

# Integration Authorities

## FINANCIAL PERFORMANCE

Financial Year 2018/19 (Quarter 3)



### OVERVIEW

This is the third summary report which presents the overview of financial performance for all Integration Authorities (IA's) for quarter 3 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 2 was £8,882m for 31 IAs. The total budget reported at quarter 3 is £8,968m. The increase (£86m) relates to the following:

- An increase of £17m in the NHS Set Aside Budget. In quarter 2, 25 IAs reported a set-aside budget. This increased by 1 to 26 IAs in quarter 3, an increase of £7m. 12 IAs also updated the set-aside budget, an increase of £10m.
- An increase of £61m in the NHS Non-Set Aside Budget
- An increase of £8m in local authority budgets
- An increase of £0.2m in the use of reserves from £15m to £15.2m



### BUDGET HIGHLIGHTS

#### 18/19 Budget

- Set aside budget 5% to 14%
- Social care services 29% (average)
- Health care services 62% (average)
- £34m of savings still to be identified for 6 IAs
- £15.2m planned use of reserves

An analysis of funding pressures where the in year resources have changed since quarter 2 is analysed as follows:-

- £7m more due to staffing, an increase of £2.2m
- £1.7m less for prescribing, a decrease of £2.1m
- £0.4m for demographic growth, no change
- £0.3m linked to price increases, no change
- £5.5m linked to other funding pressures, an increase of £4.6m

“Other funding” totalling £176m is reported, an increase of £66m. This mainly relates to Scottish Government funding for the Primary Care Improvement Fund, Mental Health Action 15 and Alcohol and Drug Partnership. 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 3. The use of reserves at the level of £15.2m remained consistent to quarter 2.



## FINANCIAL POSITION 2018/2019

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

At quarter 3, all 31 IAs have provided a forecast outturn to 31 March 2019. The projected net overspend for all IAs at quarter 3 is £74.4m.

### Full Year Cost Pressures

- £62m non delivery of savings
- £16m demographics
- £10m staffing
- £9m prescribing

- The increase in the projected overspend on the NHS set-aside budget was £1.8m from £12m to £13.8m.
- The projected net overspend on the non-set-aside budget for health and social care services reduced by £10.7m from £71.3m to £60.6m.
- The increase in costs has been offset by other underspends totalling £23m due mainly to vacancies and also the phasing of the new funding allocations for strategic priorities.



## IMPACT ON FUNDING

22 IAs are projecting an overspend, 8 IAs are projecting an underspend and 1 IA is projecting a break-even position. It is currently estimated that this financial position will be addressed in the following ways:-

- |  |       |
|--|-------|
| • Anticipated additional funding from NHS Boards             | £27m  |
| • Anticipated additional funding from Local Authorities      | £5m   |
| • Agreed financial recovery plan with no impact for partners | £5.4m |
| • Requested Scottish Government brokerage for 1 IA           | £17m  |

The funding impact of £21m remains 'not yet determined' or has still to be publicly reported in respect of 9 IAs.

The cumulative impact of the year-end position includes a projected transfer of £1m to reserves based on the quarter 3 position.

### Repayment of Funding Advances

- £1.747m in 18/19
- £6.265m due 19/20 or later



## UPDATE ON RESERVES

The net movement on IA's reserves is projected to be a reduction of £32m from 1<sup>st</sup> April 2018 of £125m to £93m (Earmarked £67m (72%); Contingency £26m (28%). The projected reserve balance represents 1 per cent of the total income of £8.9bn.



## FUTURE REPORTS

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