



**Item No. 6**

**Meeting Date Wednesday 9<sup>th</sup> June 2021**

**Glasgow City  
Integration Joint Board  
Finance, Audit and Scrutiny Committee**

**Report By: Sharon Wearing, Chief Officer, Finance and Resources**

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**Outturn Report 2020/21**

<b>Purpose of Report:</b>	To provide a high level overview of the Integration Joint Board's draft outturn position for 2020/21, and to seek approval for the transfer of funds to reserves to allow completion of the Integration Joint Board's accounts by the statutory deadline of 30 November 2021.
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<b>Background/Engagement:</b>	The financial position of the Glasgow City Integration Joint Board is monitored on an ongoing basis throughout the financial year and reported to each meeting of the Board.
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<b>Recommendations:</b>	<p>The IJB Finance, Audit and Scrutiny Committee is asked to:</p> <ul style="list-style-type: none"><li>a) note the contents of this report;</li><li>b) approve the transfer to earmarked and general reserves of £55.222m as outlined in paragraph 5.2 for consideration by the IJB; and</li><li>c) approve the redistribution of reserves as outlined in paragraph 5.5 for consideration by the IJB.</li></ul>
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**Relevance to Integration Joint Board Strategic Plan:**

It is important for the long term financial stability of both the Integration Joint Board and of the parent bodies that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year.

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Implications for Health and Social Care Partnership:

<b>Reference to National Health &amp; Wellbeing Outcome:</b>	None
<b>Personnel:</b>	None
<b>Carers:</b>	None
<b>Provider Organisations:</b>	None
<b>Equalities:</b>	None
<b>Fairer Scotland Compliance:</b>	None
<b>Financial:</b>	In accordance with the Integration Joint Board's Reserves Policy, approved in December 2016, it is recommended that the IJB holds sufficient funds in reserve to manage unanticipated pressures from year to year. Reserves must be reviewed on an annual basis to support budget planning and delivery of the service plan strategy. The IJB Reserve Policy recommends holding general reserves which equates to 2% of net expenditure. The Medium Term Financial Outlook also recommends a target of 2% to be achieved over the medium term.
<b>Legal:</b>	None
<b>Economic Impact:</b>	None
<b>Sustainability:</b>	None
<b>Sustainable Procurement and Article 19:</b>	None
<b>Risk Implications:</b>	It is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year.
<b>Implications for Glasgow City Council:</b>	None
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None

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### 1. Purpose

- 1.1. To provide a high level overview of Glasgow City Integration Joint Board's (IJB) draft outturn position for 2020/21, and to seek approval for the transfer of funds to reserves to allow completion of the IJB's accounts by the statutory deadline of 30 November 2021.
- 1.2. The Annual Accounts provide an overview of financial performance in 2020/21 for the IJB.

### 2. Background

- 2.1. The 2020/21 budget was approved by the IJB on 25 March 2020. In order to monitor financial performance accurately, budgets have been updated each period to reflect new monies, operational changes and any additional approvals. There have also been adjustments to income and expenditure budgets, and budget realignments between and within care groups, to reflect service reconfigurations.
- 2.2. The significant budget changes since Month 10/Period 11 are as follows;

Explanation	Changes to Expenditure Budget	Changes to Income Budget	Net Expenditure Budget Change
General Medical Services (GMS) recharge COVID superannuation	97,174		97,174
Backfill Open University Students	55,000		55,000
District Nursing Funding	275,755		275,755
Primary Care Deep End Pioneer Maternity costs	48,676		48,676
Adult Social Care Winter Plan Tranche 2	4,563,696		4,563,696
Further Integration Authority Support	11,924,264		11,924,264
Community Living Change	2,739,050		2,739,050
General Medical Services (GMS) HSCP adjustments	4,356,090		4,356,090
Specialist Children Services GCC Change Fund income	300,000	- 300,000	-
West of Scotland uplift on income for MH beds	139,279	- 139,279	-
Adult Social Care - Care home hub	451,664		451,664
Hospices Additional Funding	2,659,558		2,659,558
Shielding Social Care Provider Funding	121,980		121,980

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<b>Explanation</b>	<b>Changes to Expenditure Budget</b>	<b>Changes to Income Budget</b>	<b>Net Expenditure Budget Change</b>
Hospice Staff £500 payment funding	305,877		305,877
William St Refurbishment Funding	400,000		400,000
£500 Payment Funding for HSCP Staff (NHS)	2,544,597		2,544,597
Scottish Government Funding : Pay Settlement	2,604,898		2,604,898
Hscp Non Cash Limited 2020-adj M12	- 576,776	- 149,992	- 726,768
Reduction to Property Management Charge from Council	- 147,100	-	- 147,100
Care Experienced Funding	571,000	- 571,000	-
Winter Plan Funding	4,220,106	- 4,220,106	-
Grossing up of SWS Budgets to Reflect Income Recoveries	23,798,881	- 23,798,881	-
Housing Benefit Subsidy Realignment	4,591,892	- 4,591,892	-
Children and Young People Mental Health Funding	1,737,000	-	1,737,000
Rapid Rehousing Funding	772,000	-	772,000
Net Transfer of Funding for Eclipse Capital Programme	- 2,008,704	-	- 2,008,704
Transfer of Funds for Strain on the Fund Costs	- 161,035	-	- 161,035
Capital Accounting for Butterbiggins	- 119,325	-	- 119,325
Other Minor Adjustments	270,695	- 276,147	- 5,453
<b>Total</b>	<b>£66,536,192</b>	<b>-£34,047,297</b>	<b>£32,488,895</b>

- 2.3. Work continues to be progressed in relation to the sum set aside for hospital services, however arrangements under the control of Integration Authorities are not yet operating as required by the legislation and statutory guidance.
- 2.4. In the meantime, IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2020/21 annual accounts. Similar to last year the set aside figures will be based on actual expenditure. The set aside figure for 2020/21 has been confirmed as £237.371m.

### **3. Reserves Policy**

- 3.1 At its meeting of 9 December 2016, the IJB approved the Reserves Policy, which recommended creation of reserves of up to 2% of net expenditure. Based on 2020/21 net expenditure (excluding COVID expenditure in both services and set aside) this amounts to £27.8m. This amount refers to general

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reserves only and excludes any earmarked reserves which are held for specific purposes.

- 3.2 Reserves is a key component of the IJB's funding strategy. The IJB held reserves of £45.349m at the 31st March 2020, of which £31.351m was earmarked to support the delivery of projects which span financial years and is required to enable the IJB to deliver on national outcomes. The remaining balance of £13.998m is general reserves which are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. This equates to 1.0% of the IJB's net expenditure, and last year, Audit Scotland recognised that the IJB was continuing to progress against its longer-term target of 2%.
- 3.3 It is important for the long-term financial stability and the sustainability of the IJB that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Similarly, it is also important that in-year funding available for specific projects and government priorities are able to be earmarked and carried forward into the following financial year, either in whole or in part, to allow for the spend to be committed and managed in a way that represents best value for the IJB in its achievement of the national outcomes.

## 4. Outturn Position

- 4.1 Budget Monitoring throughout 2020-21 has forecast an operational underspend of £14.3m. However, it was recognised that this outturn had been completed with a high level of uncertainty. The IJB operated under the powers introduced by the emergency legislation in relation to Covid 19 during 2021-21. As a result, we had expected our final position to change as we continued to respond to the challenges of the pandemic over the winter months and awaited confirmation of future funding allocations from the Scottish Government. The final operational position secured was an underspend of £17.9m and is shown in the table below.

	Note	£ millions
Underspends as a result of vacancies and staff turnover	1	-9.2
Underspend in services as a result of impact of COVID-19 on demand	2a	-3.3
Reduction in purchased care home places as a result of COVID-19	2b	-1.9
Underspend in spend on supplies and services and transport as a result of services operating at a reduced capacity during the pandemic	2c	-1.2
Delay in progressing the tender activity for Family Support Services, which has been impacted by responding to the pandemic	2d	-1.3
Underspend in prescribing as a result reduced volumes during the pandemic	2e	-2.3
<b>Total Underspend</b>		<b>-19.2</b>
Less		
Health visitor regrading currently unfunded	3	1.3
<b>Net operational underspend related to 20/21 activity</b>		<b>-17.9</b>

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### Notes

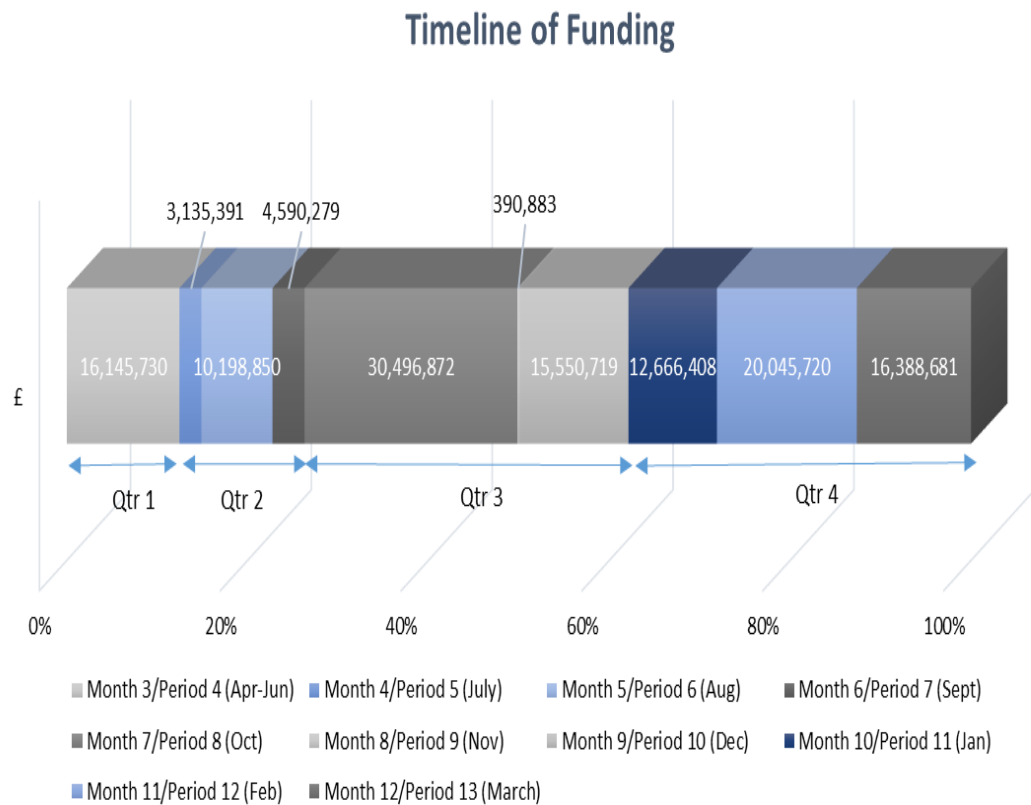
1. Employee recruitment continues to represent a challenge both in terms of timescales to recruit and the availability of the skills mix required within the workforce market, especially in the current pandemic. A number of actions continue to be progressed including streamlining recruitment processes, aligning recruitment timescales with the availability of newly qualified professionals, development of targeted recruitment and training strategies to develop existing and new staff to meet the skills requirements of our services. In addition to this the HSCP has undertaken a recruitment campaign on TV and Radio this year to increase the profile of the HSCP and the range of jobs available. This has generated a high level of interest and it is anticipated that this will have a positive impact on recruitment. The pandemic has had an impact on our ability to keep pace with the recruitment of vacancies. Work continues and will continue to progress in 2021/22.
2. COVID-19 has had a significant impact on HSCP services both in terms of our ability to support the delivery of existing services and the need for us to divert resources to the delivery of new services as part of the national response to the pandemic. This has impacted on our financial performance in the following ways:-
  - a) The pandemic has impacted on the ability of the HSCP and our providers to respond to service demand during this period. Many services have been required to prioritise service delivery to emergency only, resulting in a back log of cases which were waiting to be assessed during lockdown. This has resulted in an underspend. However, as lockdown restrictions are eased and services respond to the back log, spend in these areas will start to increase and it will be crucial that as part of the IJB's financial planning that funding is held in reserves to meet this demand when it comes.
  - b) The pandemic has had a significant impact on care homes with a 13% decrease in admissions levels, but also a 46% increase in discharge levels being experienced this year. Admissions have seen an increase from June to December, with reductions in April to May and from January. Discharges experienced increases in April and May and from October to January.
  - c) With services operating at reduced capacity during the pandemic this has resulted in underspends in some direct service budgets such as transport and supplies and services.
  - d) With resources focused on the response to the pandemic, tender activity for Family Support Services was delayed impacting on the commencement of this new investment area. This new contract will now go live in July 2021.
  - e) Prescribing volumes have been 4.6% lower than last year, with demand for prescriptions being lower during the pandemic. This has negated the impact of higher prices due to short-supply; in addition, there are one-off windfalls from discount rebates and tariff swap reduction.
3. There is a funding gap in relation to Health Visitors following a national regrading which took place a number of years ago. This has resulted in an overspend of £1.3m, for which no funding has been made available

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nationally.

4.2 In addition to this there are local and national priorities which will not be completed until future financial years and require funding to be carried forward (£37.3m). The relates to ring-fenced funding which has been received to meet specific commitments and must be carried forward to meet the conditions attached to the receipt of this funding. This is higher than normal and reflects the additional funding which has been secured during the year to implement national policy commitments. It is also reflective of the timing of when this funding was received and the difficulty in securing full spend before the financial year end. The graph below demonstrates the timeline of when funding was received, with 36% and £46.3m (£2.3m) being received in Quarter 3 and 38% and £49.1m (£5.8m) in Quarter 4. The figures in brackets are the comparator for the same time last year. Full details of the funding required to be carried forward are shown in section 5.



4.3 The planning and delivery of health and social care services has had to adapt to meet the significant public health challenge presented by the Covid-19 pandemic. As the situation has changed over the last year, the IJB has responded to changes in restrictions, lockdowns and frequently changing guidance on a range of COVID related matters issued to health and social care from Scottish Government, Health Protection Scotland and other bodies.

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4.4 Critical frontline services have continued to be delivered during this period and the IJB has been able to respond quickly in providing additional support to services, assisted by its strong financial position and the ability to access reserves, if needed, to meet financial commitments whilst national funding arrangements were put in place. In addition, the IJB has been required to deliver new services with partners to support the national response to the pandemic including:

- Roll out of the COVID-19 vaccination programme
- Distribution of PPE and testing kits to our own services and those delivered by the third and independent sector and unpaid carers
- New dedicated Community Assessment Centre to provide streamlined services to assess people presenting with COVID-19 symptoms
- Supporting staff and communities health and wellbeing during the pandemic
- Financial support to vulnerable children and families across the City, recognising the impact of poverty during the pandemic
- Optimising the use of the City's hotel accommodation to respond to the demand for homeless services
- Introduction of Mental Health Assessment Units to minimise attendance of Mental Health patients at Emergency Departments and deliver a streamlined service for assessments
- Additional financial support to third and independent social care providers who are key to our response to the pandemic

4.5 The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. The 2020/21 accounts include £45.8m of additional costs as a result of COVID-19. This has been fully funded by the Scottish Government and these accounts have been prepared on the assumption that this will continue to be the case moving forward into 2021/22. Set Aside costs also include £20.7m of COVID costs, again this has been fully funded by the Scottish Government.

4.6 IJB Accounts can only include expenditure which is undertaken on a principal basis. The IJB acts as principal when it controls the transaction and has responsibility for making decisions in relation to how it is enacted. During 2020/21 the Scottish Government passported £5.638m of funding for hospices which the IJB acted as agent and simply passed the funding on. The Accounting Code of Practice requires these to be omitted from our accounts, therefore this expenditure does not form part of this outturn report.

## 5. Reserves Position

5.1 During 2020-21, £3.699m of IJB Reserves has been drawn down to match the commitments for which they were earmarked.

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5.2 In closing the annual accounts, the IJB is required to decide how it wishes to treat the underspend within the accounts. The table below shows full details of the proposed earmarking for the IJB to approve. The first section of the table identifies £37.322m of earmarking which is required to ensure that funding is carried forward to deliver on the local and national priorities for which funding has been secured.

<b>Local and National Priorities Which Will Not Be Completed Until Future Years</b>	<b>£000's</b>
Scottish Government funding: Regional Sexual Assault Centre	£391
Scottish Government funding: Alcohol Drug Partnership	£144
Scottish Government funding: Alcohol Drug Partnership	£150
Scottish Government funding: Alcohol Drug Partnership Local Improvement Fund	£1,391
Scottish Government funding: Alcohol Drug Partnership Drug Death Task Force	£459
Scottish Government funding: Alcohol Drug Partnership Drug Deaths	£389
Scottish Government funding: Action 15	£1,638
Scottish Government funding: Primary Care Improvement Plan	£5,309
Scottish Government funding: Primary Care Additional Community Link Workers	£600
Scottish Government funding: Perinatal	£318
Scottish Government funding: Wellbeing Funding	£20
Scottish Government funding: District Nursing	£120
Scottish Government funding: Winter Planning	£1,055
Scottish Government funding: Mental Health	£1,658
Scottish Government funding: Rapid Rehousing	£1,350
Scottish Government funding: Criminal Justice	£230
Scottish Government funding: Further Integration Authority Support (COVID)	£11,924
Scottish Government funding: Adult Social Care Winter Plan - Tranche 2 (COVID)	£4,564
Scottish Government funding: Community Living Change Funds	£2,739
Scottish Government funding: COVID funding	£637
Other Funding: Health Improvement Programmes	£299
Other Funding: NSS funding for posts	£69
Other Funding: Analogue to Digital Telecare Post	£80
Other Funding: Refugee Funding	£1,331
Other Funding: William Street	£400
Other Funding: Health and Social Care Scotland Funding	£57
<b>Total Earmarking for Specific Funding</b>	<b>£37,322</b>
<b>Proposed Use of General Underspend</b>	<b>£000's</b>
Increase General Reserves to 2%	£13,503
Homeless Alliance - Mobilisation Costs	£647
Primary Care Improvement Plan Investment	£3,000
Parkhead HUB	£750
<b>Total Proposed Use of General Underspend</b>	<b>£17,900</b>
<b>Total to be Earmarked</b>	<b>£55,222</b>

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5.3 The second section of the table identifies the recommended use of the operational underspend outlined in section 4.1 above. The following proposals are recommended for approval:

- a) Increasing the General Reserve to 2% to provide the IJB with the recommended contingency to deal with the risks which will exist in 2021/22 in relation to further COVID costs, potential financial implications of BREXIT, inflationary pressures and the ability to deliver on existing and further transformational savings while we respond to the pandemic. Risks are further explored in section 6.
- b) Funding of costs required to support the mobilisation of the homeless alliance
- c) Investment in Health Centres within the City, with works targeted at both clinical areas and other patient areas in order to benefit the delivery of primary care services within Glasgow. This programme has been developed during 2020/21 with approval now received from the Health Board delivering an overall package of investment of £7.2m, including a contribution of £1.3m from the Health Board.
- d) A contribution to the work required to desilt the Camlachie Burn to facilitate the Parkhead Hub surface water management.

5.4 A review of all reserve balances has also been undertaken and £3.218m of reserves from previous financial years have been identified for reclassification as there are no longer commitments or planned expenditure due as liable. This will be used to support the implementation of Eclipse which will replace our social care IT system Carefirst and to support the delivery of a general reserve balance at the target set.

5.5 Full details are shown below:

<b>Reserves Available for Redistribution</b>	<b>3.218</b>
<b>Proposals for Redistribution</b>	
Implementation of Eclipse, Replacement of Carefirst	2.900
Transfer to General Reserves	0.318
<b>Total</b>	<b>3.218</b>

5.6 If approved, this will result in a general reserve of £27.819m, which represents the 2% target set and earmarked reserves of £69.053m.

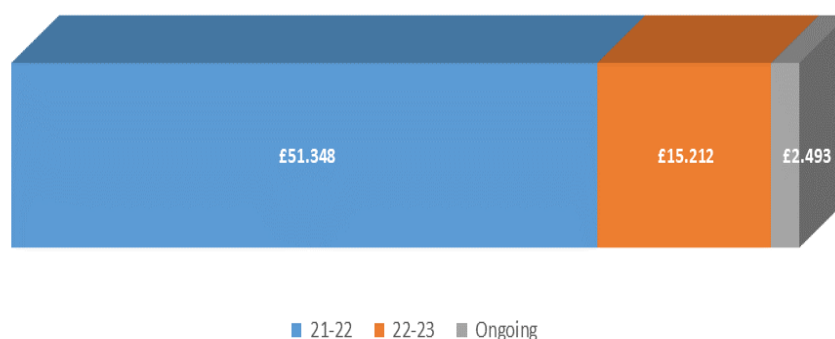
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Balance at 31 March 2020 £000		Transfers Out £000	Transfers In £000	Redistribution of Reserves £000	Balance at 31 March 2021 £000
31,351	Earmarked	(3,699)	41,719	(318)	<b>69,053</b>
13,998	Contingency	-	13,503	318	<b>27,819</b>
<b>45,349</b>	<b>General Fund</b>	<b>(3,699)</b>	<b>55,222</b>	<b>-</b>	<b>96,872</b>

5.7 The Ministerial Steering Group’s Review of Integration identified the need for each IJB to develop a transparent and prudent reserves policy. This policy is required to ensure that reserves are identified for a purpose and held against planned expenditure or held as a general reserve as a contingency to cushion the impact of unexpected events or emergencies. Reserves of IJB’s should not be built up unnecessarily. Glasgow City IJB’s current reserve policy complies with all of these requirements.

5.8 The Ministerial Steering Group requested that timescales for the use of reserves are identified. The graph below illustrates the expected timescale for the use of earmarked reserves with £51.348m (74%) expected to be drawn down in 2021-22. £15.212m (22%) will be drawn down in 2022-23. The remaining £2.493m (4%) are for projects which will span more than one financial year and there is no definitive end date, however monies will begin to be drawn down in 2021-22.

**TIMESCALE FOR USE OF EARMARKED RESERVES**



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### 6. Risks and Budget Pressures

6.1 As described at paragraph 3.3 above, it is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. The Medium Term Financial Outlook considered a number of areas of risk and the potential financial implications for the IJB.

Sensitivity Analysis	Change in Assumption	2021/22 £000's	2022/23 £000's	2023/24 £000's
Funding from Health Board	Increase of 1%	- 5,741	- 5,586	5,845
Funding from the Council	Increase of 1%	- 4,263	4,339	4,267
Inflation : Pay	Increase of 1%	4,799	4,886	4,995
Inflation and Contractual Commitments : Non Pay	Increase of 1%	1,993	3,772	3,908
Demographics, Deprivation and Health	Increase of 1%	300	1,500	1,500

6.2 The 2021/22 budget makes a number of assumptions in relation to pressures and if these deviate from these assumptions then general reserves may be required to mitigate the risks.

6.3 In addition, a number of ongoing budget pressures will continue into 2021/22, and the IJB will be advised of the impact of these within regular budget monitoring statements, together with proposed management actions to mitigate these budget pressures.

6.4 There are also a number of risks which are outwith the control of the IJB such as the cost of drugs, the impact of BREXIT and the required response to COVID.

6.5 All of these risks require the IJB to hold a contingency which is sufficient to enable the IJB to respond and also continue to remain financially viable. As a result, this report recommends the holding of 2% in general reserves.

### 7. Recommendations

7.1. The IJB Finance, Audit and Scrutiny Committee is asked to:

- a) note the contents of this report;
- b) approve the transfer to earmarked and general reserves of £55.222m as outlined in paragraph 5.2 for consideration by the IJB; and
- c) approve the redistribution of reserves as outlined in paragraph 5.5 for consideration by the IJB.