



Item No. 10

Meeting Date Wednesday 12th June 2019

**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 2018/19

Purpose of Report:	To provide a high level overview of the Integration Joint Board's draft outturn position for 2018/19, 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 2019.
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:	The IJB Finance, Audit and Scrutiny Committee is asked to: a) note the contents of this report; b) note the transfer to earmarked and general reserves of £19.912m as outlined in paragraph 5.2; and c) note redistribution of reserves as outlined in paragraph 5.5.

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
Personnel:	None
Carers:	None
Provider Organisations:	None
Equalities:	None
Fairer Scotland Compliance:	Not Applicable
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% 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

1. Purpose

- 1.1 To provide a high level overview of Glasgow City Integration Joint Board's (IJB) draft outturn position for 2018/19, 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 2019.

2. Background

- 2.1 The 2018/19 budget was approved by the IJB on 9 May 2018. 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 12/Period 13 are as follows;

Explanation	Changes to Expenditure Budget	Changes to Income Budget	Net Expenditure Budget Change
Consultant Distinction Awards	£198,224		£198,224
Breast Feeding Pump Scheme & Peer Support	£70,000		£70,000
Integrated Grant Funding Parenting 18.19	£180,000	-£180,000	£0
GMS recurring cross-charge HSCPs 18.19	-£113,702		-£113,702
Non discount charge to HSCPs - Noncash limited (general dental services)	-£158,832	-£238,507	-£397,339
Non discount charge to HSCPs - Noncash limited (general ophthalmic services)	£70,654		£70,654
Non discount charge to HSCPs - Noncash limited (general pharmacy services)	-£77,926		-£77,926
Cordia Harmonisation 1819 to SW	£570,000		£570,000
Pay Award Budget 18-19	£2,139,349		£2,139,349
Housing First	£415,049	£415,951	£831,000
Anniesland 1660 Gt West back to SW	£86,000		£86,000
Gorbals and Health Care Centre from SW to Corporate Landlord	-£112,861		-£112,861
Transfer Care Experience Funding 18/19 to SWS	£930,360	-£930,360	£0
Budget adjustment EquipU Partnership	£140,000		£140,000
Other Minor Adjustments	£201,832	-£120,823	£81,009
Total	£4,538,148	-£1,053,740	£3,484,408

- 2.3 The table above includes funding to meet Housing First in 2018/19. Indications are that moving forward this will be funded through Scottish Government funding allocated to Corra for distribution to Housing First projects.

- 2.4 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.
- 2.5 In the meantime, IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2018/19 annual accounts. Where the required arrangements are not yet in place, Integration Authorities should use the sum identified by the Health Board and made available to the Integration Authority when the budget was agreed for 2018/19. We recognise that this means that the sum set aside recorded in annual accounts will not reflect actual hospital use in 2018/19. This is a transitional arrangement for 2018/19.
- 2.6 The set aside figure for 2018/19 has been confirmed as £129.294m. The figure is based on the average of 2014/15, 2015/16 and 2016/17 activity and costs.

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 2018/19 net expenditure this amounts to £23.9m. 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 £31.374m at the 31st March 2018, of which £23.945m 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 £7.429m 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 0.6% 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 2018-19 has forecast an underspend of £2.046m. The final position secured was an underspend of £6.999m. The increase is mainly as a result of contingency budget for Prescribing not being required and an increase in the number of vacancies experienced within the service.

The main broad themes are:-

- An underspend within Children Services, mainly as a result of early delivery of future year savings (£3.560m)
- Budgeted contingency in Prescribing not required to be utilised in 2018/19 (£3.213m)
- An underspend across a range of services due to vacancies as a result of staff turnover and delays in recruitment, and absences due to sickness and maternity leave and equates to 2.1% of the annual budget. This was partially offset by overspends in overtime and agency costs. (£8.667m)
- An underspend traditional Supported Living and Older People Purchased Day Care Services (£2.045m), which is as a consequence of the introduction of personalisation and partially off-sets the overspend being experienced in this area.

4.2 This has been off-set by overspends, the main areas being attributable to unachieved savings from 2018/19 (£3.069m) and demand within Adult Services and Older People Services (£6.588m) both of which are linked to the demand being experienced for care homes and care packages. The Transformation Programme Board continues to monitor these savings to ensure these are secured moving forward.

5. Reserves Position

5.1 During 2018-19, £4.409m of IJB Reserves has been drawn down to match the commitments for which they were earmarked. This includes the use of £2.484m of General Reserves to meet the IJB's 50% share of the overspend on Homecare Services.

5.2 In closing of the annual accounts, the IJB is required to decide how it wishes to treat the in-year underspend of £6.999m identified at 4.1. In addition there has been a number of commitments made in 2018/19 in relation to local and national priorities (£12.913m) which will not complete until future years and require to be earmarked to ensure funding is in place to deliver on these commitments. This identifies a total of £19.912m for decision. Full details of the proposed use of these funds for 2018/19 are shown below:-

Scottish Government Funding	£ millions
Primary Care Transitional Funding - PC Support	0.080
Psychological Therapies	0.666
GP Recruitment & Retention	0.375
GP Improvement Fund (Backscanning)	0.421
Breastfeeding	0.050
IT TEC Enabled Care	0.070
Alcohol and Drug Partnerships	2.002
Action 15 - Mental Health	1.207

	£ millions
Primary Care Improvement Plans	2.025
GP Sub Committee	0.061
TEC Enabled Care	0.471
Carers Act Funding	0.564
Care Experienced Young People	0.739
Sub Total	8.731
Other External Funding	
GEP Funding - Leverndale Greenspace	0.130
NES - Diabetes Teaching Module	0.010
Syrian Replacement Programme Monies (SRP)	0.827
Sub Total	0.967
Commitments for 18/19 Expenditure Delayed Until 19/20	
Support of Capital Investment Programme - Woodside/Gorbals Change Controls	0.029
LD Agile Working	0.065
Consultant Support at Fourhills	0.074
Minor Works	0.304
Parenting Programme	0.020
Orchard Grove Furniture	0.065
Generator Run Indicator Alarms	0.031
Heroin Assisted Treatment Centre	1.300
Leithland Pitches	0.078
Housing First	0.283
Refurbishments - Various Sites	0.854
Care Services Uniforms	0.112
Sub Total	3.215
Commitment to Fund Non Recurringly	
South Locality HQ Moves	0.193
Community Nursing Equipment	0.108
Sub Total	0.301
Total Earmarked Funds	13.214
Proposed Transfer to General Reserves	6.698
Total Funds to be Allocated	19.912

5.3 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.

5.4 To support this further a review of all reserve balances have been undertaken and £8.273m of reserves from previous financial years have been identified for re-classification as there are no longer commitments or planned expenditure due as liable. This is being done to support:-

- the increase of General Reserves in line with the IJB Reserves Policy
- the need for continued investment in support of service delivery
- the budget commitments identified as part of the 2019-20 revenue budget

5.5 Full details are shown below:-

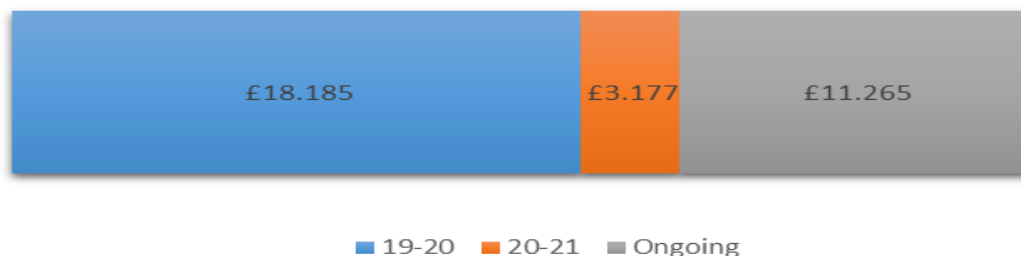
	£ millions
Reserves Available for Distribution	8.273
Refurbishments - Various Sites	0.945
2019-20 Budget - Homelessness Savings - Phasing of Delivery	1.300
2019-20 Budget - Care Home Budget	2.900
2019-20 Budget - Assisted Garden Maintenance	0.520
Transfer to General Reserves	2.608
Total	8.273

5.6 If approved, this will result in the following position on the IJB Reserves at 31 March 2019. This will result in a general reserve of £14.251m, which equates to 1.2%. This represent progress towards the 2% target set by the IJB's Reserve Policy and will assist the IJB in meeting unplanned expenditure and manage the financial risks which are further explored in Section 6.

	Earmarked Reserves £ millions	General Reserves £ millions	Total Reserves £ millions
Balance at 31 March 2018	23.946	7.429	31.375
Reserves Drawn Down in 18/19 (Section 5.1)	-1.925	-2.484	-4.409
Proposed Earmarking of Reserves (Section 5.2)	13.214	6.698	19.912
Proposed Redistribution of Reserves (Section 5.5)	-2.608	2.608	0.000
Total	32.627	14.251	46.878

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 £18.185m (56%) expected to be drawn down in 2019-20. £11.265m (34%) 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 2019-20. The remaining £3.177m (10%) will be drawn down in 2020-21.

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.

Risk	Change in Assumption	2019-20 £millions
Inflation : Pay	Increase of 1%	£3.783m
Inflation and Contractual Commitments : Non Pay	Increase of 1%	£3.692m
Demographics, Deprivation and Health	Increase of 1%	£1.545m

6.2 The 2019/20 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 2019/20, 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 2018/19 was the first year where there was a requirement to access General Reserves to meet an unforeseen cost pressure, highlighting the importance of holding general balances. The proposed balance of general reserves represents 1.2% 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 IJB Finance, Audit and Scrutiny Committee is asked to:

- a) note the contents of this report;
- b) note the transfer to earmarked and general reserves of £19.912m as outlined in paragraph 5.2; and
- c) note the redistribution of reserves as outlined in paragraph 5.5.