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Item No: 8

Meeting Date: Wednesday 14th December 2022

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

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

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**Glasgow City Integration Joint Board Budget Monitoring
for Month 7 and Period 8 2022/23**

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|-------------------------------|---|
| Purpose of Report: | This report outlines the financial position of the Glasgow City Integration Joint Board as at 31 st October (Health) and 21 st October (Council) and highlights any areas of budget pressure and actions to mitigate these pressures. |
| Background/Engagement: | The financial position of Glasgow City Integration Joint Board is monitored on an ongoing basis throughout the financial year and reported to each meeting of the Board. |
| Governance Route: | <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> |
| Recommendations: | <p>The IJB Finance, Audit and Scrutiny Committee is asked to:</p> <p>a) note the contents of this report.</p> |

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Relevance to Integration Joint Board Strategic Plan:

This report outlines expenditure against budget in delivery of the range of Health and Social Care services described within the Integration Joint Board Strategic Plan 2019-22.

Implications for Health and Social Care Partnership:

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| Reference to National Health & Wellbeing Outcome: | Not applicable at this time. |
|--|------------------------------|

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|-------------------|------------------------------|
| Personnel: | Not applicable at this time. |
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|----------------|---|
| Carers: | Expenditure in relation to Carers' services is included within this report. |
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|--------------------------------|--|
| Provider Organisations: | Expenditure on services delivered to clients by provider organisations is included within this report. |
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| Equalities: | Not applicable at this time. |
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| Fairer Scotland Compliance: | The expenditure on services supports the delivery of a Fairer Scotland. |
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| Financial: | All financial consequences are detailed within this report. |
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|---------------|------------------------------|
| Legal: | Not applicable at this time. |
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| Economic Impact: | Not applicable at this time. |
|-------------------------|------------------------------|

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| Sustainability: | Not applicable at this time. |
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| Sustainable Procurement and Article 19: | Not applicable at this time. |
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| Risk Implications: | None at this time. |
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| Implications for Glasgow City Council: | None at this time. |
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| Implications for NHS Greater Glasgow & Clyde: | None at this time. |
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1. Purpose

- 1.1 This monitoring statement provides a summary of the financial performance of Glasgow City Integration Joint Board for the period 1 April 2021 to 31st October 2022 (Health), and to 21st October 2022 (Council).
- 1.2 It is based on information contained in the respective financial systems and includes accruals and adjustments in line with its financial policies.

2. Summary Position

- 2.1 Net expenditure is £1.577m lower than budget to date. Gross expenditure is £0.113m (0.01%) overspent and income is over-recovered by £1.690m (1.93%).
- 2.2 Appendix 1 shows the current budget variance by both care group and subjective analysis.

3. Budget Changes

- 3.1 Throughout the financial year, adjustments are made to the original approved budget as a result of additional funding allocations and service developments. To period Month 7/Period 8 the net expenditure budget has reduced by £1.658m. The changes to the gross expenditure and income budgets are analysed in the table below.

| Explanation | Changes to Expenditure Budget | Changes to Income Budget | Net Expenditure Budget Change |
|--|-------------------------------|--------------------------|-------------------------------|
| Welfare Advice and Health Partnerships Income | £367,500 | -£367,500 | £0 |
| Youth Health Service - Community Wellbeing Funding | £238,000 | -£238,000 | £0 |
| Medical Training Grades Income | £300,000 | -£300,000 | £0 |
| Drug Funding - Apremilast | £95,438 | £0 | £95,438 |
| Drug Tariff Reduction | -£1,798,225 | £0 | -£1,798,225 |
| Other Miscellaneous Funding | £145,076 | -£101,064 | £44,012 |
| Total | -£652,212 | -£1,006,564 | -£1,658,775 |

4. Transformation Programme

- 4.1 The overall savings target for 2022/23 is £6.141m. At this stage of the year, it is anticipated that actual savings realised will be £5.966m representing 97% of the target
- 4.2 The unachieved savings target from prior years is £2.919m. At this stage of the year, it is anticipated that £2.490m is forecast to be achieved. Delivery of savings had been impacted by the need to focus resources in responding to COVID-19. Programme boards have re-commenced to support major savings initiatives; however, it is anticipated that full delivery will not be achievable in 2022-23.
- 4.3 The savings realised are reflected in the overall financial position reported in this monitoring statement.

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5. Reasons for Major Budget Variances

5.1 Children and Families

- 5.1.1 Net expenditure is underspent by £0.451m.
- 5.1.2 Employee costs are underspent by £0.271m. This is due to vacancies and turnover of staff which accounts for £1.680m, which is partially offset by a shortfall of £0.686m in funding the pay award and the overtime costs to cover staff absence in the Children's Homes of £0.718m.
- 5.1.3 Purchased Services and Direct Payments are overspending by £1.136m, mainly due to Direct Payments by £0.778m and Direct Assistance by £0.941m. This reflects an increase in demand and the level of support required in this service area. This is partially offset by an underspend of £0.743m in Provided Fostering linked to current placement numbers.
- 5.1.4 There is an over-recovery in income of £1.416m which mainly relates to UASC (Unaccompanied Asylum Seeking Children) income from the Home Office.

5.2 Adult Services

- 5.2.1 Net expenditure is overspent by £0.315m.
- 5.2.2 Employee cost are underspent by £1.930m. This underspend is due to vacancies within Learning Disability £1.091m, Alcohol and Drug Recovery Services £0.865m, Prison Services £0.500m, Management and Support £0.211m, Sexual Health Services £0.280m, and Police Custody Health Care £0.229m. This is offset by the impact of the £0.562m shortfall in funding the pay award, and an overspend in Mental Health Services of £0.968m due to ongoing bank/agency expenditure in inpatient services. Recruitment is ongoing across all services however this position reflects the challenges of recruiting in the current market.
- 5.2.3 The underspend noted at 5.2.2 is offset by an overspend of £8.304m in Homelessness of which £5.971m has been recovered from COVID funding, resulting in a net overspend of £2.334m. Employee costs are underspent by £0.349m due to vacancies, however this is offset by £0.228m due to the pay award funding shortfall resulting in a net underspend of £0.121m. Property costs and supplies are overspending by £1.251m reflecting an increase in service demand resulting in increased expenditure in a number of areas including bed and breakfast accommodation, increase in temporary furnished flats and associated repairs and maintenance compared to pre pandemic levels. This has been compounded by an increase in inflationary pressures due to current market conditions in areas such as utility costs and accommodation charges. In addition, homelessness income is under-recovered by £1.888m which is in the main due to a housing benefit subsidy under-recovery based on current recovery levels. These costs are partly offset by an underspend in third party and transfer payments of £0.669m due to residual budget following a review of commissioned services and because of the £1.000m housing option investment not currently being committed to spend. Action is underway to address this position which includes, investigation into charging arrangements relating to historical storage of service user's furniture/personal

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belongings upon leaving temporary accommodation; provision of additional staffing resources to accelerate transition from Bed & Breakfast to Temporary Furnished Flat's aiming to ensure full utilisation of void properties, and a review of income streams to ensure full cost recovery of homelessness services. Demand is increasing and it is anticipated that this overspend will continue to grow during the remainder of this year.

- 5.2.4 Mental Health premises costs are overspent by £0.141m due to property maintenance works required within Inpatient services.
- 5.2.5 Third party costs are £0.308m underspent in Alcohol and Drug Recovery Services due to under occupancy within residential and supported living services. Learning Disability residential and non-residential services are underspending by £0.171m
- 5.2.6 Learning Disability income is over recovered by £0.380m relating to unspent direct payments and Mental Health is over recovered by £0.085m as a result of NHS Education for Scotland (NES) income for Trainee Doctors and income from other Health Boards for use of our perinatal beds.

5.3 Older People and Physical Disability

- 5.3.1 Net expenditure is underspent by £0.923m.
- 5.3.2 Employee costs are overspent by £1.862m. This figure includes additional costs due to the use of agency and overtime within directly provided services to cover continued high staff sickness levels, a shortfall in funding for the pay award of £2.8m which is offset by staff turnover and vacancies as a result of the continued challenges around recruitment.
- 5.3.3 Purchased services are underspent by £2.880m, mainly within Care Homes, Supported Living and Day Care, this is reflective of current demand levels and will be closely monitored during the year as demand continues to return to pre-pandemic levels.
- 5.3.4 Transport has an overspend of £0.429m relating to vehicle repair costs due to an ageing fleet and increased fuel costs.
- 5.3.5 There is an overspend within Supplies & Services of £0.120m which is due to price increase pressures, mainly within continence services.

5.4 Resources

- 5.4.1 Net expenditure is overspent by £0.312m.
- 5.4.2 Employee costs are overspent by £0.344m which reflects a £0.878m shortfall in funding the pay award partially offset by vacancies and turnover across a number of areas. Recruitment plans continue to be progressed to fill vacancies as quickly as possible, however this underspend reflects the challenges of recruiting in the current employment market.

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- 5.4.3 Premises Costs are overspent by £0.087m mainly due to security and refuse disposal costs at Health Centres.
- 5.4.4 Transport Costs are overspent by £0.253m due to the increased taxi charges, external vehicle hire charges for TASS (Technical and Support Services) and higher fuel costs.
- 5.4.5 Supplies and Services are overspent by £0.206m. There is an overspend of £0.886m for one off investment in IT infrastructure to support both service delivery and the implementation of Eclipse. There is also an overspend of £0.609m in Technical Care Services, predominantly in Equipu, reflects activity levels and is partly offset by an over-recovery of income of £0.593m due to activity levels within the Community Equipment Service.

5.5 Criminal Justice

- 5.5.1 Net expenditure is underspent by £0.071m in respect of the non-grant funded element of the service.

5.6 Primary Care

- 5.6.1 Primary Care is showing an underspend position of £0.129m.
- 5.6.2 Vacancies within Prescribing Support Services and Health Improvement teams are resulting in an underspend of £0.369m. This is partly offset by a minor overspend within Supplies & Services and Third Party of £0.037m.
- 5.6.3 Prescribing is currently reporting an overspend of £0.428m which is summarised in the table below.

| Main Areas | £m |
|--|--------------|
| Schedule 4 GIC (Gross Ingredient Cost) – main GP prescribing budget | 3.787 |
| Other <i>including discounts & rebates</i> | -1.705 |
| Net Over Spend | 2.082 |
| Use of Reserves (Pro-Rata) to Off-Set | 1.654 |
| Overspend After Application of Reserves | 0.428 |

- 5.6.4 Prescribing volumes remain volatile this year and prices have also been subject to fluctuation due to short-supply; in addition, there are one-off windfalls from discount rebates and tariff swap reduction.
- 5.6.5 The IJB still holds earmarked reserves of £1.308m to offer a contingency in this budget due to the risk associated with pricing. Based on current trends it is anticipated that this reserve will be required to be used in full in 2022-23.

5.7 Response to COVID-19

- 5.7.1 To date the IJB has received £65.2m of funding for COVID-19 for 2022-23. Costs of £9.7m have been incurred this year to date.

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5.7.2 Full year costs of £21.0m are anticipated. This forecast will not fully utilise the funding available. The Scottish Government have advised that funding not required for COVID expenditure will be required to be returned to Scottish Government. Based on current forecasts, it is estimated that £44.1m will be required to be returned to the Scottish Government. The Scottish Government have provided assurances that all COVID costs for 2022-23 will be funded and any reclaim take cognisance of the final spend position.

6. Action

6.1 The Chief Officer, along with the Health and Social Care Partnership Senior Management Team, continues to manage and review the budget across all areas of the Partnership. An action plan has been developed for Homelessness and this will be monitored as part of this review.

7. Conclusion

7.1 Net expenditure is £1.577m lower than budget to date.

7.2 A number of savings initiatives through the transformation programme have yet to achieve the required level of savings. These initiatives are being critically reviewed and closely monitored by the IJB's Integration Transformation Board.

7.3 A probable outturn has been completed for the IJB and reported an underspend of £2.5m. This included recommendations to fully utilize this underspend thereby resulting in a revised probable outturn of break even. However, given the volatility of the economy it should be recognised that there remains a degree of uncertainty around this outturn, and it will be the subject of continual review.

7.4 In line with the approved Reserves Policy, any net underspend which may occur within 2022/23 will be transferred to general reserves at the end of the financial year.

8. Recommendations

8.1 The IJB Finance Audit and Scrutiny Committee is asked to:

a) note the contents of this report.

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Appendix 1

Glasgow City Integration Joint Board

Budget Monitoring Statement to end October/Period 8 2022/23

Budget Variance by Care Group

| Annual Net Expenditure Budget £000 | | Actual Net Expenditure to Date £000 | Budgeted Net Expenditure to Date £000 | Variance to Date £000 |
|---------------------------------------|------------------------------|--|--|--------------------------|
| 171,147 | Children and Families | 94,086 | 94,537 | -451 |
| 352,748 | Adult Services | 183,660 | 183,974 | -315 |
| 342,014 | Older People (incl Dementia) | 182,364 | 183,287 | -923 |
| 51,756 | Resources | 25,582 | 25,270 | 312 |
| -801 | Criminal Justice | 645 | 716 | -71 |
| 373,379 | Primary Care | 217,592 | 217,721 | -129 |
| 65,200 | COVID-19 | 9,721 | 9,721 | 0 |
| 1,355,444 | Total | 713,648 | 715,225 | -1,577 |

| | Funded By :- |
|------------------|--------------------------------|
| 498,582 | Glasgow City Council |
| 772,673 | NHS Greater Glasgow & Clyde |
| 84,188 | Drawdown of Earmarked Reserves |
| 1,355,444 | |

| | | |
|---|----------------------|--------------|
| - | Transfer to Reserves | 1,577 |
| | Net Balance | 0 |

Budget Variance by Subjective Analysis

| Annual Budget £000 | | Actual to Date £000 | Budget to Date £000 | Variance to Date £000 |
|-----------------------|--------------------------|------------------------|------------------------|--------------------------|
| 624,806 | Employee costs | 315,425 | 315,909 | -485 |
| 28,591 | Premises Costs | 8,238 | 6,129 | 2,109 |
| 6,071 | Transport Costs | 4,075 | 3,355 | 720 |
| 78,357 | Supplies and Services | 41,814 | 41,535 | 279 |
| 358,404 | Third party Costs | 192,167 | 196,165 | -3,998 |
| 46,357 | Transfer Payments | 27,681 | 26,634 | 1,047 |
| 765 | Capital Financing Costs | 0 | 0 | 0 |
| 130,204 | Prescribing | 76,935 | 76,507 | 428 |
| 228,065 | Family Health Services | 136,512 | 136,499 | 13 |
| 1,501,621 | Total Expenditure | 802,846 | 802,733 | 113 |
| 146,177 | Income | 89,198 | 87,507 | 1,690 |
| 1,355,444 | Net Expenditure | 713,648 | 715,225 | -1,577 |