

Integration Authorities

FINANCIAL PERFORMANCE

Financial Year 2018/19 (Quarter 4)



OVERVIEW

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



FINANCIAL OUTTURN 2018/19

The total expenditure on health and social care services in 2018/19 was £9.215bn (Set Aside £0.845bn; Non-Set Aside £8.370bn). The key factors contributing to the outturn position reported by each IA are detailed on the schedule which accompanies this covering report. Additional cost pressures emerged in-year. In addition to management action, additional financial contributions were made by partners to some IAs. The key highlights are summarised below.

Expenditure on set aside services is £0.845bn.

28 IAs reported a set aside budget at quarter 4.

Although the position varies across the IAs, increased costs are highlighted due to:

- increased activity across A&E and set aside specialties;
- demographic growth;
- increased complexity and co-morbidity of patients;
- increased staff costs;
- prescribing cost pressures; and
- cost of locums.

For some IAs, additional funding was provided to the IA by the NHS partner to offset these cost pressures. Some Health Boards however retained responsibility for managing the cost pressures across set-aside services.

It is also important to note the calculation of the cost of the set-aside services is a complex process. Some IAs also rely on the availability of activity information from the Information Services Division. This information is in arrears. The 2017/18 activity data was issued early in 2019. Work is being progressed to further develop the set-aside monitoring arrangements.



FINANCIAL OUTTURN 2018/19 (CONT.)

Expenditure on non-set aside services is £8.370bn.

£67m (31%) of the savings target of £216m was not achieved in 2018/19. The planned savings schemes across the IAs varied. Similar themes emerging in respect of this shortfall include the original savings target being challenging, achievable savings schemes not being realised, the timeline to implement service redesign taking longer than originally anticipated and planned reductions in services not materialising due to new demand being experienced. This is particularly relevant across social care services and prescribing.

Cost pressures relating to demographics (£26m), staffing (£15m) and prescribing (£4m) were incurred.

Other cost pressures totalling £47m were incurred which included medical locum costs, living wage uplifts, support for primary care services, complex care costs, support for waiting times performance, social care costs including care at home and care home services, residential and secure accommodation for young people, fostering and kinship care costs and community hospitals.

Full Year Cost Pressures

- £67m non delivery of savings
- £26m demographics
- £15m staffing
- £4m prescribing
- £47m other cost pressures

Total cost pressures - £159m

- Some partners provided additional funding to IAs. This totalled approximately £57m.
- The cost pressures were partly offset by underspends totalling £95m as a result of staff vacancies, the lead in time for new funding for strategic priorities and the early implementation of 2019/20 savings.
- Reserves totalling £18.5m were drawn down to spend on agreed commitments.

Funding totalling £357m was received during the year. This relates to Scottish Government funding for the Primary Care Improvement Fund, Mental Health Action 15, Alcohol and Drug Partnerships, Winter Pressures, Out-of-Hours Funding, Pay Awards and other non-recurring funding to address cost pressures. Part of the new funding has been transferred to earmarked reserves to ensure the planned commitments are met.



UPDATE ON RESERVES

The net movement on IA's reserves is £33m from 1st April 2018 of £125m to £158m (Earmarked £131m (83%); Contingency £27m (17%)). The contingency reserve represents 0.29% of the total financial envelope of £9.215bn. 5 IAs do not have a reserve. Of the 25 IAs who have reserves, 9 IAs do not have a contingency reserve. 1 IA has a negative reserve. A total of 3 IAs are in repayment arrangement with partners (£11m).



FUTURE REPORTS

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