At Q2 ML is forecasting a potential contingent reserve of £2.385m (representing 1.7% of total funding) and no earmarked reserve. Earmarked reserves have been released into operational budgets for 2019-20.
- 3.5 Of the 28 IA's (representing £8,116m of budget), a year end overspend of £66.4m is projected. (ML is forecasting £285K overspend at Q2, compared to £601k overspend projected at Q1). The remaining 3 IA's (representing £1,233m) reported a year to date overspend of £2.8m.

- 3.6 Variance analysis is summarised below of the 28 IA's that show a year end forecast and for completeness the total budget for the remaining 3 IA's is also shown below:

Variance Analysis after Q2	28 IAs Reporting Year end Forecast	Year End Midlothian Forecast at Q2
	£m	£m
Non Delivery of Savings	41.0	0.0
Demographics	15.0	0.7
Staffing Pressures	10.0	0.0
Prescribing	7.0	-0.2
Price Increases	3.0	
Other Net Pressures / (Underspends)	6.9	-0.1
Overspend (23 IA's)	82.9	0.3
Under spend (4 IA's)	-16.5	
Breakeven (1 IA)	-	
Overall Net Projection	66.4	0.3
Overall Budget	8,116.0	140.1
Budget of 3 IA's reporting YTD position	1,233.0	
Total Budget for 31 IA's	9,349.0	

Table 1: Variance Analysis of IAs

- 3.7 These are the positions before any additional financial support from partners, the impact of financial recovery plans or further use of reserves is taken into consideration.
- 3.8 The projected £69.2m overspend will be addressed by anticipated additional funding from NHS Boards (£28.8m), Local Authorities (£6.8m), and Financial Recovery Plans (£12.8m). Leaving £20.8m to be determined.
- 3.9 The key factors contributing to these forecasted positions which were highlighted in the last report remain relevant are largely driven by increased demand and higher costs:
- Increased demand across all services and increasing complexity of needs across older people, adults and children's services.
 - Cost increases in staffing and use of locums, increased cost pressures in prescribing.
 - Difficult in delivering savings from reducing services when demand is increasing, new models of service taking longer than originally anticipated to implement

4. Policy Implications

- 4.1 The framework focuses on supporting the implementation of the Public Bodies (Joint Working)(Scotland) Act 2014.

5. Equalities Implications

- 5.1 There are no equalities implications arising from this report

6. Resource Implications

- 6.1 There are no resource implications arising from this report.

7 Risks

- 7.1 There are no risks associated.

8 Involving People

- 8.1 There are no direct implications for involving people as a result of this report.

9 Background Papers

- 9.1 None

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Appendix - Integration Authorities Financial Performance FY 2019-20 Q2 Report