



**Item No. 6**

**Meeting Date Wednesday 15<sup>th</sup> June 2022**

**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 2021/22**

<b>Purpose of Report:</b>	To provide a high level overview of the Integration Joint Board's draft outturn position for 2021/22, 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 2022.
<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.
<b>Governance Route:</b>	<p>The matters contained within this paper have been previously considered by the following group(s) as part of its development.</p> <p>HSCP Senior Management Team <input type="checkbox"/></p> <p>Council Corporate Management Team <input type="checkbox"/></p> <p>Health Board Corporate Management Team <input type="checkbox"/></p> <p>Council Committee <input type="checkbox"/></p> <p>Update requested by IJB <input type="checkbox"/></p> <p>Other <input type="checkbox"/></p> <p>Not Applicable <input checked="" type="checkbox"/></p>
<b>Recommendations:</b>	<p>The IJB Finance, Audit and Scrutiny Committee is asked to:</p> <p>a) note the contents of this report; and</p> <p>b) approve the transfer to earmarked and general reserves of £112.393m as outlined in paragraph 5.2 for consideration by the IJB.</p>

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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.

### **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 2021/22, 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 2022.
- 1.2. The Annual Accounts provide an overview of financial performance in 2021/22 for the IJB.

### 2. Background

- 2.1. The 2021/22 budget was approved by the IJB on 24 March 2021. 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 11/Period 12 are as follows;

Explanation	Changes to Expenditure Budget	Changes to Income Budget	Net Expenditure Budget Change
Medication Assisted Treatment Implementation Support Team Taskforce Funding	£715,842	£0	£715,842
Capital To Revenue Transfer: PCIP Premises Phase 1	£890,000	£0	£890,000
General Medical Services (GMS) recharges to HSCPs	(£1,029,289)	£0	(£1,029,289)
Care Home Oversight Funding	£635,851	£0	£635,851
Mental Health Recovery & Renewal Funding: Facilities Project	£1,789,605	£0	£1,789,605
Primary Care Funding: Estates	£238,614	£0	£238,614
Primary Care Funding: Mental Health & Wellbeing	£122,302	£0	£122,302
Psychiatry Funding	£175,000	£0	£175,000
Scottish Government Young People Mental Health Funding	£868,500	(£868,500)	£0
Young Peoples Mental Health Funding	(£638,579)	£638,579	£0
Winter Plan Funding Adjustment	(£2,032,000)	£2,032,000	£0
Personalisation Grossing Up Adjustment	£384,442	(£384,442)	£0
Residential and Supported Living (PD) Grossing Up Adjustment	£229,677	(£229,677)	£0
Supported Living Adjustment	£100,832	(£100,832)	£0
Older People Grossing Up Adjustment	£830,561	(£830,561)	£0
Adult Direct Payments Grossing Up Adjustment	£4,560,555	(£4,560,555)	£0

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Care Home Grossing Up Adjustment	£17,513,254	(£17,513,254)	£0
<b>Explanation</b>	<b>Changes to Expenditure Budget</b>	<b>Changes to Income Budget</b>	<b>Net Expenditure Budget Change</b>
Homelessness Grossing Up Adjustment	£368,360	(£368,360)	£0
Housing Benefit Subsidy Adjustment	£4,354,189	(£4,354,189)	£0
Homelessness Bed & Breakfast Budget Adjustment	£6,552,192	(£6,552,192)	£0
Adult Social Care Uplift	£5,503,000	£0	£5,503,000
Other Minor Adjustments	£489,869	£236,198	£726,066
<b>Total</b>	<b>£42,622,777</b>	<b>-£32,855,786</b>	<b>£9,766,991</b>

- 2.3. IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2021/22 annual accounts. Similar to last year the set aside figures will be based on actual expenditure. The set aside figure for 2021/22 has been confirmed as £235.618m.

### **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.
- 3.2 Reserves is a key component of the IJB's funding strategy. The IJB held reserves of £116.872m at the 31st March 2021, of which £89.053m 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 £27.819m 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 equated to 2.0% of the IJB's net expenditure in 2020/21.
- 3.3 Based on 2021/22 net expenditure (excluding COVID expenditure in both services and set aside) the target of 2% would represent a target general reserve of £29.2m. This amount refers to general reserves only and excludes any earmarked reserves which are held for specific purposes.
- 3.4 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 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 has reported an underspend throughout 2021-22. The IJB has continued to operate under the powers introduced by the emergency legislation in relation to Covid 19 during 2021-22. As a result, financial performance has continued to change as the IJB has been required to adapt in response to the challenges of the pandemic. The IJB has also experienced increased Scottish Government funding to meet the increased demand being

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experienced across client groups. This is reflected in the final operational underspend of £18.2m and is shown in the table below.

	Note	£ m
<b>Impact of Pandemic on Service Delivery</b>		
Underspend in personalisation care packages	1	-4.0
Underspend in purchased care home places	2	-5.8
Underspend in spend on supplies and services and transport	3	-2.9
<b>Total Underspend As a Result of the Impact of the Pandemic</b>		<b>-12.7</b>
<b>Operational Service Delivery</b>		
Underspends as a result of vacancies and staff turnover	4	-8.5
Underspend as a result of increased income recoveries	5	-4.5
Underspend in prescribing budget	6	-1.8
<b>Total Underspend in Operational Service Delivery</b>		<b>-14.9</b>
Less		
Health visitor regrading currently unfunded	7	1.1
Non delivery of savings	8	2.8
One-off investment in property portfolio and IT infrastructure to support service delivery	9	1.6
Shortfall in funding provided to meet pay settlements for 2021-22	10	2.1
Homelessness - Operational Overspend	11	1.7
<b>Total Pressures/Investments in Operational Service Delivery</b>		<b>9.3</b>
<b>Net Underspend in Operational Service Delivery</b>		<b>-5.5</b>
<b>Total Underspend Related to 21/22 Activity</b>		<b>-18.2</b>

## Notes

### Impact of Pandemic on Service Delivery

1. The pandemic has impacted on the ability of our providers to respond to service demand during this period whilst complying with COVID guidance and restrictions such as infection control measures and social distancing. This has resulted in an underspend in personalisation care packages as a result of the Provider's inability to deliver support. In addition, some service users have chosen to temporarily reduce support.
2. The pandemic has continued to have a significant impact on care homes with an 8% decrease in admissions levels, but also a 39% increase in discharge levels being experienced compared to planning assumptions.
3. 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.

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### Impact of Operational Service Delivery

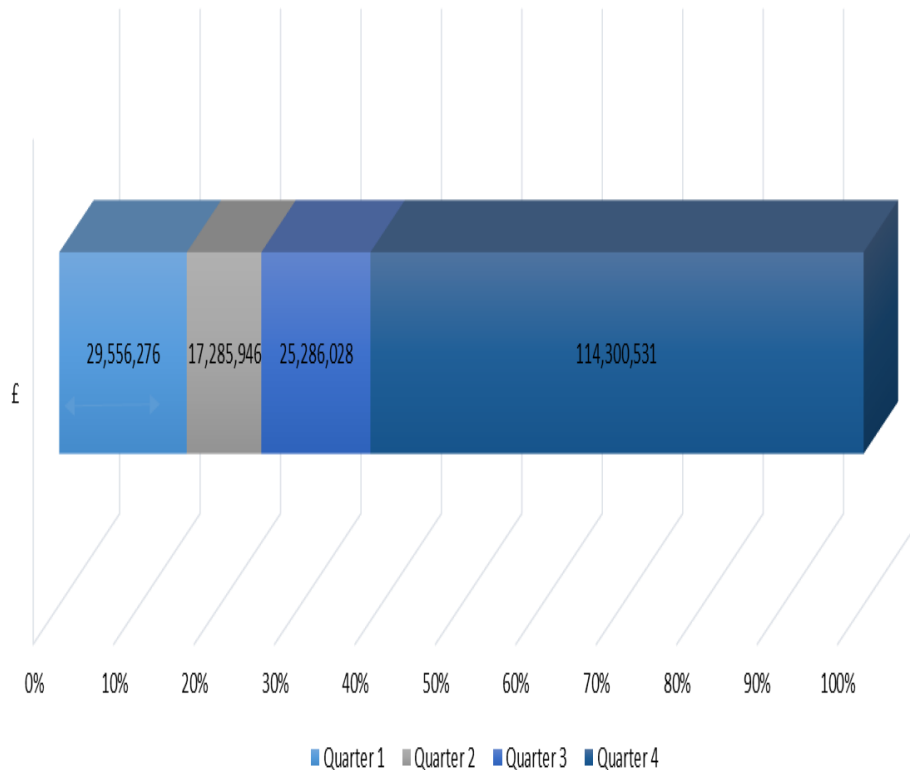
4. Employee recruitment continues to represent a challenge to the IJB. A range of factors are impacting on this including the scale of new Scottish Government funding to support our health and social care workforce and the associated recruitment, capacity of teams to recruit whilst responding to the pandemic, timescales to recruit and the availability of the skills mix required within the workforce market. We continue to align recruitment timescales with the availability of newly qualified professionals, undertake targeted recruitment and training strategies to develop existing and new staff to meet the skills requirements of our services. This will continue to be a priority in 2022-23.
  5. Additional income has been recovered mainly from two sources, firstly through recovery of financially assessed client contributions which generated an additional £2.9m and £1.7m from additional income linked to Unaccompanied Asylum Seeking Children based on cases accepted to date by the Home Office.
  6. The IJB had a budgeted prescribing contingency £1.8m which was not required in 2021-22.
  7. 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 £1.1m, for which no funding has been made available nationally.
  8. These are occurring mainly within the programmes for Maximising Independence and the Transport Review. Delivery of these savings will continue to be monitored through the Transformation Programme Board.
  9. Opportunities have been taken to undertake one-off investment across the property portfolio and IT infrastructure as part of our continued commitment to support service delivery.
  10. Full funding was not provided to meet the NHS and Council Pay Settlement for 2021-22. This has resulted in an overspend in year.
  11. The homelessness service does not operate in a full cost recovery model primarily due to the level of housing benefit which is recoverable from subsidies. As a result, as the number of units increase the deficit on the service will also increase. This deficit has increased from £1.1m in 2020-21 to £1.7m in 2021-22 and is reflective of the increase in the number of units which has been taken on during 2021-22.
- 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 (£94.2m). This 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

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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 14% and £25.3m (£46.3m) being received in Quarter 3 and 61% and £114.3m (£49.1m) 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.

### Timeline of Funding



4.3 COVID-19 has had a profound impact on all of your lives and the services we have delivered in the last two years. The IJB has been actively responding to the COVID-19 pandemic since February 2020. This has required us to continually adapt and transform our services and deliver new services in response to the pandemic.

4.4 Critical frontline services have continued to be delivered during this period and the IJB has continued to support service delivery across the City including additional investment to ensure that patients and service users get the support they need. This has included:-

- The continued roll out of the COVID-19 vaccination programme
- 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
- Additional financial support to third and independent social care providers and hospices who are key to our response to the pandemic
- Additional investment in children and adolescent mental health services

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- Additional investment to support the provision of homecare services across the City
- Additional funding has also been made available to support the increase in demand for services which has been experienced across all client groups, but in particular Adults and Older People services.

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) continued to be significant in 2021-22. The 2021-22 annual accounts include £33.8m of additional costs as a result of COVID-19. A high level summary of how this funding was used is shown in the table below.

<b>Categories of Spend</b>	<b>£ millions</b>
Homelessness and Criminal Justice	10.5
Additional Staffing to Support Services	9.1
Provider Sustainability Payments	8.8
Community HUBS	3.5
Additional Infection and Control Measures	1.1
Support of Care Home Testing	0.4
Other Minor incl additional equipment and wellbeing supports	0.4
<b>Total COVID Spend</b>	<b>33.8</b>

4.6 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 2022/23. Set Aside costs also include £17.5m of COVID costs, again this has been fully funded by the Scottish Government.

4.7 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 2021/22 the Scottish Government passported £14.777m of funding where the IJB acted as agent and simply passed the funding on:-

- £2.533m funding for Hospices
- £12.244m £500 payments to social care staff within the public and private sector and community link workers

4.8 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 2021-22, £53.9m of IJB Reserves has been drawn down to match the commitments for which they were earmarked.

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 £94.197m 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.

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<b>Local and National Priorities Which Will Not Be Completed Until Future Years</b>	<b>£000's</b>
Scottish Government : Action 15 of the Mental Health Strategy	1,372
Scottish Government : ADP Drug Related Death	349
Scottish Government : ADP Frontline Services	254
Scottish Government : ADP MAT Implementation (MIST)	716
Scottish Government : ADP Program for Government (DDTF)	623
Scottish Government : ADP Program for Government (LIF)	734
Scottish Government : CAMHS Waiting List	76
Scottish Government : Care Experienced	143
Scottish Government : Children's 1st	67
Scottish Government : Community Perinatal Mental Health	137
Scottish Government : COVID	65,602
Scottish Government : District Nursing	161
Scottish Government : Expansion of Primary Care Estates	239
Scottish Government : Improvements to Forensic Medicine	3
Scottish Government : LGBT+ Needs Assessment	8
Scottish Government : Mental Health	1,327
Scottish Government : Mental Health Recovery & Renewal Psychological Therapies Phase 1	1,104
Scottish Government : Mental Health Recovery & Renewal Psychological Therapies Phase 2	860
Scottish Government : Mental Health Recovery & Renewal Specialist Children Services	3,991
Scottish Government : Mental Health Renewal & Recovery Adult Eating Disorders	473
Scottish Government : Mental Health Renewal & Recovery Mental Health Facilities Improvement	1,790
Scottish Government : Mental Health Support for Covid Hospitalisations (Cossette)	300
Scottish Government : National Mission	1,611
Scottish Government : National Trauma Training	50
Scottish Government : PCIP	2,864
Scottish Government : PCIP GP Improvements	570
Scottish Government : PCIP Winter Pressures	143
Scottish Government : Promise Funding	65
Scottish Government : Rapid Rehousing	258
Scottish Government : Sexual Assault Regional Centre	30
Scottish Government : STI Testing (National BBV program)	49
Scottish Government : Wellbeing	456
Scottish Government : Wellbeing in Primary Care	118
Scottish Government : Whole Family Wellbeing	548
Scottish Government : Winter Planning Funding	5,374
Other Funding : Child Healthy Weight	135
Other Funding : Dementia Support Funding	418
Other Funding : Gender Based Violence Grant (My Body Back)	9
Other Funding : PCIP Premises Phase 1	890
Other Funding : Support Practice Learning	36

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Other Funding : Telecare	112
Other Funding : Tobacco	70
Other Funding : Welfare Advice in Health Partnership	62
<b>Total Earmarking for Specific Funding</b>	<b>94,197</b>
<b>Proposed Use of General Underspend</b>	<b>£000's</b>
Investment in Infrastructure: Project Costs (Property and Infrastructure)	4,895
Single Point of Access : Transition Funding (2 years)	5,328
Eclipse : Implementation Costs	4,574
HSCP Office 365 Year 1 Costs	981
Homeless Alliance	659
Assisted Living : Aids and Adaptations	320
Hospices : Transition Funding to Support Service Review (6 months)	284
Financial Inclusion : Transition Funding (1 year)	205
Investment in Infrastructure: Project Managers	188
Increase General Reserve – Balance of Funds Available	762
<b>Total Proposed Use of General Underspend</b>	<b>18,196</b>
<b>Total to be Earmarked</b>	<b>112,393</b>

5.3 This includes £65.6m of COVID funding which is to be utilised in 2022-23. This funding recognises the significant disruption to services and the backlog of demand as well as increasing unmet need and frailty of service users. Investment is needed across day care services, care at home and to support unscheduled care, to keep people within the community, where possible and safe to do so, to avoid unplanned admissions and impacts on delayed discharges. Alongside this is the impact on mental health and services have been stepped up through, for example, Mental Health Assessment Units. This funding will also cover sustainability payments to social care providers and additional staff costs across Health & Social Care.

5.4 A high level projection has been undertaken, based on current guidance, and estimates that spend is likely to be focused in the following areas in the year ahead. This forecast reflects an action plan which has been developed to plan for recovery and the removal of funding anticipated from 2023-24. As you would expect, final plans will be dependent on the guidance which services are subject to in relation to the COVID response and therefore these projections will be subject to change.

<b>Categories of Spend</b>	<b>£ millions</b>
Homelessness and Criminal Justice	7.2
Additional Staffing to Support Services	7.4
Provider Sustainability Payments	5.0
Community HUBS	2.3
Additional Infection and Control Measures	1.1
Additional FHS Prescribing and Contractor Costs	0.9
Support of Care Home Testing	0.4
PPE - Supplied via HUBS	4.3

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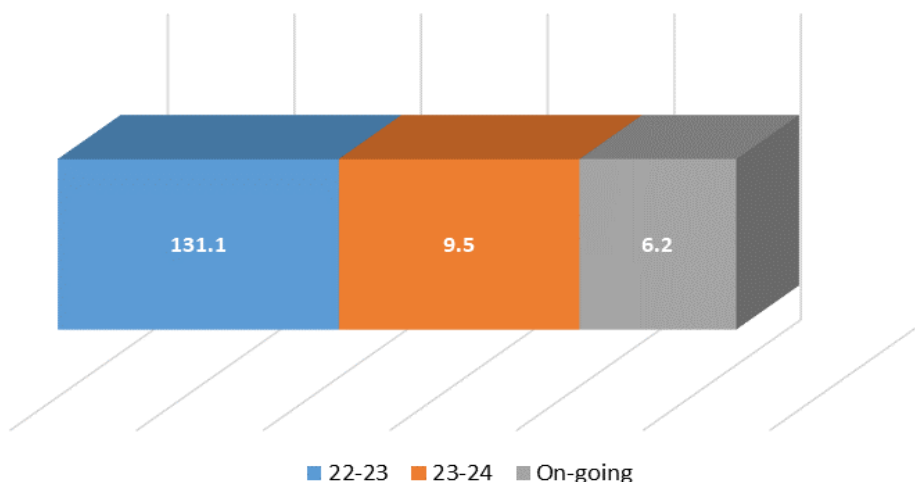
Other Minor incl additional equipment and wellbeing supports	0.0
<b>Total COVID Spend</b>	<b>28.6</b>

- 5.5 This forecast will not fully utilise the funding available. This will be the subject of further discussion and reporting to the IJB.
- 5.6 If approved, this will result in a general reserve of £28.581m, which represents in percentage terms 1.95% against the target set and earmarked reserves of £146.791m.

Balance at 31 March 2021 £000		Transfers Out £000	Transfers In £000	Redistribution of Reserves £000	Balance at 31 March 2022 £000
89,053	Earmarked	(53,894)	111,631	0	<b>146,791</b>
27,819	Contingency	0	762	0	<b>28,581</b>
<b>116,872</b>	<b>General Fund</b>	(53,894)	112,393	-	<b>175,372</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 £131.1m (89%) expected to be drawn down in 2022-23. £9.5m (7%) will be drawn down in 2023-24. The remaining £6.2m (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 2022-23.

## TIMESCALE FOR USE OF EARMARKED RESERVES



### 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	2022/23 £000's	2023/24 £000's	2024/25 £000's
Health funding	Increase of 1%	- 5,269	- 5,985	- 6,841
GGC funding	Increase of 1%	- 4,381	- 5,030	- 5,030
Pay award inflation	Decrease of 1%	- 5,286	- 5,784	- 5,893
Inflation Non Pay	Decrease of 1%	- 1,452	- 4,328	- 4,384
demographics inflation	Decrease of 1%	- 1,069	- 1,167	- 1,167
<b>Total</b>		- <b>17,457</b>	- <b>22,294</b>	- <b>23,315</b>

6.2 The 2022/23 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 2022/23, 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, inflationary pressures 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 1.95% in general reserves, whilst we continue to work towards the target set of 2%.

**7. Recommendations**

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

- a) note the contents of this report; and
- b) approve the transfer to earmarked and general reserves of £112.393m as outlined in paragraph 5.2 for consideration by the IJB.