



Item No. 7

Meeting Date Wednesday 5th February 2025

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

Report By: Margaret Hogg, Interim Chief Officer, Finance and Resources

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**Glasgow City Integration Joint Board Budget Monitoring
for Month 9 and Period 10 2024/25**

Purpose of Report:	This report outlines the financial position of the Glasgow City Integration Joint Board as at 13 th December 2024 for Council and 31 st December 2024 for Health and highlights any areas of budget pressures 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; and</p> <p>b) Approve the recurring funding for the package of care outlined at section 5.1.6.</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 2023-26.

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 carer's 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 a Fairer Scotland.

Financial:

All financial consequences are detailed within this report.

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:

The volatility of the drugs supply market, demand for services, cost of living crisis, acceleration of home office decisions and inflation continues to represent a significant financial risk to the IJB. This level of risk will require the IJB to keep its financial strategy under review to ensure services are delivered within the funding available. This financial risk will be monitored during 2024-25 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.

The IJB is required to hold a contingency which is sufficient to enable the IJB to respond and continue to remain financially viable. The IJB will start 2024-25 with a general reserve of £8.442m which is 0.5% of net expenditure and below the target set at 2%.

Implications for Glasgow City Council:

The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending

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	<p>exceeds budget plans. Partners will be kept updated on financial performance during the year.</p> <p>Within Homelessness, the net additional cost of arising from the impact of Home Office asylum decisions to date is £8.840m. The Council has provided the IJB with a commitment that the additional costs linked to asylum will be fully funded. This report builds in this additional funding from the Council.</p>
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Implications for NHS Greater Glasgow & Clyde:	The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending exceeds budget plans. Partners will be kept updated on financial performance during the year.
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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 2024 to 13th December 2024 for Council and 31st December 2024 for Health.
- 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 £1.803m higher than budget to date.
- 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 Month 9/Period 10 the net expenditure budget has increased by £34.731m. 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 Government Funding: Tobacco Prevention	£482,390		£482,390
Scottish Government Funding: Multi-Disciplinary Team	£4,212,437		£4,212,437
Scottish Government Funding: Pay Uplift Community Health Services	£17,422,000		£17,422,000
Scottish Government Funding: Mental Health Act (Associated Cost of Teaching)	£1,240,332		£1,240,332

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Scottish Government Funding: Sexual Health Services	£142,473		£142,473
Scottish Government Funding: Alcohol Drug Recovery Service)	£190,709		£190,709
Scottish Government Funding: Enhanced Menal Health Outcomes Framework	£10,805,579		£10,805,579
Other Funding: Council Funding Homelessness Prevention and Resettlement Funds from Anti-Poverty Fund	£165,500		£165,500
Other Minor Adjustments	£69,395	£-43,296	£26,099
Total	£34,730,815	£-43,296	£34,687,519

4. Transformation Programme

- 4.1 The Integration Transformation Board continues to meet to secure the delivery of in-year savings. The overall savings target for 2024/25 is £29.934m. At this stage of the year, it is anticipated that actual savings realised will be £24.259m representing 81% of the target. The gap is primarily in relation to savings linked to prescribing, maximising independence and savings proposals which require a reduction in staffing levels. Part year implementation will impact on in year savings and is reflected within the latest forecasts. The Integration Transformation Board continues to monitor delivery of these savings and agree actions to ensure delivery of the proposals agreed by the IJB.
- 4.2 The unachieved savings target from prior years is £0.619m. At this stage of the year, it is anticipated that £0.529m is forecast to be achieved. The gap is in relation to linguistic service. The tender for this service has concluded and evaluation is currently under way with award expected before end of the financial year.
- 4.3 The savings realised are reflected in the overall financial position reported in this monitoring statement.
- 4.4 The Integration Transformation Board has also been monitoring the transformation agenda to support future year budget planning. This includes the following areas of work:
- Updates on delivery of prior year and current year savings programmes
 - Updates on delivery of 25-26 savings agreed a spart of recovery planning
 - Updates on recovery planning in significant areas of budget pressure including prescribing, inpatient staffing and residential staffing
 - Transformation programmes including Maximising Independence, Day Care Service Review, Admin Review and a Review of Supported Living Services

5. Reasons for Major Budget Variances

5.1 Children and Families

- 5.1.1 Net expenditure is overspent by £2.020m.

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- 5.1.2 Employee costs are overspent by £0.205m. Health Visiting is overspent by £1.300m primarily due to lower than budgeted turnover and an over establishment in the service. There is also an overspend of £1.329m due to the overtime requirement for absence cover in the Children's Houses. These are offset by an underspend of £2.591m due to a number of vacancies across the service. Recruitment plans continue to be progressed to fill vacancies as quickly as possible, however this is proving challenging in the current market.
- 5.1.3 Third Party Payments is overspent by £0.567m. There is an overspend in Residential Schools of £1m and Personalisation of £0.378m. This is offset by underspends in Kinship of £0.360m, Family Support £0.352m, Shared Care and Short Breaks £0.108m, all based on placement numbers and demand.
- 5.1.4 Transfer Payments is overspent by £1.724m. There is an overspend in Direct Assistance of £1.737m which reflects the level of demand and support required in these areas including supporting families with no recourse to public funds. Direct Payments are underspent by £0.023m in relation to Children with Disabilities.
- 5.1.5 There is an over-recovery in income of £0.460m, £0.198m of which relates to UASC (Unaccompanied Asylum-Seeking Children) income from the Home Office and £0.233m in relation to the recovery of Direct Payment surpluses.
- 5.1.6 Children and Families has recently assessed the needs of 1 young adult who required an individual support package at a cost of £0.456m per annum recurringly. This package of care has been recommended following consideration of a range of service options to meet the individual's care needs. The IJB FASC is asked to approve this commitment on a recurring basis funded from within existing budgets.

5.2 Adult Services

- 5.2.1 Net expenditure is overspent by £4.749m.
- 5.2.2 Employee Costs are overspent by £1.860m. This is mainly attributable to Mental Health services, where employee costs are overspent by £2.248m. Within Inpatient services, expenditure of £11.478m on bank nursing staff has been incurred due to consistently high numbers of enhanced observations, sick leave and vacancy cover, and is partly offset by the high number of trained nursing vacancies (£9.885m). Workforce development programs have been implemented to address this and are expected to impact later in the financial year. There is an underspend within Community and Specialist Services (£0.721m) attributable to turnover and additional underspends within the localities (£0.069m).
- 5.2.3 In addition, Public Protection is overspent by £1.174m, mainly because of unachieved savings linked to Connect Services. These overspends are partly offset by underspends within Alcohol Drug Recovery Services (ADRS) (£0.304m), Learning Disability (£0.446m), Sexual Health Services (£0.140m) and Prison Healthcare (£0.576m) because of vacancies.

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- 5.2.4 Supplies and Services are overspent by £1.288m. Prison Healthcare is overspent by £0.474m mainly due to cost pressures associated with the new pharmacy services contract. Within Mental Health Services, supplies are overspent by £0.662m due to pressures on various budget lines including legal fees, environmental house cleans, drugs, taxis and equipment and is reflective of demand.
- 5.2.5 Purchased services is overspent by £2.893m. Within this, Learning Disabilities and Mental Health are reflecting an overspend of £1.496m due to demand for Self Directed Support (SDS) options 2&3 exceeding the available budget and the impact of savings targets, partly offset by a delay in service users accessing the Waterloo Road facility and ceases in residential placements. Extra Contractual Referrals are overspent by £1.428m and is reflective of demand.
- 5.2.6 Transfer payments are overspent by £0.336m due to spend on direct assistance and is reflective of demand.
- 5.2.7 These overspends are partly offset by income over-recovery of £1.512m mainly within Learning Disability due to recovery of direct payment surpluses.
- 5.2.8 Within Homelessness, the net additional cost of arising from the impact of Home Office asylum decisions to date is £8.840m. The Council has provided the IJB with a commitment that the additional costs linked to asylum will be fully funded. This report builds in this additional funding from the Council.

5.3 Older People and Physical Disability

- 5.3.1 Net expenditure is underspent by £1.579m.
- 5.3.2 Employee costs are underspent by £1.091m. Health pays are overspent within Mental Health Inpatients and Elderly Mental Health due to the use of bank and agency to cover staff sickness and vacancies. In addition, budgeted turnover savings have not been achieved which has contributed to the pressure combined at £0.558m over. Care Services and Locality front line services are underspending by £1.345m, overspends in Agency and overtime to cover vacancies and staff absence are offset by underspends in core salary lines. Recruitment plans continue to be progressed to fill vacancies as quickly as possible to reduce the use of agency and overtime, however this underspend reflects the challenges of recruiting in the current market.
- 5.3.3 There is an overspend of £0.226m in Transport due to increased vehicle hire charges and repair costs for an ageing fleet. Repair costs are expected to reduce with the continued roll out of the new fleet.
- 5.3.4 Income is over recovered by £0.632m mainly within non-residential fees and charges.

5.4 Resources

- 5.4.1 Net expenditure is underspent by £5.192m.

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- 5.4.2 Employee costs is underspent by £1.056m due to a number of vacancies. Recruitment plans continue to be progressed to fill these as quickly as possible, however this is proving challenging in the current market.
- 5.4.3 Transport costs is overspent by £0.231m mainly in relation to Transport and Support Service (TASS) in Technical Care and is linked to taxi and external vehicle hire required as a result of vacancies. This will reduce as recruitment progresses.
- 5.4.4 Supplies and Services is underspent by £1.285m. Technical Care Services is overspent by £0.244m based on activity levels and demand for equipment and this is offset by the income charged to partners below. There is an underspend of £1.136m across various lines including purchase of services and commitments linked to inflation pressures.
- 5.4.5 Income is under-recovered by £0.639m. This is mainly within Technical Care Services there is a net under-recovery of £0.557m in respect of EquipU, Stairlifts, and Linguistics.
- 5.4.6 This service also holds the budgeted transfer to general reserves of the £9.331m agreed as part of the original budget. This line is currently showing a £3.812m underspend reflecting the reduced transfer to reserves now planned through the recovery plan.

5.5 Criminal Justice

- 5.5.1 Net expenditure is underspent by £0.470m. This relates to the non-Section 27 grant funded element of the service and is due to turnover in employee costs and reduced spend on purchased services.

5.6 Primary Care

- 5.6.1 Primary Care is showing an overspend position of £2.276m.
- 5.6.2 There is an underspend within Prescribing Support Services, Clinical Directors and Health Improvement Teams of £0.766m, which is mainly as a result of vacancies.
- 5.6.3 Prescribing is currently reporting an overspend of £3.030m. An ambitious £8.3m savings programme has been targeted for 2024-25. Delivery commenced in April 2024 and good progress is being made, however as the programme commenced in April it will take time to build the momentum which will secure delivery. This delay represents £1.7m of the overspend. Pharmacy teams and GPs are working hard to secure these savings, and progress will continue to be monitored by the relevant management teams. Part of the saving had assumed a reduction from moving from a brand to generic pricing. The reduction is less than has been forecast. This has been out with the control of the IJB.
- 5.6.4 The remaining overspend of £1.330m is because of a combination of an increase in volumes (0.49%), global pricing (2%) and pharmacy first.

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6. Reserve Balances, Recovery Plan and Forecasted Outturn

- 6.1 At 1st April the IJB has a balance of £8.442m in general reserves. As part of the budget the IJB agreed £9.331m of additional recurring savings to support budget smoothing of the planned increases to superannuation costs in 2026/27. If savings are fully delivered and spend is contained within budgets this will have an in-year benefit of £9.331m which could be used to increase general reserves at the end of March 2025 to £17.773m. However, the current overspend position represents a risk to this strategy.
- 6.2 The November IJB agreed a reclassification of earmarked reserves to general reserves of £6.500m. This was done as part of the recovery plan and if required at year end will be drawn down to meet some of the current forecasted outturn.
- 6.3 At the November IJB a forecasted outturn of £17.5m was reported for the year. A full recovery plan was approved and if delivered in full will result in a closing general reserve of £17.773m in line with the plan agreed at budget setting time.
- 6.4 A review of outturns has taken place, and this report can confirm that based on progress of the recovery plan and updates on current pressures, the IJB is currently forecasting to deliver full recovery.
- 6.5 The volatility of the drugs supply market, demand for services, acceleration of home office decisions and inflation continues to represent a significant financial risk to the IJB. This level of risk will require the IJB to keep its financial strategy under review to ensure services are delivered within the funding available. This financial risk will continue to be monitored during 2024-25 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.

7. Action

- 7.1 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. The Executive Team will monitor progress in delivering the recovery plan to reduce the current overspend and bring spend back in line with budgets.
- 7.2 This will be the subject of updates to future IJB meetings.

8. Conclusion

- 8.1 Net expenditure is £1.803m higher than budget to date.

9. Recommendations

- 9.1 The IJB Finance, Audit and Scrutiny Committee is asked to:
- a) Note the contents of this report; and
 - b) Approve the recurring funding for the package of care outlined at section 5.1.6.

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Appendix 1

Glasgow City Integration Joint Board

Budget Monitoring Statement to end December/Period 10 2024/25

1. 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
165,766	Children and Families	121,699	119,679	2,020
418,672	Adult Services	296,038	291,290	4,749
373,158	Older People (incl Dementia)	253,891	255,470	-1,579
79,990	Resources	26,548	31,740	-5,192
-889	Criminal Justice	-59	411	-470
431,562	Primary Care	335,504	333,229	2,276
1,468,259	Total	1,033,622	1,031,819	1,803

Funded By :-				
563,471	Glasgow City Council	334,781	334,781	0
892,713	NHS Greater Glasgow & Clyde	684,758	684,758	0
21,405	Drawdown of Earmarked Reserves	15,111	15,111	0
1,477,589		1,034,650	1,034,650	-

9,331	Transfer +to/-from Reserves	1,028	2,831	1,803
-	Net Balance	-	-	-

2. Reserve Position at End December/Period 10 2024/25

	Balance at 01.04.24 £000	Redistribution Approved at Nov IJB £000	- Drawdown to Date/+Upload £000	Balance at End Oct/P8 £000
General Reserves	8,442	6,500	1,028	15,970
Earmarked Reserves	58,452	-6,500	-21,405	30,547

3. Forecasted Reserve Position at 31st March 2025

	Balance at 01.04.24 £000	Redistribution Approved at Nov IJB £000	Net Forecasted -Drawdown/Upload £000	Forecasted Balance at 31.03.25 £000
General Reserves	8,442	6,500	2,831	17,773
Earmarked Reserves	58,452	-6,500	-36,600	15,352

4. Budget Variance by Subjective Analysis

Annual Budget £000	Expenditure	Actual to Date £000	Budget to Date £000	Variance to Date £000
623,110	Employee costs	448,414	450,787	-2,373
28,178	Premises Costs	11,632	10,317	1,315
6,269	Transport Costs	4,830	4,386	444
111,763	Supplies and Services	69,242	67,814	1,428
419,928	Third party Costs	288,762	291,027	-2,265
80,723	Transfer Payments	60,520	62,876	-2,356
616	Capital Financing Costs	0	0	0
151,490	Prescribing	116,364	113,334	3,030
249,871	Family Health Services	200,421	200,410	11
1,671,948	Total Expenditure	1,200,184	1,200,951	-767
203,689	Income	166,562	169,132	-2,570
1,468,259	Net Expenditure	1,033,622	1,031,819	1,803

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