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Item No: 10

Meeting Date: Wednesday 26th October 2022

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

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**Glasgow City Integration Joint Board Budget Monitoring
for Month 5 and Period 6 2022/23**

Purpose of Report:	This report outlines the financial position of the Glasgow City Integration Joint Board as at 31 st August (Health) and 26 th August (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:	The matters contained within this paper have been previously considered by the following group(s) as part of its development. HSCP Senior Management Team <input type="checkbox"/> Council Corporate Management Team <input type="checkbox"/> Health Board Corporate Management Team <input type="checkbox"/> Council Committee <input type="checkbox"/> Update requested by IJB <input type="checkbox"/> Other <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
Recommendations:	The IJB Finance, Audit and Scrutiny Committee is asked to: a) note the contents of this report.

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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:

Reference to National Health & Wellbeing Outcome:	Not applicable at this time.
Personnel:	Not applicable at this time.
Carers:	Expenditure in relation to Carers' services is included within this report.
Provider Organisations:	Expenditure on services delivered to clients by provider organisations is included within this report.
Equalities:	Not applicable at this time.
Fairer Scotland Compliance:	The expenditure on services supports the delivery of a Fairer Scotland.
Financial:	Actions required to ensure expenditure is contained within budget.
Legal:	Not applicable at this time.
Economic Impact:	Not applicable at this time.
Sustainability:	Not applicable at this time.
Sustainable Procurement and Article 19:	Not applicable at this time.
Risk Implications:	None at this time.
Implications for Glasgow City Council:	None at this time.
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 August 2022 (Health), and to 26th August 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 £0.322m lower than budget to date. Gross expenditure is £0.699m (0.12%) overspent and income is over-recovered by £1.020m (1.81%).
- 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 M5/Period 6 the net expenditure budget has increased by £3.316m. 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
Addiction Services Funding	£222,388	-£222,390	-£2
Increase in Unaccompanied Asylum Seeking Children Income	£78,650	-£78,650	£0
Sexual Health Funding	£123,947	£0	£123,947
Associated Cost of Teaching Uplift - Psychiatry	£166,000	£0	£166,000
Miscellaneous	£128,423	-£34,469	£93,954
Total	£719,408	-£335,509	£383,899

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 £0.300m.
- 5.1.2 Employee costs are underspent by £0.395m. There is an underspend of £0.760m due to vacancies and turnover, with ongoing recruitment taking place. This is offset by an overspend in overtime in the Children's Houses of £0.415m mainly due to absence cover.
- 5.1.3 Purchased Services and Direct Payments is overspending by £1.390m. Main areas of overspend are Direct Payments by £1.116m and Direct Assistance by £0.395m. This reflects an increase in demand and the level of support required in this service area. This is partly offset by an over-recovery in income of £1.327m for Unaccompanied Asylum Seeking Children from the Home Office.

5.2 Adult Services

- 5.2.1 Net expenditure is overspent by £0.447m.
- 5.2.2 Employee cost are underspent by £1.944m. This underspend is as a result of vacancies within Learning Disability (£0.768m), Alcohol and Drug Recovery Services (£0.881m), Prison Services (£0.379m), Management and Support (£0.169m), Sexual Health Services (£0.125m), Homelessness (£0.102m) and Police Custody Health Care (£0.159m) which is offset by an overspend in Mental Health Services (£0.639m) 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 This is offset by an overspend of £5.462m in Homelessness of which £4.325m has been recovered from COVID funding, resulting in a net overspend of £1.137m. This includes property costs which are overspending by £1.012m reflecting an increase in 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 £0.673m which is in the main due to a housing benefit subsidy under-recovery based on current recovery levels. These pressures are being partly offset by an underspend of £0.562m following a review of purchased services and a delay in investments proposals to manage the overspend position. Action is underway to address this position which includes, investigation into charging arrangements relating to historical storage of service user's furniture/personal 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.

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- 5.2.4 Mental Health premises costs is overspent by £0.116m due to property maintenance works required within Inpatient services.
- 5.2.5 Third party is £1.493m overspent which is due to an overspend in Learning Disability SDS Options 2&3 of £0.688m and is reflective of demand. In addition, Mental Health is overspent by £0.679m due to increased demand and a high number of Mental Health Extra Contractual Referrals. Demand across all services is being closely monitored.
- 5.2.6 Direct payments within Learning Disability is underspent by £0.389m and there is an over recovery of £0.112m reflecting recovery to date of unused self-directed support budgets.

5.3 Older People and Physical Disability

- 5.3.1 Net expenditure is underspent by £0.368m.
- 5.3.2 Employee costs are overspent by £0.147m. The use of agency and overtime within directly provided services continues due to high staff sickness levels and vacancies as a result of the continued challenges around recruitment.
- 5.3.3 Purchased services is underspent by £0.870m, mainly within 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 £0.188m 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 £0.290m which is due to price increase pressures mainly within EquipU and continence services.

5.4 Resources

- 5.4.1 Net expenditure is underspent by £0.111m.
- 5.4.2 Employee costs are underspent by £0.235m due to vacancies and turnover. Recruitment plans continue to be progressed to fill vacancies as quickly as possible, however this underspend reflects the challenges of recruiting in the current market.
- 5.4.3 Premises Costs are overspent by £0.136m due minor works, security and refuse disposal costs at Health Centres.
- 5.4.4 Transport Costs are overspent by £0.110m due to taxi and external vehicle costs including increased hire charges and fuel.
- 5.4.5 Supplies and Services is underspent by £0.071m and is the net effect of a number of variances spread across a wide range of services which will continue to be kept under review.

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5.5 Criminal Justice

5.5.1 Net expenditure is showing a breakeven position.

5.6 Primary Care

5.6.1 Primary Care is showing an overspend position of £0.010m.

5.6.2 Vacancies within Prescribing Support Services and Health Improvement teams is resulting in an underspend of £0.217m. There are further underspends within Supplies & Services and Third Party of £0.056m.

5.6.3 Prescribing is currently reporting an overspend of £0.277m which is summarised in the table below.

Main Areas	£m
Schedule 4 GIC (Gross Ingredient Cost) – main GP prescribing budget	2.067
Other <i>including discounts & rebates</i>	-0.556
Net Over Spend	1.511
Use of Reserves (Pro-Rata) to Off-Set	1.234m
Overspend After Application of Reserves	0.277m

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 £1.728m 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 £7.6m have been incurred this year to date.

5.7.2 Full year costs of £21m 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 Quarter 2 returns for redistribution to meet COVID costs within the Health and Social Care system. The value to be returned will be updated in the next monitoring report to the IJB.

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.

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7. Conclusion

- 7.1 Net expenditure is £0.322m 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 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 August/Period 6 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
167,072	Children and Families	67,976	68,276	-300
348,417	Adult Services	137,107	136,660	447
338,233	Older People (incl Dementia)	127,859	128,227	-368
55,899	Resources	15,931	16,042	-111
-801	Criminal Justice	615	615	0
373,349	Primary Care	152,416	152,406	10
65,200	COVID-19	7,607	7,607	0
1,347,369	Total	509,512	509,834	-322

	Funded By :-
498,757	Glasgow City Council
767,344	NHS Greater Glasgow & Clyde
81,268	Drawdown of Earmarked Reserves
1,347,369	

-	Transfer to Reserves	322
	Net Balance	0

Budget Variance by Subjective Analysis

Annual Budget £000		Actual to Date £000	Budget to Date £000	Variance to Date £000
	Expenditure			
614,307	Employee costs	222,414	224,948	-2,534
27,141	Premises Costs	5,807	4,458	1,349
6,009	Transport Costs	2,753	2,382	371
79,280	Supplies and Services	27,764	27,483	281
345,777	Third party Costs	136,181	136,386	-206
38,399	Transfer Payments	20,189	19,038	1,151
765	Capital Financing Costs	0	0	0
131,172	Prescribing	54,754	54,478	277
228,065	Family Health Services	97,159	97,151	8
1,470,915	Total Expenditure	567,021	566,323	698
123,546	Income	57,510	56,489	1,020
1,347,368	Net Expenditure	509,512	509,834	-322