



Item No: 9

Meeting Date: Wednesday 24th June 2020

Glasgow City Integration Joint Board

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OUTTURN REPORT 2019/20

Purpose of Report:	To provide a high level overview of the Integration Joint Board's draft outturn position for 2019/20, 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 September 2020.
Background/Engagement:	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.
Recommendations:	<p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> a) note the contents of this report; b) approve the transfer to earmarked reserves of £14.279m as outlined in section 5; and c) approve the transfer of £0.701m to earmarked reserves from general reserves to support the maximising independence programme.

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:

Reference to National Health & Wellbeing Outcome:	None
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Personnel:	None	
Carers:	None	
Provider Organisations:	None	
Equalities:	None	
Fairer Scotland Compliance:	None	
Financial:	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. Longer term the IJB Reserve Policy recommends holding general reserves which equates to 2% of net expenditure. The Medium Term Financial Outlook set a target of 1.5% to be achieved over the medium term.	
Legal:	None	
Economic Impact:	None	
Sustainability:	None	
Sustainable Procurement and Article 19:	None	
Risk Implications:	It is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year.	
Implications for Glasgow City Council:	None	
Implications for NHS Greater Glasgow & Clyde:	None	
Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	
	2. Glasgow City Council	✓
	3. NHS Greater Glasgow & Clyde	
	4. Glasgow City Council and NHS Greater Glasgow & Clyde	

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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 2019/20, 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 September 2020.
- 1.2 The Annual Accounts provide an overview of financial performance in 2019/20 for the IJB.

2. Background

- 2.1 The 2019/20 budget was approved by the IJB on 26 June 2019. 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
Distinction Awards	£174,147	£0	£174,147
GP Improvement Grants	£241,108	£0	£241,108
PCIP Fund 2019/20 - Tranche 3	£568,365	£0	£568,365
Non Cash Ltd (NCL) General Dental Services (GDS)	-£112,500	£0	-£112,500
Non Cash Ltd (NCL) General Ophthalmic Services (GOS)	-£235,200	-£291	-£235,491
ADP - Tranche 3	£495,000	£0	£495,000
Mental Health Strategy Action 15 Workforce	£203,305	£0	£203,305
Scottish Government funding COVID-19	£796,470	£0	£796,470
GMS Cross Charges Final Adjustments	-£353,238	£0	-£353,238
GMS Cross Charges Recurring	£1,813,934	£0	£1,813,934
Non Cash Limited (NCL) Final Adjustments	£559,717	£264,437	£824,154
Multi Treatment Foster Care (MTFC)	£89,749	-£89,749	£0
Community Health Act income	£96,236	-£96,236	£0
Various Secondment Income	£80,857	-£80,857	£0
Re-alignment of SWS budgets with PALS Services	£707,400	-£219,000	£488,400
Grossing up of SWS Budgets to Reflect Income Recoveries	£26,237,667	-£26,237,667	£0
Funding of Homecare Services Deficit	£2,493,000	£0	£2,493,000
Transfer of Capital Expenditure Funded By Revenue to Capital Account	-£1,555,312	£0	-£1,555,312
Care Experienced Young People Funding	£950,067	-£950,067	£0
Rapid Rehousing Transition Funding	£1,322,000	£0	£1,322,000
Minor Movements	£530,184	-£182,408	£347,776
Total	£35,102,956	-£27,591,837	£7,511,119

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- 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 2019/20 annual accounts. NHS Greater Glasgow & Clyde are now in a position to report the set aside figures based on actual expenditure. In previous years this had been done based on a notional budgets for set aside using NRAC activity and information from the cost book. Actual figures are now available based on a much more detailed approach including actual spend and activity for each year. The set aside figure for 2019/20 has been confirmed as £216.158m.

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 2019/20 net expenditure this amounts to £26.8m. This amount refers to general 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 £46.878m at the 31st March 2019, of which £32.627m 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 £14.251m 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 1.1% 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 2019-20 has forecast an underspend of £8.5m. The final position secured in relation to these areas was an underspend of £7.9m and is shown in the table below. As part of the 2019-20 budget it was assumed that earmarked reserves would be used to assist a phased implementation of the savings in Homelessness and to manage the demand for care home placements. On 20 November, the IJB agreed not to draw down

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these reserves in light of the overall financial position. This is reflected in the position below. In light of the increasing demands on services due to demographic, health and deprivation and also responding to COVID-19 these earmarked reserves will continue to be held and will be reviewed during 2020-21.

	Note	£ millions
Underspends as a result of vacancies and staff turnover	1	-7.5
Early delivery of transformation programme savings for 2020/21	2	-3.3
Part year implementation of local and national priorities	3	-1.7
Total Underspend		-12.5
Less		
Demographic, health and deprivation - demand higher than budget	4	0.5
Budgeted use of reserves - not drawn down in 2019/20	5	4.2
Net underspend compared to forecasted £8.5m		-7.9

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. 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. Some progress has been made with the underspend reducing from the £10.3m forecast during the year. However further work is required.
- (2) The Transformation Programme has secured early delivery of transformation savings for 2020/21 in 2019/20.
- (3) A part year implementation of investments in Carers Services has resulted in an underspend this financial year.
- (4) Overspends are being experienced within Adult Services as a result of the demand being experienced across the system within personalisation, purchased services and homeless services. This overspend is less than forecasted during the year as a result of less than anticipated admissions and discharges from care homes and the result of the level of income recovered from clients who are due to make contributions including historic debt recovery.

This demand provided a challenge in securing savings which had been planned in these areas and forms part of the overspend being reported. The Transformation Programme Board, chaired by the Chief Officer, has

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oversight of the delivery of these programmes, with 93% (£17.062m) of budgeted savings targets achieved in 2019/20. The unachieved savings are in relation to the first year of the Maximising Independence Programme, and represents a risk to delivery of future year savings including 2020/21.

- (5) As part of the 2019-20 budget it was assumed that earmarked reserves would be used to assist a phased implementation of the savings in Homelessness (£1.3m) and to manage the demand in Older People Services for care home placements (£2.9m). In light of financial performance, at outturn it was agreed that this would not be transferred from earmarked reserves.
- 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 (£3.5m). These include psychological therapies, care experienced young people and funding for a perinatal mother and baby unit. The majority of 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.
- 4.3 The removal of the risk share arrangements in 2018/19 in relation to Prescribing requires the IJB to deal with over and underspends. In 2019/20 this budget included an element of contingency, originally for potential cost consequences as a result of BREXIT. In March an estimated 20% increase in volumes as a result of COVID-19 has required us to utilise some of this contingency, leaving a balance of £3m not utilised at the end of the year.
- 4.4 Section 4.2 and 4.3 represents an additional £6.5m which requires to be earmarked, providing a total of £14.3m available for earmarking and is outlined in section 5.
- 4.5 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. In response to the pandemic the IJB has been required to move quickly and decisively. There has been significant disruption to how health and social care services across the City are currently being delivered and experienced by service users, patients and carers and this is likely to continue in the short to medium term. The HSCP has also had to implement new service areas in response to the pandemic, examples of which have included the establishment of an assessment centre to support assessment and testing of potential COVID-19 patients and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.
- 4.6 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 2019/20 accounts include £0.796m of additional

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costs as a result of COVID-19. These accounts have been prepared on the assumption that the Scottish Government will meet the additional costs experienced by the IJB and this is also the assumption which has been made moving forward into 2020/21.

5. Reserves Position

- 5.1 During 2019-20, £16.256m 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 in-year underspend of £14.279m identified at 4.4. This includes £3.5m of local and national priorities which will not complete until future years and require to be earmarked to ensure funding is in place to deliver on these commitments.
- 5.3 The 2020/21 budget approved by the IJB removed the contingency budget from Prescribing moving forward. Given the risks which still exist both in terms of COVID-19 and also BREXIT it is recommended that the underspend of £3.0m is earmarked for prescribing to enable the IJB to manage the risks associated with prescribing costs moving forward.
- 5.4 This leaves a balance of £7.9m for earmarking. In November 2019 the IJB approved an £8.5m investment to support the Maximising Independence Programme over the next two years. This was to be funded from the underspend which had been forecast earlier in the year, and therefore the balance of £7.9m which is now available. This is £0.7m lower than we had originally planned, and this report recommends that this is met by transferring £0.7m from General Reserves. Full details of the proposed earmarking are shown in the table below:-

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Local and national priorities which will not be completed until future years	£000
Rapid Rehousing	939
Criminal Justice	65
Aids and Adaptations	150
Care Experienced Young People	250
Financial Inclusion	60
Leverndale greenspace	305
Psychological Therapies - MH Outcome Framework	515
Regional SARC funding for Childrens Therapeutic support service	59
Prisons Test of Change	80
PROMIS (Trauma services)	80
CORRA funds for Homeless health service	38
Primary Medical Services (PMS) provision for PC Support	178
BP Scale Up Programme	69
GGC PC Cancer Lead	13
Child Healthy Weight - HENRY	45
GP Backscanning	400
Agile working NE MH medical services - EMIS recording	35
Perinatal Mother & Baby Unit	105
ADP local improvement funds	132
Sub Total	3,518
Prescribing	2,962
Maximising Independence	8,500
Total	14,980

Funded:-	
In Year Underspend	14,279
Transfer from General Reserves	701
Total	14,980

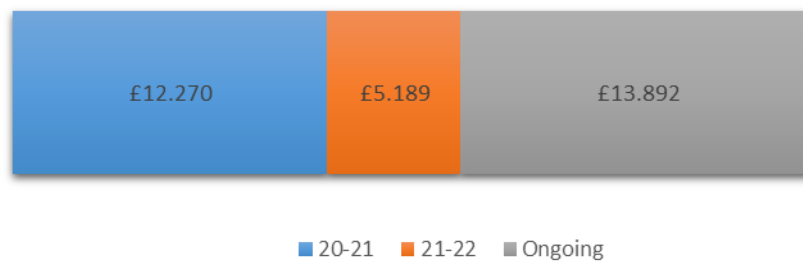
5.5 If approved, this will result in a general reserve of £13.550m, which equates to 1.0% and is a reduction of 0.1% on the position secured in 2018/19. The IJB will continue to work towards achieving the 2% target set by the IJB's Reserve Policy as opportunities arise, recognising the need for this to assist the IJB in meeting unplanned expenditure and manage the financial risks which are further explored in Section 6. See below.

Balance at 31 March 2019 £000		Transfers Out £000	Transfers In £000	Redistribution of Reserves £000	Balance at 31 March 2020 £000
32,627	Earmarked	(16,256)	14,279	701	31,351
14,251	Contingency	-	-	(701)	13,550
46,878	General Fund	(16,256)	14,279	-	44,901

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- 5.6 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.
- 5.7 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 £12.219m (39%) expected to be drawn down in 2020-21. £13.892m (44%) 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 2020-21. The remaining £5.189m (17%) will be drawn down in 2021-22.

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	2020/21 £000's	2021/22 £000's	2022/23 £000's
Funding from Health Board	Increase of 1%	- 5,043	- 5,283	5,601
Funding from the Council	Increase of 1%	- 4,128	4,238	4,093
Inflation : Pay	Increase of 1%	4,496	4,667	4,826
Inflation and Contractual Commitments : Non Pay	Increase of 1%	1,575	1,922	1,998
Demographics, Deprivation and Health	Increase of 1%	4,327	3,444	3,492

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- 6.2 The 2020/21 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 2020/21, 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 2019/20 will be the second year that the IJB has been required to utilise General Reserves, highlighting the importance of holding general balances. The proposed balance of general reserves represents 1.0% of next expenditure and is below the 2% target set. This position will be built up over time, where prudent and will be dependent on financial performance of the IJB and the availability of in year funds which can support the increase of these reserves.

7. Recommendations

- 7.1 The Integration Joint Board is asked to:
- a) note the contents of this report;
 - b) approve the transfer to earmarked reserves of £14.279m as outlined in section 5; and
 - c) approve the transfer of £0.701m to earmarked reserves from general reserves to support the maximising independence programme.



DIRECTION FROM THE GLASGOW CITY INTEGRATION JOINT BOARD

1	Reference number	240620-9
2	Report Title	Outturn Report 2019/20
3	Date direction issued by Integration Joint Board	24 June 2020
4	Date from which direction takes effect	24 June 2020
5	Direction to:	Glasgow City Council only
6	Does this direction supersede, revise or revoke a previous direction – if yes, include the reference number(s)	No
7	Functions covered by direction	All functions delegated to the IJB from Glasgow City Council and NHS Greater Glasgow and Clyde.
8	Full text of direction	Glasgow City Council is directed to carry forward reserves totalling £14.279m on behalf of the IJB as outlined in section 5 of the report.
9	Budget allocated by Integration Joint Board to carry out direction	As outlined in section 5 of the report £14.279m in reserves carried forward.
10	Performance monitoring arrangements	In line with the agreed Performance Management Framework of the Glasgow City Integration Joint Board and the Glasgow City Health and Social Care Partnership.
11	Date direction will be reviewed	June 2021.