

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5 December 2019, 1.30pm

Integration Authorities Financial Performance for 2019-20 after Quarter 1

Item number: 5.4

Executive summary

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 1.

Committee members are asked to:

1. Committee members are asked to note the key messages

Integration Authorities Financial Performance for 2019-20 after Quarter 1

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 1. Key messages are summarised below, including Midlothian's (ML) position as a comparison.

2. Recommendations

- Committee members are asked to note the key messages

3. Background and main report

- 3.1 This is the first summary report which presents an overview of financial performance for all 31 IA's for 2019-20. The report includes forecasted year-end positions for 26 IA's and year to date positions at Quarter 1 for 5 IA's, showing the key factors contributing to these positions.

Key Messages:

- 3.2 The total budget for health and social care services in 2019-20 is currently forecast at £9,237m (ML £137.4m).
- 3.3 Total Reserves at 1 April 2019 was £158m, (earmarked £81m, contingency £32m) this has decreased by £45m to £113m as reserves are released. Of the 31 IA's 9 do not have a reserve, 1 has a negative reserve and 4 do not have a Contingency reserve.
- 3.4 ML reserve at 1 April 2019 was £3.878m (earmarked £1.493m, contingency £2.385m). ML has released the earmarked reserves into funding available for 2019-20.
- 3.5 Of the 26 IA's (representing £6,318m of budget), a year end overspend of £84m is projected (ML £601k overspend projected at Quarter 1). The remaining 5 IA's (representing £2,919m) reported a year to date overspend of £2.4m.
- 3.6 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.

- 3.7 The projected £86.5m overspend will be addressed by anticipated additional funding from NHS Boards (£26.7m), Local Authorities (£6.4m), Financial Recovery Plans (£16.4m), Other (£7m). Leaving £30m to be determined.
- 3.8 Factors contributing to these forecasted positions 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
- 3.9 Variance analysis is summarised below:

Variance Analysis after Q1	26 IAs reporting Forecast	5 IAs reporting Year to date	Midlothian Forecast
	£m	£m	£m
Non Delivery of Savings	40.0	2.9	-
Demographics	15.0	1.8	0.818
Staffing Pressures	9.0	0.9	
Prescribing	7.0	0.7	(0.236)
Price Increases	2.0	-	
Other Net Pressures / (Underspends)	11.1	(3.9)	0.019
	84.1	2.4	0.601

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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Appendices - Integration Authorities Financial Performance FY 2019-20 Q1 Report