

Agenda Item 9

Review of Reserves



Falkirk Integration Joint Board

4 September 2020

Review of Reserves

For Decision

1. Executive Summary

- 1.1 This paper provides an overview of the current reserves position for the 3 month period ended 30th June 2020.
- 1.2 As at 30th June, total available reserve balances amount to £5.799m, comprised of a £0.316m contingency reserve and £5.483m of earmarked reserves. The vast majority of the earmarked reserve balance (£4.036m) relates to partnership and leadership funds.
- 1.3 A number of recommendations are presented in relation to the contingency reserve and specific integration fund balances held as part of earmarked reserves.

2. Recommendations

The Integration Joint Board is asked to:

- 2.1 approve the proposed update to the reserves policy to increase in the maximum recommended contingency reserve balance from £0.440m to £1.079m
- 2.2 approve the recommendation to transfer £0.630m from earmarked integration funds to the contingency reserve on a non-recurring basis
- 2.3 note the revised timescale to develop a new 3 year partnership funding programme for 2021 to 2024 and approve the recommendation to extend current partnership funded projects which were due to end on 31 March 2021 up to 31 March until 2022 (where required due to the impact of Covid-19)
- 2.4 approve the recommendation to mainstream £1.000m of leadership funding as it relates to substantive posts appointed on a permanent basis
- 2.5 approve the recommendations to fully utilise the £1.390m non-recurring leadership funds balance to support innovation and pump priming of savings schemes, together with initiatives to address inequalities and health and wellbeing at a locality level.

3. Background

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 empowers the IJB to hold reserves. The IJB must ensure that reserves are both adequate and necessary in line with the approved reserves policy. Reserves are typically held for 2 key purposes; the first as a contingency to offset the financial impact of unforeseen events and/or emergency situations and the second to fund specific projects or earmarked future commitments as part of the IJB's strategic plan.
- 3.2 The recommended maximum contingency reserve balance as per the IJB's current reserves policy is £0.440m (equivalent to 0.2% of 2019/20 total net revenue expenditure). The current contingency reserve balance is £0.316m as at 30th June 2020.
- 3.3 This level of contingency reserve is relatively low in the context of the scale and magnitude of the services managed by the IJB and the associated financial pressures experienced to date (a view shared by external audit as reported as part of the audit of the 2018/19 accounts). In addition, the non-recurring nature of the current contingency reserve balance represents a further risk in terms of longer term financial management.
- 3.4 There is no recommended maximum level in relation to earmarked reserves. The value of earmarked reserves is dependent on the timing of cash flows and receipt of funding allocations to progress specific projects and strategic developments and/or ring fenced national policy initiatives which may span more than one financial year. The current balance of earmarked reserves is £5.483m as at 30th June 2020 (see appendix 1).
- 3.5 Expenditure of a large part of the earmarked reserves has been delayed alongside the transfer of operational functions and appointment of the management team. The appointment of the third Locality Manager means that the HSCP can now progress with the development of integrated locality teams and pick up pace at a local level. Several earmarked balances have been held for some time for community investment, and a number of projects are nearing completion. It is an opportune time to evaluate the overall reserves position with a view to developing a new tailored investment programme to support acceleration of the IJB's delivery plan and to build on the experience from Covid-19.

4. Contingency Reserve

- 4.1 A wide range of strategic, operational and financial factors have been considered in order to determine the adequacy of the current contingency reserve policy. This includes, but is not limited to, assessment of ongoing demand led pressures, whole systems transformation, external audit opinion, benchmarking, longer term financial risk sharing arrangements, the wider economy/future funding settlements and specific resilience/business continuity issues (including Brexit and pandemic response/recovery).
- 4.2 As a result, it is considered prudent to update the reserves policy to increase the maximum recommended contingency reserve level from £0.440m to

£1.079m. This is equivalent to 0.5% of IJB net expenditure based on the 2019/20 unaudited accounts (excluding non-discretionary Family Health Services¹).

- 4.3 In addition, it is recommended that the contingency reserve balance is built up on a recurring basis (where possible) to support longer term risk management arrangements.

5. Earmarked Reserves

- 5.1 Earmarked reserves are classified into 4 broad areas and include a combination of both recurring and non-recurring funding streams as outlined below (further detail is provided in appendix 2):

- **Integration Funding** (current balance £4.036m) - reserves reported under this category relate to the former ring fenced delayed discharge and integrated care fund allocations which are now part of NHS Forth Valley's recurring baseline. The vast majority of this funding is held in IJB reserves as "partnership funding" to take forward a range of transformation and test of change programmes to support integration in line with local priorities.
- **Primary Care** (current balance £0.476m) – reserves reported within this category reflect a number of funding allocations linked to implementation of the new General Medical Services (GMS) contract and sustainability of GP out of hours services. A small number of ongoing wider primary care transformation projects are also reported here. The majority of the balances reported under this category are expected to be fully utilised by the end of the financial year.
- **Mental Health** (current balance £0.480m) – the vast majority of reserves reported under this category are non-recurring arising from prior year underspends against both the mental health and dementia innovation fund allocations.
- **Miscellaneous** (current balance £0.491m) – all reserves reported under this category are non-recurring reflecting prior year underspends against specific earmarked budgets. For example, the housing revenue account (derived from housing rental income which is ring fenced to fund aids and adaptations within council owned residential properties).

- 5.2 The key focus of the paper is on amounts reported under the integration funding category given that this is the prime source of recurring funding and also represents the largest element of earmarked reserve balances.

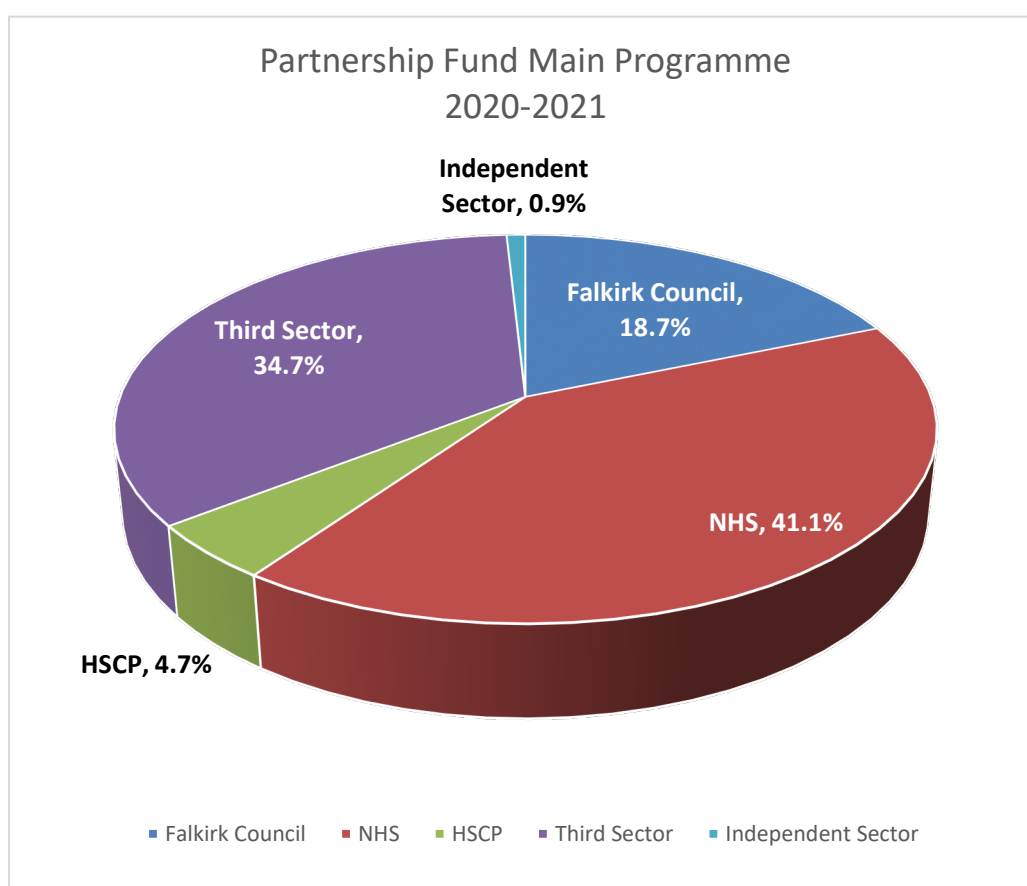
¹ Non-discretionary Family Health Services are comprised of General Dental Services, General Ophthalmic Services and General Pharmaceutical Services (£9.230m, £3.006m and £7.055m respectively based on 2019/20). Financial risk relating to these services is managed directly by the Scottish Government hence the reason they are excluded from the calculation.

6. Integration Funding

- 6.1 The integration fund category is comprised of 3 funding streams as summarised below:

Integration funding reserves 2020/21	Available balance £m	Agreed commitments £m	Remaining balance £m
Partnership funds	5.483	3.467	2.016
Leadership funds	2.390	1.000	1.390
Other	0.630	0.000	0.630
Total	8.503	4.467	4.036

- 6.2 The allocation of Partnership funds is shown in diagram below:



- 6.3 The Partnership funds reserve is comprised of £2.744m of recurring funding (combined with non-recurring underspends carried forward from previous years). Application of this reserve traditionally operates on a 3 year cycle, supporting a wide range of whole system improvement and outcomes based projects on a non-recurring basis. The current 3 year partnership funding programme will end on 31 March 2021.
- 6.4 The board previously agreed to move to a strategic commissioning model aligned to the Strategic Plan, to inform the development of a new partnership funding programme for 2021 to 2024. Development of the new

programme was originally scheduled to take place during March to October 2020. This 8 month timeframe was designed to enable full engagement and consultation with relevant stakeholders prior to presentation to the IJB in November 2020. However, this work has been delayed due to the impact of Covid-19.

- 6.5 Development of the new programme will now commence from September 2020 and will include:
- An in-depth review of all existing initiatives to assess their ongoing contribution to the IJB's delivery plan and strategic priorities.
 - Identification of new commissioning priorities to accelerate delivery plan actions, outcomes linked to the strategic needs assessment, initiatives identified through the Home First, Care at Home, Residential Care, Adult Social Work Services and Intermediate Care Programme Boards and post Covid-19 service renewal plans. This will include redesign of a number of existing partnership funded projects to support the new Enhanced Care Team (ECT)/Hospital at Home proposals agreed in principle at the June 2020 IJB meeting. This work will be taken forward in conjunction with Clackmannanshire and Stirling IJB, the Director of Acute Services and Clinical Director for Ageing and Health. Appendix 3 provides an overview of the current projects that are in scope for redesign as part of this work.
 - Engagement with relevant management, delivery groups, service users, carers and integration partners to identify areas of potential investment directly contributing to improved outcomes.
 - Presentation of recommendations and a new 3 year partnership funding to plan to the IJB early in financial year 2021/22.
- 6.6 In terms of the impact of Covid-19 on projects funded in the current financial year, performance monitoring information for Jan to June 2020 confirms a number of delays and/or changes in service delivery in response to the pandemic. It's clear that a number of projects have required to re-focus provision or adapt services to continue to provide support through alternative means, for example via telephone or online. Other projects, particularly those in early stages, were paused completely. An overview of the current status of each project is provided in appendix 4.
- 6.7 As a result of the delays, recognising that a number of projects are currently in a restart or renewal phase, it is proposed that current 2020-21 partnership funded projects are extended for up to 12 months where required, subject to the provision of ongoing quarterly performance monitoring information and continued contribution to the IJB's strategic priorities. Note that this would exclude all "avoiding admission and supporting discharge" projects referred to in appendix 4 which would remain subject to immediate redesign as part of the new Enhanced Care Team (ECT)/Hospital at Home proposals.
- 6.8 The Leadership funds reserve is comprised of £1.000m of recurring funding combined with £1.390m of non-recurring funds carried forward in respect of prior year underspends.

- 6.9 The vast majority of the recurring balance held in the leadership reserve is committed to fund a number of permanent posts. IJB members will be aware of longstanding capacity challenges, particularly in relation to a range of corporate support functions, however recruitment is now underway and a number of key posts have been appointed to. As a result, it is recommended that agreed funding for all permanent posts is now mainstreamed as opposed to being managed through reserves (i.e. £1.000m recurring funding is transferred on a permanent basis from the leadership fund reserve to the appropriate service pay budgets).
- 6.10 This would leave a £1.390m residual non-recurring balance in the leadership fund reserve. It is proposed that that this balance is used to:
- Create a £0.500m innovation/invest to save fund, managed through the Senior Leadership Team. This would enable locality teams and partners to support continuous improvement and innovation through access to dedicated resources to incentivise, develop and implement new ways of working to deliver long term cash releasing efficiency savings.
 - Earmark £0.060m for localities (£0.020m per locality) to inform the co-design and delivery of health and social care services which support wellbeing and are accessible and responsive to the needs and unique circumstances of our local communities. This will include the expansion of community development workers previously approved by the IJB pending establishment of locality structures. This can now be taken forward at pace to develop the locality partnerships and support community capacity to meet local need.
 - Earmark £0.415m to address health and social inequalities and unwarranted variation in line with the national Health and Wellbeing Outcomes and Realistic Medicine.
 - Earmark £0.415m to support, improve and maintain health and wellbeing across the Falkirk area.
- 6.11 The £0.630m non-recurring balance held in “Other” relates to prior year underspends in respect of implementation of the living wage to social care services during 2016/17. Subsequent allocations relating to the living wage have been fully committed and spent within the relevant social care budgets. It is recommended that the £0.630m historic balance is transferred to the contingency reserve.

7. Conclusion

- 7.1 In light of the range of strategic, operational and financial risks facing the IJB, it is considered prudent to update the current reserves policy to increase the maximum recommended contingency reserve balance from £0.440m to £1.079m (on a recurring basis where possible).
- 7.2 It is recognised that there is little scope to create a contingency budget on a recurring basis at this stage, however the position will be kept under review.

In the meantime, it is recommended that the £0.630m non-recurring balance reported under “other” within the integrated funds earmarked reserve is transferred to the contingency reserve.

- 7.3 With respect to earmarked reserves, work will commence in September to develop a new 3 year investment programme in respect of partnership funds for 2021 to 2024. This work is expected to be completed in early 2020/21.
- 7.4 Furthermore it is proposed that c£1.000m of the leadership fund reserve is transferred to service pay budgets on a recurring basis in respect of a number of agreed permanent posts.

With respect to the £1.390m non-recurring leadership fund balance, it is proposed that this is fully utilised to support innovation and pump priming of savings schemes, together with initiatives to address inequalities and health and wellbeing at a locality level.

Resource Implications

Resource implications are considered within the main body of the report.

Impact on IJB Outcomes and Priorities

It's important that the investment of reserves is tailored to the IJB's strategic priorities and delivery plan.

Legal & Risk Implications

There are a number of legal and risk implications relating to:

- The potential adverse impact on achievement of the IJB's strategic plan and associated priorities if an appropriate reserves investment strategy is not in place.
- Where a recommendation is being made that will result in service change and therefore impact of services users, their carers or the wider community, a disinvestment impact assessment will be undertaken. Periods of notice and transition will be provided to ensure adequate time is provided to take any mitigating action required.

Consultation

A consultation exercise will be undertaken to ensure full engagement with all relevant stakeholders in terms of the new proposed 3 year partnership funding programme prior to presentation to the IJB in April 2021.

Equalities Assessment

There are no equality implications as a direct result of the report recommendations. However there may be a requirement for an equalities assessment to be performed in relation to any new proposed projects or areas of disinvestment.

8. Report Author

- 8.1 Jillian Thomson, Chief Finance Officer

9. List of Background Papers

N/A

10. Appendices

Appendix 1:	Earmarked reserve balances as at 30 th June 2020
Appendix 2:	Recurring and non-recurring breakdown of reserve balances as at 30 th June 2020.
Appendix 3:	Partnership funded projects in scope for redesign as part of ECT proposals.
Appendix 4:	Current status of 2020/21 partnership funded projects

APPENDIX 1 – Earmarked reserve balances as at 30th June 2020

Earmarked reserves as at 30th June	Opening balance 1st Apr £m	Transfers out £m	Transfers in £m	Closing balance 30th Jun £m
<u>Integration funding</u>				
Partnership funds	2.739	-3.467	2.744	2.016
Leadership funds	1.390	-1.000	1.000	1.390
Other	0.630			0.630
Sub total	4.759	-4.467	3.744	4.036
<u>Primary Care</u>				
Primary Care Transformation	0.105			0.105
Primary Care Improvement Fund	0.274	-3.625	3.441	0.090
GP Out of Hours Fund	0.067	-0.050	0.144	0.161
GP Sub Committee support	0.037			0.037
GMS premises	0.086	-0.003		0.083
Sub total	0.569	-3.678	3.585	0.476
<u>Mental Health</u>				
Mental Health strategy (Action 15)	0.000	-0.689	0.689	0.000
Mental Health Innovation Fund	0.128		0.064	0.192
Dementia Innovation Fund	0.288			0.288
Sub total	0.416	-0.689	0.753	0.480
<u>Miscellaneous</u>				
Services for Survivors	0.100			0.100
Sensory Strategy	0.041			0.041
Alcohol & Drugs Partnership	0.035	-0.035		0.000
British Sign Language Plan	0.017			0.017
Choose Life	0.047			0.047
Capital Grant	0.145			0.145
Housing Revenue Account	0.141			0.141
Sub total	0.526	-0.035	0.000	0.491
TOTAL	6.270	-8.869	8.082	5.483

APPENDIX 2 – Recurring and non-recurring breakdown of reserve balances as at 30th June 2020.

RESERVES 2020/21 as at June 2020	Available funding			Planned expenditure			Balance remaining		
	Rec	Non-Rec	Total	Rec	Non-Rec	Total	Rec	Non-Rec	Total
<u>Integration funding</u>									
Partnership funds	2.744	2.739	5.483		3.467	3.467	2.744	-0.728	2.016
Leadership funds	1.000	1.390	2.390	1.000		1.000	0.000	1.390	1.390
Other		0.630	0.630			0.000	0.000	0.630	0.630
Sub total	3.744	4.759	8.503	1.000	3.467	4.467	2.744	1.292	4.036
<u>Primary Care</u>									
Primary Care Transformation		0.105	0.105			0.000	0.000	0.105	0.105
Primary Care Improvement Fund	3.441	0.274	3.715	3.351	0.274	3.625	0.090	0.000	0.090
GP Out of Hours Fund	0.144	0.067	0.211	0.050		0.050	0.094	0.067	0.161
GP Sub Committee support		0.037	0.037			0.000	0.000	0.037	0.037
GMS premises		0.086	0.086		0.003	0.003	0.000	0.083	0.083
Sub total	3.585	0.569	4.154	3.401	0.277	3.678	0.184	0.292	0.476
<u>Mental Health</u>									
Mental Health strategy (Action 15)	0.689		0.689	0.689		0.689	0.000	0.000	0.000
Mental Health Innovation Fund	0.064	0.128	0.192			0.000	0.064	0.128	0.192
Dementia Innovation Fund		0.288	0.288			0.000	0.000	0.288	0.288
Sub total	0.753	0.416	1.169	0.689	0.000	0.689	0.064	0.416	0.480
<u>Miscellaneous</u>									
Services for Survivors		0.100	0.100			0.000	0.000	0.100	0.100
Sensory Strategy		0.041	0.041			0.000	0.000	0.041	0.041
Alcohol & Drugs Partnership		0.035	0.035		0.035	0.035	0.000	0.000	0.000
British Sign Language Plan		0.017	0.017			0.000	0.000	0.017	0.017
Choose Life		0.047	0.047			0.000	0.000	0.047	0.047
Capital Grant		0.145	0.145			0.000	0.000	0.145	0.145
Housing Revenue Account		0.141	0.141			0.000	0.000	0.141	0.141
Sub total	0.000	0.526	0.526	0.000	0.035	0.035	0.000	0.491	0.491
TOTAL	8.082	6.270	14.352	5.090	3.779	8.869	2.992	2.491	5.483

APPENDIX 3 - existing partnership funded projects in scope for redesign

Forth Valley Transformation/Partnership Funds: Avoiding Admission & Supporting Discharge

Hospital Based

Rapid Access Frailty Clinic (4.2 WTE)

- Consultation & diagnosis via Geriatrician
- 3 days per week
- Care plan on day and/or referral onwards e.g. REACH, Dietitian etc.
- Linked with Frailty at Front Door

Discharge Hub (Co-ordination & Assessment) (3.3 WTE)

- Facilitation of discharge from hospital
- Environmental assessments (esp. weekends)
- Education in Wards re discharge

Hospital Discharge Teams Clacks (3WTE) & Stirling (4WTE)

- Support the flow from hospital
- For people who are being supported in the community with health and social

Key



Forth Valley Project

Falkirk

Clacks/Stirling

-----> Referral pathway

↔ Spans across locations of provision

Intermediate Care

Summerford Reablement (6 WTE)

- +65 (some flexibility)
- 20 reablement beds
- Mainly step-down, but can take referral from community
- 6-8 week programme with on-going AHP after discharge
- Most require PoC on discharge

Enhanced Discharge from Falkirk Community Hospital (4 WTE)

- Reablement in FCH from admission
- All adult, but predominantly +65
- Referral from FVR
- High level of need – very frail/complex/cognitive
- Stay: days to several months
- Reablement support worker progress reablement following AHP assessment

Care Home Psychiatric Liaison (1 WTE)

- Working with General Practitioners, care home staff and local authority staff
- to support and care for people with dementia and other mental health needs in a community setting.

Strathendrick 2.37

- Short term assessment intermediate care
- Support timely discharge from hospital/prevent admission in rural area.

Southwest Rural Stirling Intermediate Care 4.47

- 24/7 provision for primarily for older people
- a short period of care in their own home, rather than requiring an acute hospital admission

Home Based

Closer to Home: ECT (15.8 WTE)

- Discharge facilitation & Admission Avoidance
- Patients must have diagnosis
- Referral from GP & other health
- Categories: Unwell adult, uninjured faller, discharge facilitation & other (usually un clear diagnosis at point of referral)

Closer to Home: Night Nursing (3.36 WTE)

- Supports ECT
- Palliative Care

OT Capacity in CC Teams (3 WTE)

- 3 x OT (1 in each locality)
- Assessment and provision of reablement care
- Embedding reablement across all CC teams

Development of Reablement Clacks (32 WTE)

- Assessment and Rehabilitation
- Support from both Care Management, social care and ReACH
- Primarily to people over 65 who have been discharged from hospital or are at home and have experienced a change in their condition.

MECS Night Service (3 WTE)

- All adults
- Referral from health, SW & Carers Centre
- No set timescale
- Focus: Carer support, end of life

Overnight Care Clacks (3 WTE)

- 24/7 provision
- primarily for older people S
- Short period of care in their own home, rather than requiring an acute hospital admission.

AHP Capacity (8.1 WTE)

- AHP resource – extends provision of REACH (46% incl ECT element)
- Supports: Summerford, ECT, RPT, Transformational Change, Community & Frailty

Technology Enabled Care (TEC) 3

- All adults
- No set eligibility
- Focus is to maintain safety & independence
- Equipment provided, e.g. GPS, sensors, monitors

APPENDIX 4 – Current status of 2020/21 Partnership Funding projects

Project Name/ Alignment to Delivery Plan	Lead Agency	Geographical Coverage	20/21 Allocation £m	Perf. RAG	Impact of Covid19	Comment
<u>Avoiding Admission/Supporting Discharge</u>						
Closer to Home - Enhanced Community Health Team	NHS	Forth Valley	0.354	A	Enhanced	Subject to Redesign: Home First. Enhanced Partnership Working
Closer to Home - Night Service	NHS	Forth Valley	0.040	A	Reduced	Staff shortages during covid. Enhanced partnership working
Rapid Response Frailty Clinic	NHS	Forth Valley	0.094	R	Service Altered	Subject to Redesign: Home First. No RAFC, resource shifted to front door/CH
Discharge Hub	NHS	Forth Valley	0.111	A	Enhanced	Subject to Redesign: Home First. Staff shortage during Covid
Technology Enabled care	Falkirk Council	Falkirk	0.206	A	Delayed	Review with TEC Strategy development
Supporting Your Recovery	RVS	Falkirk	0.087	A	Delayed/ Altered	New service. Vital partner in Covid community response.
Mecs Night Service	Falkirk Council	Falkirk	0.096	A	Service Altered	Significant staff issues during Covid
Enhanced Discharge from FCH	NHS	Falkirk	0.127	A	Service Altered	Review with FCH review. Currently 2/4 workers in post.
Summerford Beds Cost to Council	Falkirk Council	Falkirk	0.181	G	Service Altered	
Pharmacy Support	NHS	Falkirk	0.192	R	Paused	Ongoing recruitment issues and therefore minimal delivery.
AHP Capacity - Rehab Projects	NHS	Falkirk	0.380	A	Altered/ Reduced	Significant staff issues during Covid
			1.869			
<u>Direct Support for Carers</u>						
Support for Carers	Carers Centre	Falkirk	0.190	G	Service Altered	Review in line with Carers Strategy Implementation. Support online and via phone during Covid
			0.190			
<u>Mental Health & Substance Use</u>						
Social Prescribing & Immediate Help Service	FDAMH	Falkirk	0.215	G	Service Altered	Align with MH Commissioning. Continued service via phone/online where possible
Post Diagnostic Support & Community Connections	Alzheimer Scotland	Falkirk	0.184	A	Paused/Altered	Increase in stress and distress reported due to Covid. Increased delivery via Tech.
NHSFV Dementia Activity Co-ordinators	NHS	Falkirk	0.045	R	N/A	Return not received
ARBD Case Management Model	NHS	Forth Valley	0.080	A	Paused/Altered	Challenges reported re lack of alcohol services in FV and long-term support
Recovery Community Dev Worker	ASC	Falkirk	0.008	G	Service Altered	Project Ended 30/6/20
			0.532			
<u>Community/Locality based</u>						
Social Inclusion Project	Transform	Falkirk	0.123	G	Service Altered	Support provided remotely and with Assertive Outreach Team.
Community Link Work	CVS Falkirk	Falkirk	0.109	A	Paused	2 of 3 workers recruited. Service paused or continued remotely.
Tackling Inequalities, Improving Outcomes (TIIO)	Transform	Falkirk	0.090	G	Service Altered	Support provided remotely and with Assertive Outreach Team.
Closer to Communities: Community Development	Falkirk Council	Falkirk	0.144	A	Paused	Workers re-focussed on supporting Community Covid response
Permission to Dream	Outside the Box	Falkirk	0.040	A	Delayed	New Project: Delayed due to Covid
Denny YMCA	Denny YMCA	Falkirk	0.025	A	N/A	Capital: Awaiting confirmation re building ownership
Living Right to the End	Strathcarron Hospice	Falkirk	0.047	A	Service Altered	Provision continued online and by phone. Volunteer visits stopped
H&SC Small Grants	Falkirk Council	Falkirk	0.020	G	Service Altered	March-May - programme altered to Covid19 response grants - 19 awards issued
			0.598			
<u>Transformation</u>						
Independent Sector Lead	Scottish Care	Falkirk	0.030	G	Altered	Hours extended via Covid Funding
Partnership Manager	CVS Falkirk	Falkirk	0.083	G	Altered	Re-focussed to support community response during Covid
Programme Support	JB	Falkirk	0.110	A	Altered	Re-focussed to support community response/HSCP link during Covid
Training & Development	JB	Falkirk	0.055	A	Paused	Requires review
			0.278			
TOTAL			3.467			