

REPORT

Item No:

SUBJECT:	IJB Reserves Strategy and Financial Plan 2019/2020 Update
TO:	Integration Joint Board
Lead Officer for Report:	Interim Chief Officer
Author(s) of Report	Chief Financial Officer
DATE:	28 May 2019

1. PURPOSE OF REPORT

1.1 This paper is coming to the Performance, Finance and Audit (PFA) Committee:

For approval	<input type="checkbox"/>	For endorsement	<input type="checkbox"/>	For noting	<input checked="" type="checkbox"/>
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1.2 This report provides an update on the following:

- the North Lanarkshire Integration Joint Board (IJB) reserves;
- the proposals for further ring-fenced and earmarked reserves which will be presented to the Integration Joint Board on 12 June 2019; and
- an update to the financial planning assumptions contained within the IJB Financial Plan 2019/2020 on the basis of the 2018/2019 year-end outturn.

2. ROUTE TO THE PERFORMANCE, FINANCE AND AUDIT COMMITTEE:

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Interim Chief Officer
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3. RECOMMENDATIONS

3.1 The PFA is asked to agree the following recommendations:

- (1) That the net movement in reserves is noted;
- (2) That the draw down from the contingency reserve of £2.467m is noted prior to approval by the IJB on 12 June 2019;
- (3) That the transfer of funding of £0.977m from ear-marked reserves to the contingency fund is noted prior to approval by the IJB on 12 June 2019;
- (4) That the requests to create ring-fenced and ear-marked reserves are considered prior to approval by the IJB on 12 June 2019;
- (5) That the implications of the reserves proposals are considered including:
 - the current prescribing earmarked reserve being maintained at the 4% level and not topped up, noting that the budget will be increased in 2019/2020 by 2.5% to reflect inflation
 - the level of contingency fund would reduce to £0.051m and
 - funding solutions will need to be identified for in-year cost pressures including slippage in the social care savings, ongoing demand for social care services and health care cost pressures associated with contractual arrangements.

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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5. BACKGROUND/SUMMARY OF KEY ISSUES

- 5.1. The provisional outturn position for 2018/2019 in respect of the services delegated to the IJB has now been reported by North Lanarkshire Council (NLC) and NHS Lanarkshire (NHSL). This report provides an update on the overall position with the IJB reserves based on the final year-end position reported by both partners.
- 5.2. The Head of Financial Solutions of NLC and the Director of Finance of NHSL will both be consulted on the proposals for the allocation of the IJB reserves before the IJB meeting on 12 June 2019 and on the implications of the update to the financial planning assumptions for the IJB Financial Plan 2019/2020.

6. CONCLUSIONS

- 6.1. The overview of the projected reserves position for 2019/2020, taking into consideration the financial planning assumptions for 2019/2020 is summarised at appendix 1. The PFA is asked to consider the reserves position prior to seeking IJB approval, as appropriate, on 12 June 2019.

7. NET MOVEMENT IN RESERVES

- 7.1. Based on the information currently available, the projected position in respect of the reserves is outlined at appendix 1. The key observations to note are as follows:
- The balance on the IJB reserves on 1 April 2018 was £18.200m. A total of £13.809m was ring-fenced and earmarked for specific purposes during the year. The balance on the general fund was therefore £4.391m.
 - The transfers from reserves during 2018/2019 to meet agreed commitments totalled £4.859m.
 - Reserves totalling £1.181m were transferred between contingency reserves to earmarked reserves during 2018/2019.
 - Reserves totalling £0.296m were transferred between earmarked reserves to contingency reserves during 2018/2019.
 - Approval will be sought from the IJB on 12 June 2019 to transfer reserves totalling £0.100m from earmarked reserves to contingency reserves.
 - In line with the IJB Financial Plan 2019/2020, approval will be sought from the IJB on 12 June 2019 for the planned transfer of £0.977m from the earmarked reserves to the contingency reserves on the basis that at 31 March 2019 a planned commitment had not been incurred or advised;
 - Approval will be sought from the IJB on 12 June 2019 for the planned transfer of £2.467m from the contingency reserves to meet social care pressures incurred in 2018/2019.
 - A total of £5.035m is being transferred to reserves at 31 March 2019 (NHSL - £5.035m; NLC - £0m), of which £2.376m is ring-fenced. The balance of £2.659m is being transferred to the contingency fund.
 - The IJB will be asked to consider the approval of earmarked reserves totalling £4.724m. If approved, the contingency balance will be £0.051m.
- 7.2. The movement in reserves in 2018/2019 is detailed at appendix 2.

7. NET MOVEMENT IN RESERVES (CONT.)

- 7.3 The proposal to transfer £0.977m from earmarked reserves to the contingency fund is detailed at appendix 3. When the IJB approved the Financial Plan for 2019/2020 on 26 March 2019, there was no known commitment against each of these reserves. The availability of this funding to be redirected was therefore included as a financial planning assumption.
- 7.4 A total of £2.376m is being transferred to ring-fenced reserves as highlighted at appendix 4. This funding requires to be ring fenced to comply with the conditions for receipt of the funding. If the funding is not used for this purpose, there is a risk it will have to be repaid to the Scottish Government. The partner has advised that plans are in place to spend the money.
- 7.5 Proposals to establish ear-marked reserves totalling £4.724m are highlighted at appendix 5
- 7.6 The implications of approving all of the ear-marked reserves is as follows:
- 7.6.1 The current prescribing reserve by £2.881m cannot be increased further. This represents 4% of the North Lanarkshire IJB prescribing budget of £71.752m. In 2018/2019, there was an underspend of £1.464m against the prescribing budget as a result of the action taken to control costs and implement efficiencies. The prescribing budget will also be uplifted by 2.5% in 2019/2020.
- 7.6.2 It is good financial management to maintain a contingency reserve. Subject to approval of the proposals, and with the exception of the prescribing earmarked reserve, the IJB will not have a sufficient contingency reserve to manage further cost pressures as a result of unforeseen circumstances. It is expected this will be highlighted by the External Auditor in their 2018/2019 Annual Audit Report to the IJB.
- 7.6.3 The underlying cost pressures across social care services require to be considered and addressed. The Interim Chief Officer and the Chief Financial Officer will progress this with the Chief Executive and Head of Financial Solutions in North Lanarkshire Council, in consultation with the Chief Executive and Director of Finance of NHS Lanarkshire.
- 7.6.4 Significant slippage in respect of the savings for 2019/2020 is expected, particularly across social care services. This is currently being quantified. The anticipated cost of this slippage has not yet been accounted for in the IJB Financial Plan for 2019/2020. In the absence of a contingency reserve, reliance will require to be placed on the IJB Financial Regulations which sets out the options for addressing overspends. A budget recovery plan which includes management actions will require to be agreed with the relevant partner(s) as appropriate.

8. IMPLICATIONS

8.1 NATIONAL OUTCOMES

This relates to all nine national outcomes.

8.2 ASSOCIATED MEASURE(S)

The IJB and both partners are required to achieve a balanced budget for each financial year. The identification and implementation of a reserves strategy contributes to this financial strategy.

8. IMPLICATIONS (Cont.)

8.3 FINANCIAL

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
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8.4 PEOPLE

None.

8.5 INEQUALITIES

EQIA Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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8.6 CARBON MANAGEMENT IMPLICATIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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9. BACKGROUND PAPERS

None.

10. APPENDICES

Projected Reserves Position 2019/2020	Appendix 1
Reserves Position 2018/2019	Appendix 2
Proposed Transfer from Earmarked Reserves to the Contingency Fund	Appendix 3
Ring-fenced Reserves	Appendix 4
Proposed Earmarked Reserves	Appendix 5

11. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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The proposals to earmark reserves will require to be approved by the IJB before the directions can be varied.



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INTERIM CHIEF OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.

North Lanarkshire IJB
 Projected Reserves Position 2019/2020

Appendix 1

Reserve	Ring-fenced and Earmarked £m	Contingency £m	Total £m
Total Reserves As At 1 April 2018	13.809	4.391	18.200
Less Expenditure Incurred 2018/2019	(4.859)		(4.859)
Transfer from Contingency Reserves to Earmarked Reserves during 2018/2019 already approved by the IJB	1.181	(1.181)	0.000
Transfer from Earmarked Reserves to Contingency Reserves during 2018/2019 already approved by the IJB	(0.296)	0.296	0.000
Transfer from Earmarked Reserves to Contingency Reserves during 2018/2019 subject to IJB approval	(0.100)	0.100	0.000
Reserves Balance As At 31 March 2019	9.735	3.606	13.341

IJB Financial Plan 2019/2020	(0.977)	0.977	0.000
Proposed Transfer from Earmarked Reserves to Contingency Reserves, subject to IJB approval			
Less Planned Transfer from Contingency Reserve to fund social care cost pressures in 2018/2019	0.000	(2.467)	(2.467)
Plus Transfer to Reserves as a result of the underspend across health care services in 2018/2019	2.376	2.659	5.035
Transfer from Contingency Reserves to Earmarked Reserves during 2018/2019 subject to IJB approval	4.724	(4.724)	0.000
Projected Reserves Position 2019/2020	15.858	0.051	15.909

Useable Reserve	Balance as at 31 March 2018	2018/2019			
		Transfers Out	Transfer to Contingency	Transfers In	Balance as at March 2019
	£m	£m		£m	£m
Ring-Fenced and Earmarked Reserves					
Self Directed Support Strategy	3.320	(0.106)		0.000	3.214
Prescribing Fund	2.881	0.000		0.000	2.881
Financial Plan 2018/2019 Contingency	1.400	(1.400)		0.000	0.000
Palliative Care Services	0.840	(0.569)		0.000	0.271
Integrated Service Review Programme	0.500	0.000		0.000	0.500
Alcohol and Drug Partnership Fund	0.403	(0.358)		0.000	0.045
Project Decommissioning Strategy	0.370	(0.074)	(0.296)	0.000	0.000
Integrated Support Worker	0.250	(0.003)		0.000	0.247
Social Care Contract Monitoring Staff	0.000	0.000		0.249	0.249
Training Fund	0.926	(0.680)		0.000	0.246
Sexual Health Services	0.000	0.000		0.218	0.218
IT Federated Trust Environment Strategy	0.214	0.000		0.000	0.214
Financial Inclusion Service	0.180	(0.185)		0.212	0.207
Social Care Contracting Staff within Quality Assurance Services	0.000	0.000		0.186	0.186
Self Directed Support Programme	0.300	0.000		0.000	0.300
Fairer Scotland Funded Programmes	0.150	(0.150)		0.000	0.000
Motherwell Rehabilitation Team Leadership	0.000	(0.071)		0.129	0.058
Mental Health Service Redesign	0.115	0.000		0.000	0.115
Equipment and Adaptations	0.000	0.000	(0.100)	0.100	0.000
Psychological Therapies Access Project	0.091	0.000		0.000	0.091
Active Health Programme	0.085	(0.085)		0.000	0.000
Mental Health Innovation Fund	0.080	0.000		0.000	0.080
Strategic Framework Support	0.080	0.000		0.000	0.080
Test of Change - High Intensity Service Users	0.077	(0.050)		0.000	0.027
Administration Support Services	0.000	0.000		0.071	0.071
Psychological Therapies Service	0.065	0.000		0.000	0.065
Mental Health and Learning Disability Fund	0.363	(0.317)		0.000	0.046
Contribution to Decontamination Post	0.000	0.000		0.016	0.016
Adaptations Fund	0.466	(0.223)		0.000	0.243
Carer's (Scotland) Act 2016 Programme	0.312	(0.277)		0.000	0.035
Integrated Equipment & Adaptations Service	0.182	(0.182)		0.000	0.000
Nurse Leadership Professional Capacity	0.073	(0.073)		0.000	0.000
Veterans Fund	0.056	(0.056)		0.000	0.000
Independent Living Project	0.030	0.000		0.000	0.030
Physical Activity Programmes	0.000	0.000		0.000	0.000
Mobile Device Refresh Project	0.000	0.000		0.000	0.000
Bellhaven and Chilterns Project	0.000	0.000		0.000	0.000
Ringfenced and Earmarked Reserve Total	13.809	(4.859)	(0.396)	1.181	9.735
Contingency Fund					
Change Fund	1.000	0.000		0.000	1.000
ICT Fund	0.500	0.000		0.000	0.500
Test of Change Pilots	0.500	0.000		0.000	0.500
General Balance	2.391	0.000	0.396	(1.181)	1.606
Contingency Fund Total	4.391	0.000	0.396	(1.181)	3.606
General Fund Total	18.200	(4.859)	0.000	0.000	13.341

Proposed Transfer from Earmarked Reserves to the Contingency Fund

Ring-Fenced and Earmarked Reserves	£m
Integrated Service Review Programme	(0.500)
Mental Health Service Redesign	(0.115)
Psychological Therapies Access Project	(0.091)
Mental Health Innovation Fund	(0.080)
Strategic Framework Support	(0.080)
Psychological Therapies Service	(0.065)
Mental Health and Learning Disability Fund	(0.046)
Total Transfer from Earmarked Reserves To Contingency Fund	(0.977)

Ref	Service	Description	Amount £m	Category	Status	Timing
1	Addictions	ADP Funding 2018/2019	1.092	Ring-fenced	Committed	2019/20 & 2020/21
2	Children and Adult Mental Health Services	CAMHS Taskforce	0.026	Ring-fenced	Committed	2019/20
3	Children and Adult Mental Health Services	Improving access - funding waiting list clinics	0.005	Ring-fenced	Committed	2019/20
4	Children and Adult Mental Health Services	Mental Health Improvement Fund	0.122	Ring-fenced	Committed	2019/20
5	Medical Director	Child Death Review	0.035	Ring-fenced	Committed	2019/20
6	Mental Health and Learning Disability Services	Action 15	0.224	Ring-fenced	Committed	2019/20
7	Mental Health and Learning Disability Services	Distress Brief Intervention	0.041	Ring-fenced	Committed	2019/20
8	Mental Health and Learning Disability Services	Health Improvement Service funding for Mental Health Strategy evaluation.	0.015	Ring-fenced	Committed	2019/20
9	Mental Health and Learning Disability Services	Improving access - funding waiting list clinics	0.083	Ring-fenced	Committed	2019/20
10	Mental Health and Learning Disability Services	Mental Health Improvement Fund	0.235	Ring-fenced	Committed	2019/20
11	Mental Health and Learning Disability Services	OAP Psychological Therapies	0.090	Ring-fenced	Committed	2019/20
12	Mental Health and Learning Disability Services	Veteran's First Point	0.136	Ring-fenced	Committed	2019/20
13	Nursing Services	Family Nurse Partnership	0.273	Ring-fenced	Committed	2019/20
TOTAL RING-FENCED RESERVES			2.376			

North Lanarkshire IJB
Proposed Earmarked Reserves

Appendix 5

Ref	Service	Description	Amount £m	Category	Status	Timing
1	IJB Financial Plan 2019/2020	Palliative Care Services approved by the IJB on 26 March 2019.	0.298	Ear-marked	Committed	2019/2020
2	IJB Financial Plan 2019/2020	Contingency to meet social care cost pressures	2.025	Ear-marked	Committed	2019/2020
3	IJB Financial Plan 2019/2020	The Winter Plan Fund 2019/2020 totals £0.403m, of which £0.036m can be met recurrently leaving a balance of £0.367m to be met from contingency reserves.	0.367	Ear-marked	Committed	2019/2020
4	IJB Financial Plan 2019/2020	Planned IT Development 2019/2020	0.168	Ear-marked	Committed	2019/2020
5	IJB Financial Plan 2019/2020	Planned IT Development 2020/2021	0.168	Ear-marked	Committed	2020/2021
6	IJB Financial Plan 2019/2020	Planned IT Development 2021/2022	0.093	Ear-marked	Committed	2021/2022
7	Social Care Services	To address the Care Inspectorate requirements to ensure adequate 'minimum' staffing level are in place to ensure a safe and timeous response to people who request assistance from the Community Alert Alarms Service.	0.220	Ear-marked	To be confirmed	2019/2020
8	Winter Plan	Extension of Discharge to Assess pilot	0.060	Ear-marked	Committed	2019/20
9	Nursing Services	Health Visiting Training	0.585	Ear-marked	Committed	2019/20 & 2020/21
10	Nursing Services	University of the West of Scotland Course fees for School & District Nursing - estimated 15 students plus 1 year fixed term Band 7 mentor post.	0.125	Ear-marked	Committed	2019/20
11	Nursing Services	Extend HIU posts to March 2020	0.075	Ear-marked	Committed	2019/20
12	Nursing Services	Adoption leave cover.	0.032	Ear-marked	Committed	2019/20
13	Nursing Services	Patient Safety posts	0.032	Ear-marked	Committed	2019/20
14	Nursing Services	Solihull training approved by the IJB on 18 March 2019	0.018	Ear-marked	Committed	2019/20
15	Nursing Services	Mental Health PDN Upgrade Band 6 to 7 (two posts)	0.014	Ear-marked	Committed	2019/20
16	Community Assessment	Rehabilitation Pilot	0.065	Ear-marked	Committed	2019/20
17	Area Wide Services	Pharmacy (Pharmaceutical)	0.223	Ear-marked	To be confirmed	To be confirmed
18	Area Wide Services	Health Promotion - North Lanarkshire Leisure agreement	0.123	Ear-marked	To be confirmed	To be confirmed
19	Area Wide Services	Primary Care Corporate (iHUB Project - NES funding)	0.034	Ear-marked	To be confirmed	To be confirmed
TOTAL EARMARKED RESERVES			4.724			