

# Integration Authorities

## FINANCIAL PERFORMANCE

Financial Year 2018/19 (Quarter 2)



### OVERVIEW

This is the second summary report which presents the overview of financial performance for Integration Authorities (IA's) for quarter 2 of the financial year 2018/19. The position in respect of the NHS Highland Lead Agency arrangement is also included.

The total budget reported at quarter 1 was £8,462m for 30 IAs. 1 IA was not able to submit a quarter 1 return as the financial monitoring report was not publicly available at that time. All 31 IAs have now submitted a return. The total budget reported at quarter 2 is £8,882m. Part of the increase of £420m relates to the inclusion of the IA omitted from quarter 1 (£183m). The balance of the increase (£237m) relates to the following:

- An increase of £147m in the NHS Set Aside Budget. In quarter 1, 23 IAs reported a set-aside budget. This increased by 2 to 25 IAs in quarter 2, an increase of £0.147m. 11 IAs also updated the set-aside budget however, at an aggregated level, the change was minimal.
- An increase of £84m in the NHS Non-Set Aside Budget
- An increase of £9m in the use of reserves from £6m to £15m
- A net decrease of £1.4m in local authority budgets



### BUDGET HIGHLIGHTS

#### 18/19 Budget

- Set aside budget 5% to 14%
- Social care services 34% (average)
- Health care services 57% (average)
- £34m of savings still to be identified for 6 IAs
- £15m planned use of reserves

An analysis of funding pressures where additional in year resources have been provided since quarter 1 is analysed as follows:-

- £4.8m due to staffing
- £0.4m relating to prescribing
- £0.4m as a result of demographic growth
- £0.3m linked to price increases
- £0.9m linked to other funding pressures

“Other funding” totalling £110m is reported. This mainly relates to Scottish Government funding for the pay award, Primary Care Improvement Fund, Mental Health Action 15, Alcohol and Drug Partnership and Out-of-Hours. For some IAs, the set-aside budget was adjusted to reflect funding and activity data changes. The reduction in the prescribing budget and a range of budget realignments are also reflected in quarter 2. The use of reserves increased to £15m in quarter 2.



## FINANCIAL POSITION 2018/2019

At quarter 1, 25 IA's reported a projected year end overspend of £89m with 5 IA's reporting a year to date overspend of £0.5m.

At quarter 2, 27 IAs have provided a forecast outturn to 31 March 2019 and 4 IAs have provided a year-to-date position as at September/October 2018.

### Full Year

- +£56m non delivery of savings
- +£9m staffing
- +£10m prescribing
- +£9m demographics

The projected overspend for 27 IAs at quarter 2 is £83.3m.

- The projected overspend on the NHS non-set-aside budget reduced by £6.3m from £77.6m to £71.3m.
- The increase in the projected overspend on the NHS set-aside budget was £0.3m from £11.7m to £12m.

4 IA's reported a year to date underspend of £0.6m. The main cost pressures included the non delivery of savings (£3.3m), prescribing (£1.1m) and demographic activity (£1m). These pressures are being offset by net underspends of £6m.



## IMPACT ON FUNDING

It is currently estimated that this financial position will be addressed in the following ways:-

- |  |      |
|--|------|
| • Anticipated additional funding from NHS Boards             | £30m |
| • Anticipated additional funding from Local Authorities      | £6m  |
| • Agreed financial recovery plan with no impact for partners | £6m  |
| • Use of IA Reserves   | £1m  |
| • Requested Scottish Government brokerage for 1 IA           | £18m |

The funding impact of £22m remains 'not yet determined' or has still to be publicly reported.

### Repayment of Funding Advances

- £1.872m in 18/19
- £6.265m due 19/20 or later



## UPDATE ON RESERVES

The financial reporting framework has been further developed to support the work of the Scottish Government. A key aspect of this development is in respect of IA reserves, details of which are now included. The net movement on IA's reserves is projected to be a reduction of £27m from £125m to £98m (Earmarked £73m (74%); Contingency £25m (26%). The projected reserve balance now represents 1.1 per cent of the total income of £8.9bn, a reduction from 1.5% as at 31 March 2018.



## FUTURE REPORTS

IA's will continue to standardise presentation and further develop the financial reporting framework.