



Item No: 15

Meeting Date: Wednesday 8th February

**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 9 and Period 10 2022/23**

Purpose of Report:	This report outlines the financial position of the Glasgow City Integration Joint Board as of 31 st December (Health) and 16 th December (Council) and highlights any areas of budget pressure and actions to mitigate these pressures.
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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.
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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 checked="" 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 type="checkbox"/></p>
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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:

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:	Actions required to ensure expenditure is contained within budget.
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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 December 2022 (Health), and to 16th December 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 £2.674m higher than budget to date. Gross expenditure is £4.545m (0.43%) overspent and income is over-recovered by £1.870m (1.56%).
- 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 9/Period 10 the net expenditure budget has increased by £15.808m. 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
Scottish Prison Service - Custody Suite Funding	60,399	- 60,399	-
Primary Care Improvement Funding Tranche 1	9,900,271		9,900,271
District Nursing Funding	1,166,968		1,166,968
Hospital At Home Funding	279,000		279,000
Perinatal Mother & Baby Unit Funding	520,000		520,000
Gender Identity Service Funding	496,500		496,500
Primary Care - Non-Cash Limited Funding	3,014,140	280,100	3,294,240
Other minor budget adjustments	- 90,368	241,814	151,447
Total	£15,346,910	£461,515	£15,808,426

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.

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- 4.3 The savings realised are reflected in the overall financial position reported in this monitoring statement.

5. Reasons for Major Budget Variances

5.1 Children and Families

- 5.1.1 Net expenditure is underspent by £0.049m.
- 5.1.2 Employee costs are underspent by £0.410m. An underspend of £1.949m is due to vacancies and turnover, with ongoing recruitment taking place in a challenging market. This is offset by an overspend in overtime in the Children's Houses of £1.009m mainly due to covering staff absence. In addition, there are £0.867m additional costs relating to the pay award which has not been fully funded.
- 5.1.3 Purchased Services and Transfer Payments are overspending by £2.089m. Within this, there are overspends in Direct Payments of £0.936m and Direct Assistance of £1.447m which reflects current levels of demand and support required in these areas. Direct Payments is overspent by £0.589m in relation to the £400 cost of living payments agreed by the IJB and paid to date. This is offset by an underspend in Provided Fostering of £0.879m and Personalisation for Children with a Disability of £0.270m which are also reflective of demand for placements.
- 5.1.4 Income is showing an over-recovery of £1.570m and relates mainly to income for Unaccompanied Asylum Seeking Children from the Home Office.

5.2 Adult Services

- 5.2.1 Net expenditure is overspent by £0.547m.
- 5.2.2 Employee costs, excluding homelessness which is reported separately below, is underspent by £1.978m. This is due to vacancies within Learning Disability (£1.163m), Alcohol and Drug Recovery Services (£0.828m), Prison Services (£0.650m), Sexual Health Services (£0.387m), Police Custody Health Care (£0.301m) and Management and Support (£0.191m). The impact of the pay award (£0.364m) is included within these figures. These are partly offset by an overspend in Mental Health Services (£1.542m) which is the net effect of underspends on winter pressure posts and some locality vacancies (£1.488m) and overspends (£3.031m) mainly due to ongoing high bank/agency expenditure in Inpatients services. Recruitment continues across all services however this financial position reflects the challenges of recruiting in the current market.
- 5.2.3 This is offset by an overspend in Homelessness of £11.369m of which £7.419m has been recovered from COVID funding, resulting in a net overspend of £3.950m. Employee costs are underspent by £0.577m as a result of vacancies, however this is offset by the impact of the pay award (£0.290m) resulting in a net underspend of £0.287m. Property costs and supplies are overspending by £2.181m 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

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compounded by an increase in inflationary pressures due to current market conditions in areas such as utility costs and accommodation charges. Additionally, third party payments is overspent by £0.740m due to spend on Bed and Breakfasts. Transfer Payments are offsetting this with an underspend of £0.976m due to the £1.000m Housing Options investment not currently being committed to spend. In addition, homelessness income is under-recovered by £2.314m which is in the main due to a housing benefit subsidy under-recovery based on current recovery levels.

- 5.2.4 A report has been agreed at the IJB on 25 January 2023 which identifies the first phase of a recovery plan which has identified full year cost reductions of £5.7m. This will be closely monitored and work will continue with the service to identify further options for cost reductions to minimise this financial overspend in 2023-24.
- 5.2.5 Supplies are overspent by £0.430m due to one-off non-recurring spend approved to support service delivery and ongoing pressure on the community Mental Health drugs budget (£0.690m). This is partly offset by an underspend in Prison Health Care relating to non-recurring drug tariff rebates, Alcohol and Drug Recovery Services and Management and Support.
- 5.2.6 Third Party and transfer payments are underspent by £1.355m as a result of under occupancy in residential and supported living services within Alcohol and Drug Recovery Services and underspends in SDS Options 2&3 and residential/non-residential within Learning Disability.
- 5.2.7 Income is showing an over recovery of £0.618m in Direct Payment income (£0.444m), reflecting recoveries of unused self-directed support budgets and in Mental Health (£0.135m) due to 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 overspent by £0.492m.
- 5.3.2 Employee costs are overspent by £1.066m. This figure includes additional costs due to the use of agency and overtime within directly provided services to cover continued high staff sickness levels, the shortfall in funding for the pay award (£3.3m) is offset by staff turnover and vacancies as a result of the continued challenges around recruitment.
- 5.3.3 Purchased services are underspent by £1.833m. Older People Purchased Care Homes are reflecting a £1.502m overspend, offset by underspends within Supported Living and Day Care, this is reflective of current demand levels and will be closely monitored as demand continues to return to pre-pandemic levels.
- 5.3.4 Carers Service are underspent by £0.265m. The ability to fully implement the additional work planned for 22/23 has been impacted by the ability of providers to commence service delivery mainly due to challenges in terms of staff recruitment. There has also been delays in the start dates of programmes which has resulted in part-year underspends.

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- 5.3.5 Transport has an overspend of £0.611m mainly relating to high vehicle repair costs due to an ageing fleet and an increase in fuel costs.

5.4 Resources

- 5.4.1 Net expenditure is underspent by £0.192m.
- 5.4.2 Employee costs are underspent by £0.583m. Based on the pay award costs there is an overspend of £1.444m due to the shortfall in funding. This is offset by an underspend of £2.027m due to vacancies and turnover with recruitment plans continuing to be progressed to attempt to fill vacancies as quickly as possible, however this underspend reflects the challenges of recruiting in the current employment market.
- 5.4.3 Premises costs are overspent by £0.111m mainly with respect to security and refuse disposal costs in Health Centres.
- 5.4.4 Transport Costs are overspent by £0.336m due to taxi and external vehicle hires increased charges and higher fuel costs.
- 5.4.5 Supplies and Services are overspent by £1.260m. There is an overspend of £0.724m mainly for one-off investment in IT infrastructure to support both service delivery and the implementation of the Eclipse system. Technical Care Services are reporting an overspend of £1.066m which reflects increased activity levels within the Community Store Service and is offset by their income variance of £1.115m. There is also an over recovery of income of £0.220m in relation to Supported Employment and Money Advice Services.

5.5 Criminal Justice

- 5.5.1 Net expenditure is underspent by £0.089m.
- 5.5.2. This relates to the non-grant element of funding which has underspends of £0.044m in Supplies and Services and £0.044m in Purchased Services.

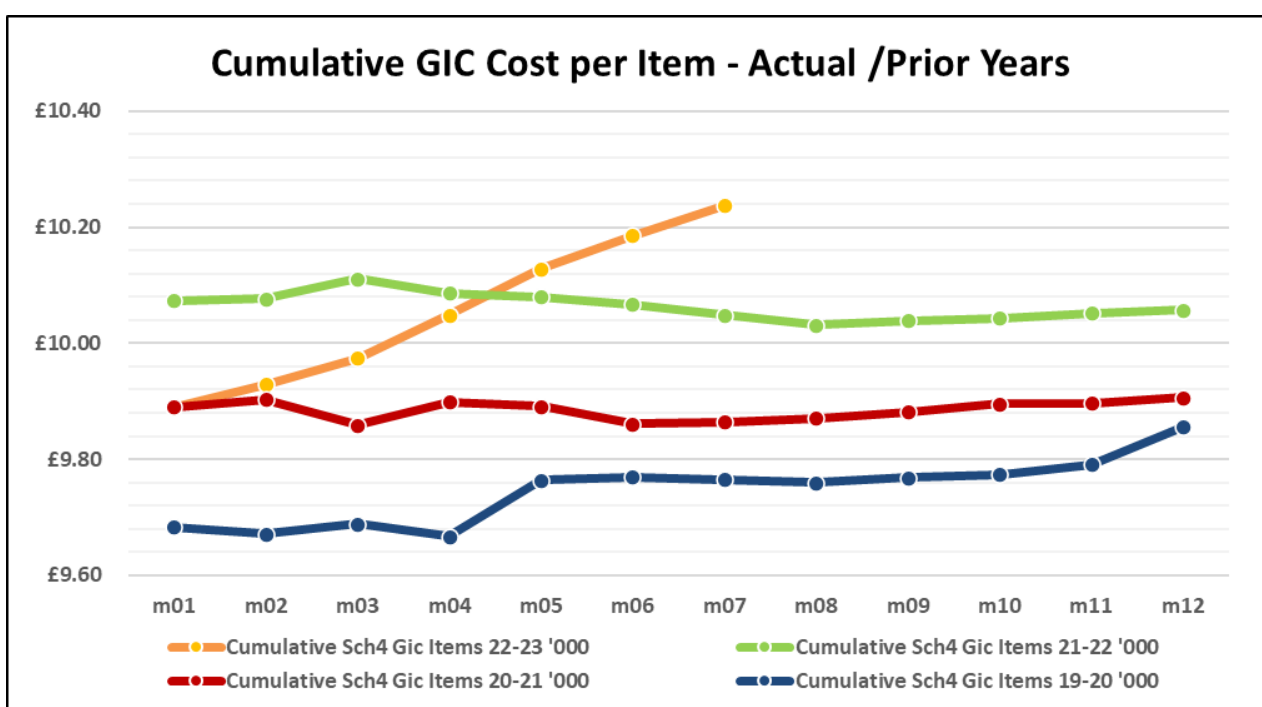
5.6 Primary Care

- 5.6.1 Primary Care is showing an overspend position of £1.964m.
- 5.6.2 Vacancies within Prescribing Support Services and Health Improvement teams are resulting in an underspend of £0.598m. This is partly offset by minor overspends throughout Supplies & Services and Third Party costs.
- 5.6.3 Prescribing is currently reporting an overspend of £2.432m which is summarised in the table below.

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Main Areas	£m
Schedule 4 GIC (Gross Ingredient Cost) – main GP prescribing budget	6.327
Other <i>including discounts & rebates</i>	-1.673
Net Spend	4.654
Use of Reserves (Pro-Rata) to Off-Set	-2.222
Position After Application of Reserves	2.432

- 5.6.4 Prescribing volumes remain volatile this year and prices have also been subject to fluctuation due to global prices (increase of 7%); in addition, there are one-off windfalls from discount rebates and tariff swap reduction. The graph below illustrates the movement in price which has been experienced in 2022-23 compared to previous years.



- 5.6.5 The IJB still holds earmarked reserves of £0.740m to offer a contingency in this budget due to the risk associated with pricing. Based on current trends even it is anticipated that this reserve will be insufficient to meet the full cost of the pressures being experienced. The original outturn had assumed that reserves would have been sufficient. This is no longer the case, and it is anticipated that a full year overspend of £5m is forecast after the use of reserves, which will require us to call on general reserves.

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 £11.6m have been incurred this year to date.
- 5.7.2 Full year costs of £17.9m are anticipated. This forecast will not fully utilise the funding of £65.6m available. As previously reported the Scottish Government will

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be refunded £44.9m based on earlier forecasts, leaving a balance of £20.7m. This will be the subject of a further reclaim if surplus funds remain at the end of the financial year.

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. A prescribing summit has also been arranged to review financial performance within this area.

7. Conclusion

- 7.1 Net expenditure is £2.674m higher 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 The probable outturn has been updated to reflect the pressure on prescribing and it is anticipated that a full year overspend of £5m is likely. This will continue to be subject to review, however considered the volatility of prices in this market it is recognized that there remains a high degree of uncertainty around this outturn.
- 7.4 In line with the approved Reserves Policy, any net overspends which may occur within 2022/23 will be required to be met from 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 December/Period 10 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
173,173	Children and Families	126,014	126,063	-49
353,852	Adult Services	238,231	237,684	547
346,811	Older People (incl Dementia)	241,081	240,589	492
51,067	Resources	34,251	34,443	-192
-801	Criminal Justice	-408	-319	-89
385,990	Primary Care	287,366	285,401	1,964
65,200	COVID-19	11,561	11,561	0
1,375,292	Total	938,096	935,423	2,674

	Funded By :-
498,584	Glasgow City Council
790,150	NHS Greater Glasgow & Clyde
86,559	Drawdown of Earmarked Reserves
1,375,292	

Transfer from Reserves	- 2,674
Net Balance	0

Budget Variance by Subjective Analysis

Annual Budget £000		Actual to Date £000	Budget to Date £000	Variance to Date £000
	Expenditure			
636,738	Employee costs	418,155	420,520	-2,364
28,961	Premises Costs	12,792	10,249	2,542
6,082	Transport Costs	5,247	4,272	975
78,866	Supplies and Services	56,845	55,513	1,331
362,730	Third party Costs	250,850	253,229	-2,378
46,340	Transfer Payments	36,540	34,548	1,992
765	Capital Financing Costs	0	0	0
131,345	Prescribing	101,412	98,980	2,432
231,079	Family Health Services	178,039	178,024	15
1,522,905	Total Expenditure	1,059,879	1,055,334	4,545
147,613	Income	121,783	119,912	1,870
1,375,292	Net Expenditure	938,096	935,422	2,674