



**Item No: 7**

**Meeting Date: Wednesday 26<sup>th</sup> June 2024**

## **Glasgow City Integration Joint Board**

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

**Contact: Sharon Wearing**

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### **Outturn Report 2023/24**

**Purpose of Report:**

To provide a high-level overview of the Integration Joint Board's draft outturn position for 2023/24, 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 2024.

**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 the Board or Finance, Audit and Scrutiny Committee.

**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
- Council Corporate Management Team
- Health Board Corporate Management Team
- Council Committee
- Update requested by IJB
- Other
- IJB Finance and Audit Scrutiny Committee
- Not Applicable

**Recommendations:**

The Integration Joint Board is asked to:

- a) note the contents of this report;

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	<p>b) approve the transfer of £18.778m from general reserves to meet the operational overspend for consideration by the IJB;</p> <p>c) approve the transfer of £14.292m to earmarked reserves as outlined in paragraph 5.3 for consideration by the IJB; and</p> <p>d) approve the redistribution of reserves as outlined in paragraph 5.5 for consideration by the IJB.</p>
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### 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:

<b>Reference to National Health &amp; Wellbeing Outcome(s):</b>	None.
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<b>Personnel:</b>	None.
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<b>Carers:</b>	None.
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<b>Provider Organisations:</b>	None.
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<b>Equalities:</b>	None.
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<b>Fairer Scotland Compliance:</b>	None.
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<b>Financial:</b>	<p>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. The IJB Reserve Policy recommends holding general reserves which equates to 2% of net expenditure. The Medium-Term Financial Outlook also recommends a target of 2% to be achieved over the medium term.</p>
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<b>Legal:</b>	None.
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<b>Economic Impact:</b>	None.
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<b>Sustainability:</b>	<p>Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability</p>
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	and offer the IJB some flexibility to deal with unforeseen events or emergencies. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year. This report recommends the re-distribution of earmarked reserves to General Reserves to increase the provision available to support the IJB over the medium term.
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<b>Sustainable Procurement and Article 19:</b>	None.
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<b>Risk Implications:</b>	It is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. However, it is recognised that this will not always be possible to secure and is subject to the financial position of the IJB each year. The IJB will continue to work towards the target of 2% where this can be delivered within the financial position.
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<b>Implications for Glasgow City Council:</b>	None.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None.
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<b>Direction Required to Council, Health Board or Both</b>	
<b>Direction to:</b>	
1. No Direction Required	<input type="checkbox"/>
2. Glasgow City Council	<input checked="" type="checkbox"/>
3. NHS Greater Glasgow & Clyde	<input type="checkbox"/>
4. Glasgow City Council and NHS Greater Glasgow & Clyde	<input type="checkbox"/>

### 1. Purpose

- 1.1. To provide a high-level overview of Glasgow City Integration Joint Board's (IJB) draft outturn position for 2023/24, 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 2024.
- 1.2. The Annual Accounts provide an overview of financial performance in 2023/24 for the IJB. This report was considered by the IJB Finance, Audit and Scrutiny Committee on 12<sup>th</sup> June 2024.

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**2. Background**

- 2.1. The 2023/24 budget was approved by the IJB on [22 March 2023](#). 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 10/Period 11 are as follows:

<b>Explanation</b>	<b>Changes to Expenditure Budget</b>	<b>Changes to Income Budget</b>	<b>Net Expenditure Budget Change</b>
Scottish Government Funding - MH Outcomes Framework	£3,021,733	£0	£3,021,733
Scottish Government Funding - Modern Apprentices	£112,827	£0	£112,827
Scottish Government Funding - PCIP Tranche 2	£1,195,000	£0	£1,195,000
Scottish Government Funding - PCIP Community Link Worker funding	£1,197,000	£0	£1,197,000
Scottish Government Funding - District Nurse Tranche 2	£400,716	£0	£400,716
Transfer of Expenditure and Funding To Capital	-£3,362,303	£284,000	-£3,078,303
NES - Psychology trainee program	£502,800	-£502,800	£0
Scottish Government Programme - Inclusion In Health	£281,735	£0	£281,735
Scottish Government Funding - MDT Tranche 2	£589,131	£0	£589,131
Open University Student Funding	£105,000	£0	£105,000
Scottish Government Funding - Harm Reduction Methadone	£46,020	£0	£46,020
Scottish Government Funding - Practice Educator	£94,017	£0	£94,017
Scottish Government Funding - Distinction Awards 23/24	£54,148	£0	£54,148
Scottish Government Funding LD Health Checks	£161,012	£0	£161,012
Scottish Government Funding - Care Home Lead	£59,270	£0	£59,270
Scottish Government Funding - Outcomes Framework	£322,254	£0	£322,254
Scottish Government Funding - Care Home Collaborative	£266,118	£0	£266,118
Transfer of Funding - The Scottish Enhanced Services Programme for Primary and Community Care Programmes	-£366,135	£0	-£366,135

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Scottish Government FHS Budget	-£176,190	£0	-£176,190
Scottish Government – Non-Cash Limited Budget	£1,965,798	-£974,723	£991,075
Other Funding - Research income	£79,799	-£79,799	£0
Other Funding - Secondment income	£127,684	-£127,684	£0
Increase to Property Management Charge from Council	£254,400	£0	£254,400
Additional Funding - Supported Employment/Welfare Rights	£232,051	-£232,051	£0
Additional Funding - Extension of EBSNA programme	£90,631	£0	£90,631
Scottish Government Funding - Care Experienced	£920,575	-£920,575	£0
Grossing Up of Personalisation/Purchased Services Spend	£30,578,323	-£30,578,323	£0
Realignment of Income and Expenditure - Blue Badges	£60,000	-£60,000	£0
Realignment of Income and Expenditure - 12 Commercial Road	£112,271	-£112,271	£0
Scottish Government Funding - Kinship and Foster Care	£2,365,388	£0	£2,365,388
Scottish Government Funding - Ukraine and Temporary Accommodation	£5,107,000	£0	£5,107,000
Other Minor Adjustments	£405,603	-£188,264	£217,339
<b>Total</b>	<b>£46,803,676</b>	<b>-£33,492,490</b>	<b>£13,311,186</b>

2.3. IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2023/24 annual accounts. Similar to last year the set aside figures will be based on actual expenditure. The set aside figure for 2023/24 has been confirmed as £257.228m.

### **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.

3.2 Reserves is a key component of the IJB's funding strategy. The IJB held reserves of £82.412m at 31st March 2023, of which £55.482m 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 £26.930m 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 equated to 1.69% of the IJB's net expenditure in 2023/24.

3.3 Based on 2023/24 net expenditure the target of 2% would represent a target general reserve of £33.6m. This amount refers to general reserves only and excludes any earmarked reserves which are held for specific purposes.

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- 3.4 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 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 The IJB is operating in an increasingly challenging environment with funding not keeping pace with increasing demand for service and increasing costs linked to delivery. This requires the IJB to have robust financial management arrangements in place to deliver services within the funding available.
- 4.2 The IJB closed with an operational overspend of £18.8m and is shown in the table below.

	Note	£ millions
<b>Operational Service Delivery - Pressures</b>		
Mental Health Inpatient staffing pressures	1	11.2
Increased demand for Homelessness Services including acceleration of Home Office decisions	2	12.0
Increase in prescribing costs and volumes	3	9.1
Residential Pressures	4	2.3
Increased demand for direct assistance payments in Children and Families	5	1.8
Overspend in continence products due to increases to price and demand	6	2.2
Overspend in transport costs due to increases in price	7	1.5
Continued pressure on Health Visiting employee Costs	8	1.0
Increased demand for extra contractual referrals in Mental Health Inpatient Services	9	2.0
Increased demand for Equipu	10	1.4
Increased cost in Prison Service due to new pharmacy contract and drug prices	11	1.4
<b>Total Pressures/Investments in Operational Service Delivery</b>		<b>45.9</b>
<b>Operational Service Delivery - Underspends</b>		
Underspend as a result of vacancies and staff turnover	12	-18.5
Underspend in personalisation/purchased services due to sector capacity	13	-3.8

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Underspend as a result of additional income recoveries	14	-4.2
Underspend due to part year implementation of ADRS prevention contract	15	-0.1
Underspend in implementation of the Carers Act investment	16	-0.5
<b>Total Underspends in Operational Service Delivery</b>		<b>-27.1</b>
<b>Net Overspend in Operational Service Delivery</b>		<b>18.8</b>

### Notes – Impact of Operational Service Delivery

1. The overspend in Mental Health is mainly attributable to increased spend on agency and bank nursing due to the increased needs of patients in these services and the consistently high number of enhanced observations required and spend required to provide sick leave and vacancy cover. Management actions were agreed during 2023-24 to reduce the level of bank and agency spending with a specific focus on reduced observations. This has reduced the level of overspend and this work will continue into 2024-25.
2. The Homelessness Service continues to experience an increase in presentations due to the impact on the economy of both the pandemic and the cost-of-living crisis. In addition, the service is responding to the resettlement of Ukrainian refugees. When the budget was set in March 23 it was forecast that there was cost pressure of £8.6m in this service linked to demand which would require to be funded from general reserves. This service has continued to progress recovery planning to reduce this overspend and an update in June 23 to the IJB recognised that although savings had been secured these had been outstripped by additional costs associated with new local connection legislation which means that the local authority has a duty to secure settled accommodation for any unintentionally homeless household, regardless of where they were resident in Scotland prior to the application. A national decision to accelerate decision making by the Home Office in relation to asylum claims has also had a significant financial consequence for the IJB and has increased demand for temporary accommodation in the City. All these factors have increased demand for services in Glasgow and is reflective in the overspend reported for this service.
3. NHSGGC has the lowest primary care spend on medicines per capita amongst all the health boards, once the demographics and morbidity have been taken into account; despite this, there are cost pressures on our Prescribing Budget in 23-24, driven primarily by an increase in the global price of drugs but also by a sustained prescribing volume growth at pre-pandemic levels, new effective evidence based treatments, and a number of other drivers of inflation. When the budget was set in March 23 it was

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forecast that there was a cost pressure of £6.6m linked to volatility of global market prices and this would be required to be funded from general reserves. This volatility continued during 23-24 and is reflected in the final overspend reported in this area.

4. There is an overspend in Residential Services in both Older People and Children Services and is linked to the use of agency and overtime directly attributed to increased care needs of residents and additional cover required to meet staff sickness levels and vacancies.
5. The increase in direct assistance is due to an increase in section 22 payments (£0.3m) primarily supporting families with no recourse to public funds and an increase in Section 29 payments linked to accommodation costs for care leavers including student accommodation (£1.5m).
6. This overspend reflects both an increase in demand for these services as well as an increase in the price for these products. From 1st September 2023, NHS GG&C entered a new contract in place for Supply and Delivery of Continence Products to both acute and community settings. This resulted in an increase of 20.2% in charges for community setting. In addition, the new contract will charge for deliveries to care homes, this was previously non chargeable.
7. Increases in transport costs linked to fuel increases, increases in vehicle hire, taxi charges and repairs due to ageing fleets. This also reflects a non-delivery of saving following market condition changes which means the saving can no longer be delivered as first identified. A review of transport arrangements is ongoing to reduce costs pressure where this can be done.
8. This overspend in Heath Visiting is primarily due to incremental drift and the level of trainees currently in the training programme. Additional trainees were recruited to support successful planning. This will reduce over time.
9. This overspend in extra contractual referrals in Mental Health Inpatient Services is reflective of both demand and complexity of demand which is resulting in an increase in these referrals.
10. This service is experiencing increasing demand for equipment to support service users and patients to remain within their own homes.
11. This overspend in the Prison Team reflects the outcome of the negotiation of a national tender which has seen an increase on costs linked to the delivery of pharmacy costs. This service is also impacted by the global increase to drug prices experienced in our prescribing budgets.
12. Staffing pressures continue to be experienced across all services due to high turnover levels, high sickness levels and challenges in recruitment. This is not unique to Glasgow and is being experienced UK wide. These

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challenges are not new to the IJB however the scale of them is increasing. We continue to focus on the recruitment of staff utilising a range of measures such as advertising campaigns both at a local and national level, align recruitment timescales with the availability of newly qualified professionals and undertaking targeted recruitment and training strategies to develop existing and new staff to meet the skills requirements of our services. In September of this the IJB agreed to slow down recruitment processes for some posts to increase savings from employee turnover due to the scale of the financial pressures being faced by the IJB. The impact of this is also reflected in these figures.

13. Services are experiencing an increase in demand across all services with an increase in both requests for service but also an increase in the complexity of the need which is presenting. However, this has not manifested itself as an increase in spend during 2023/24 primarily because purchased services are struggling to complete assessments and/or put services in place because of the staffing pressures being experienced across the sector. This is resulting in delayed start dates which mean in year costs are part year only and result in underspend in personalization and purchased services. These staffing pressures are not unique to Glasgow and are being experienced across the UK and include high turnover levels, high sickness levels and challenges in recruitment making it difficult to secure staffing levels to maintain services to meet demand. The tender for hospital discharges for those with complex needs has also been delayed impacting on the underspend part year.
  14. Additional income recovered mainly through recovery of financially assessed client contributions, funding received for unaccompanied asylum-seeking children and funding received because of increased activity in criminal justice teams.
  15. The ADRS prevention contract commenced during the year resulting in part year implementation costs.
  16. Carers services are underspent mainly in respect of funding received for a short break's bureau. This funding is no longer required due to duplication with the service being developed by the Glasgow carers centres. In addition, external providers are having difficulties finding external provision of low-level support to Carers.
- 4.3 In addition to this there are local and national priorities which will not complete until future years (£14.3m). These include funding received from the Scottish Government and Home Office to fund national priorities such as dementia, unscheduled care, asylum seekers and refugees. This relates to ring-fenced funding which has been received or allocated to meet specific commitments and must be carried forward to meet the conditions attached to the receipt of this funding.

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### 5 Reserves Position

- 5.1 Each year an element of expenditure is planned to be met from earmarked reserves and is funded from the balances we hold in reserves. In 2023/24 £11m of earmarked reserves have been drawn down to meet this expenditure.
- 5.2 In closing the accounts, the IJB is required to decide how it wishes to treat the overspend within the accounts. It is recommended that this is funded from General Reserves and is consistent with the assumptions which were made when the 2023/24 IJB budget was approved in March.
- 5.3 This report also recommends the earmarking of £14.3m referred to in section 4.3 to enable these local and national priorities to be delivered in future financial years. The full detail is shown in the table below.

<b>Local and National Priorities Which Will Not Be Completed Until Future Years</b>	<b>£000's</b>
Scottish Government: Tenant Grant Fund	359
Scottish Government: Emotionally Based School Avoidance Project Extension	91
Scottish Government: Lillias Centre	146
Scottish Government: Sexual Health Services My Body Back Grant	35
Scottish Government: Psychology Digital Therapy Funding	111
Scottish Government: Long Covid	409
Scottish Government: Dementia	296
Scottish Government: Call Before You Convey	247
Scottish Government: Naloxone	46
Scottish Government: Cervical Screening Mental Health Inpatients	35
Scottish Government: Gender Funding	400
Scottish Government: Learning Disability Annual Health Checks	161
Scottish Government: Mental Health - Children & Families	60
Other Funding: Home Office Funding - Asylum Seekers	11,248
Other Funding: Funding to Support Newly Qualified Social Workers	50
Other Funding: Creative Scotland (C&F)	6
Other Funding: NES Various Psychology Programmes	307
Other Funding: NES funding for Pharmacotherapy practice educator	71
Other Funding: NES Funding for Posts	48
Other Funding: Health and Social Care Scotland Funding	131
HSCP Funds: Glasgow MARAC (Multi-Agency Risk Assessment Conferences) Service	35
<b>Total</b>	<b>14,292</b>

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- 5.4 Each year a full review of reserves is undertaken to determine if any can be re-allocated to General Reserves to increase the provision available to support the IJB over the medium term.
- 5.5 This review has concluded, and it is proposed to re-classify £0.290m as there are no longer commitments or planned expenditure as due as liable. This will be used to increase the level of general reserves available to support the IJB over the medium term. Details are included in the table below.

<b>Proposed Redistribution of Earmarked Reserves to General Reserves</b>	<b>£000's</b>
Wellbeing in Primary Care (MH Wellbeing Hubs) - Project Not Proceeding	118
Care Services Uniforms - Spend Less than Reserve	25
Hospices: Transition Funding to Support Service Review - Spend Less than Reserve	147
<b>Total</b>	<b>290</b>

- 5.6 If approved this will result in a general reserve of £8.442m, which is 0.50% of net expenditure and is below the target set of 2% and earmarked reserves of £58.452m. The 2024/25 budget strategy plans to deliver an underspend of £9.3m to support budget smoothing of the planned increase in superannuation rates in 2026/27. If this is secured during 2024/25 this will increase general reserves to £17.7m, which would be 1.1% of net expenditure.

	<b>Transfers Out £000</b>	<b>Transfers In £000</b>	<b>Redistribution of Reserves £000</b>	<b>Balance at 31 March 2024 £000</b>
Earmarked	(11,032)	14,292	(290)	<b>58,452</b>
Contingency	(18,778)	-	290	<b>8,442</b>
<b>General Fund</b>	<b>(29,810)</b>	<b>14,292</b>	<b>-</b>	<b>66,894</b>

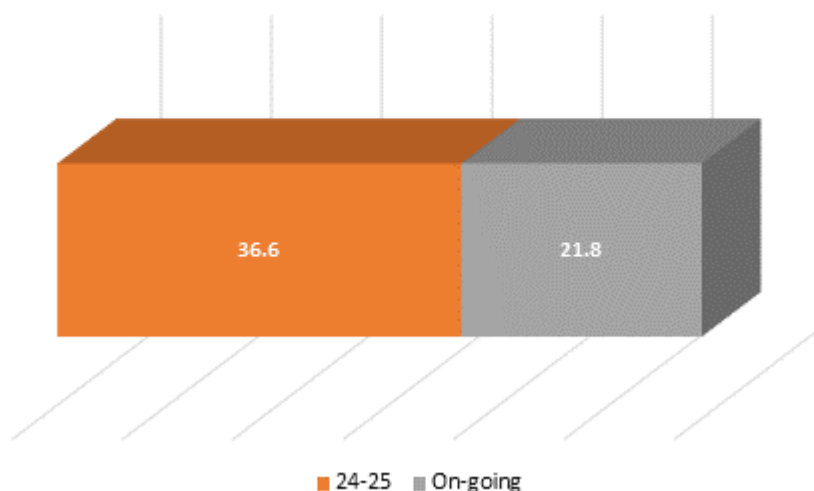
- 5.7 The IJB aims to hold uncommitted reserves equating to 2% of net expenditure, however it is recognised that this will not always be possible to secure and is subject to the financial position of the IJB each year. Holding general reserves is recognised as best practice and provides the IJB with the financial capacity to manage financial risks from year to year.
- 5.8 The IJB needs to have 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

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should not be built up unnecessarily. Glasgow City IJB's current reserve policy complies with all of these requirements.

- 5.9 The graph below illustrates the expected timescale for the use of earmarked reserves with £36.6m (63%) expected to be drawn down in 2024-25. The remaining £21.8m (37%) 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 2024-25.

### TIMESCALE FOR USE OF EARMARKED RESERVES



## 6. Risks and Budget Pressures

- 6.1 As described at section 3, 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.
- 6.2 There are still a number of risks in 2024-25 for which the general reserves will be required as a result of the financial volatility which still exists especially in relation to homelessness, prescribing and pay settlements and funding arrangements for 2024-25. It will also help to support the implementation of the significant savings programme and the wider budget strategy which is required to be delivered. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year.
- 6.3 All of these risks require the IJB to hold a contingency which is sufficient to enable the IJB to respond and continue to remain financially viable. As result, this report recommends the holding of 0.50% in general reserves, whilst we continue to work towards the target set of 2%.

**7. Recommendations**

7.1 The Integration Joint Board is asked to:

- a) note the contents of this report;
- b) approve the transfer of £18.778m from general reserves to meet the operational overspend for consideration by the IJB;
- c) approve the transfer of £14.292m to earmarked reserves as outlined in paragraph 5.3 for consideration by the IJB; and
- d) approve the redistribution of reserves as outlined in paragraph 5.5 for consideration by the IJB.

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## Direction from the Glasgow City Integration Joint Board

1	<b>Reference number</b>	260624-7
2	<b>Report Title</b>	Outturn Report 2023-24
3	<b>Date direction issued by Integration Joint Board</b>	26 June 2024
4	<b>Date from which direction takes effect</b>	26 June 2024
5	<b>Direction to:</b>	Glasgow City Council only
6	<b>Does this direction supersede, revise or revoke a previous direction – if yes, include the reference number(s)</b>	No
7	<b>Functions covered by direction</b>	All functions delegated to the IJB from Glasgow City Council and NHS Greater Glasgow and Clyde.
8	<b>Full text of direction</b>	Glasgow City Council is directed to carry forward reserves totaling £14.292m on behalf of the IJB as outlines in section 5 of the report.
9	<b>Budget allocated by Integration Joint Board to carry out direction</b>	£14.292m in reserves carried forward.
10	<b>Performance monitoring arrangements</b>	In line with the agreed Performance Management Framework of the Glasgow City Integration Joint Board and the Glasgow City Health and Social Care Partnership.
11	<b>Date direction will be reviewed</b>	June 2025

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